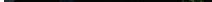


# NCHRP 20-24(62)A

## Making the Case for Transportation

Investment and Revenue: *Supplement “A” – Strategies and Messages*



**Volume 1 of 2**

(Also See Volume 2 of 2:  
“The Language of Mobility”)

Requested by  
American Association  
of State Highway and  
Transportation Officials

**AASHTO**  
THE VOICE OF TRANSPORTATION

Prepared by  
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## Preface

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This report is the first volume of a two-part study (NCHRP 20-24(62)A) that considered three recent transportation revenue increases and analyzed the strategies and messages that led to their successes.

In this volume, the Parsons Brinckerhoff team reports on the strategies and messages from the perspective of participants who were close to these successful initiatives and who recounted the story through a series of in-depth interviews.

In Volume 2, the maslansky luntz + partners (ml+p) team begins with messages that were used in the three success stories and builds upon them in testing a variety of messages with focus groups of “opinion influencers” in three U.S. cities. These listening sessions were then followed by a session with a “Washington insiders” proxy group where a unique Instant Response Dial technology was used to measure responses to a range of messages.



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# Chapter 1—Overview

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## Introduction

This is a supplement to a research project initiated by the American Association of State Highway and Transportation Officials (AASHTO) Board of Directors on “Making the Case for Transportation Investment and Revenue.” The underlying purpose of this project, as noted in AASHTO’s solicitation of proposals, was to gain an “understanding [of] those State DOTs or public sector agencies that have been successful in campaigns to raise public awareness of strategic transportation issues, especially where education and marketing efforts have lead to support for additional public investment through taxes, earmarked fees, and other mechanisms demonstrating reinforcement for transportation.” Even in an era of “no new taxes,” in which the very role of government is being challenged as never before, there have been initiatives at the state and local level where additional funding for transportation investments has been sought through legislation or referenda. Many of these initiatives were successful. The questions of interest to the AASHTO Board focused on how they succeeded. What were the strategies, the tools, the messages that worked?

If there is an underlying message that prompted the research, it would be that *if in difficult times there have been success stories, then we must learn from those successes, as well as from those that have fallen short, and apply the insights we've gained to the financial challenges before us.*

The first part of this research, which was completed in October 2009, provided a guide and a toolkit oriented to CEOs and senior staffs of transportation agencies as they may contemplate an initiative to increase transportation funding. Eleven case studies were examined in this initial phase, most of them successful efforts and some less than successful.

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*The initial research, NCHRP 20-24(62) Making the Case for Transportation Investment and Revenue, October 2009, is available at [http://www.transportation.org/sites/SCOFA/docs/NCHRP%2020-24%20\(62\)%20FINAL.pdf](http://www.transportation.org/sites/SCOFA/docs/NCHRP%2020-24%20(62)%20FINAL.pdf).*

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In the spring of 2010, AASHTO and National Cooperative Highway Research Program (NCHRP) staffs asked the Parsons Brinckerhoff (PB) team to undertake a second part that would examine three more recent case studies, all of them successful, to assess the strategies and messages that led to their positive outcomes. The three selected case studies with the sources and approximate levels of increased funding were

- 2008 Los Angeles County Measure R (county-wide sales tax increase) – \$1 billion/year
- 2009 Oregon “Jobs & Transportation Act” (fuel tax and fee increases) – \$300 million/year
- 2010 Kansas “T-WORKS” (statewide sales tax and bond cap increase) – \$240 million/year

As with the original research, in-depth interviews (almost all of which were in person) were conducted to understand and assess the strategies and messages that proved effective with voters and lawmakers. Building upon and augmenting these interviews, the messaging was then tested by maslansky luntz + partners (ml+p) with participants in three “listening sessions” (focus groups) held in Charlotte, NC, Denver, CO, and Orlando, FL, as well as a unique Instant Response Dial session in Washington, D.C., where participants “dialed” their immediate reactions to what they hear. In testing messages that emanated from the three case studies, ml+p was asked to explore messaging beyond the limits of the case studies to determine what might resonate with potential voters and legislators (the Washington, D.C., group was drawn from a population designed to emulate how political figures might respond).

The testing and assessment of messaging by ml+p is reported in Volume 2 entitled “The Language of Mobility.” Volume 1 (this report – “Making the Case for Transportation Investment and Revenue: Supplement “A” – Strategies and Messages”) is composed of the following Chapters:

- Chapter 1—Overview
- Chapter 2—Los Angeles County Measure R (2008) Case Study
- Chapter 3—Oregon Jobs and Transportation Act (2009) Case Study
- Chapter 4—Kansas T-WORKS (2010) Case Study

The following section, “Comparative Findings,” provides a succinct overview of the basic findings in a manner that draws upon and offers comparisons among the case studies. The section serves as a summary of lessons learned.

Chapters 2, 3, and 4 tell the individual stories of each of the initiatives in a way that emphasizes who the key players were, what roles they played, and what actions they took.

A preview of the research findings was presented on October 29, 2010, at the AASHTO annual meeting.

## **Comparative Findings**

In the individual case studies that follow in Chapters 2 through 4, a reasonably detailed discussion of strategies, themes, and tools is provided to paint a complete picture of what the key factors were that led to each of the three successful transportation funding initiatives. This section draws upon the case studies by extracting those “pearls of wisdom” that offer the most interesting insights and perspectives, looking not just within but across the case studies to provide a comparative basis.

## **Core Requirements**

The three case studies examined in this supplement of the initial research reinforced the findings that the core requirements of a successful transportation funding initiative (which are generally necessary, but not necessarily sufficient) are

- Agency credibility
- Accepted need
- Influential coalition
- Political support

- Effective messaging
- Winning strategy

Of the eleven case studies in the earlier research, seven were success stories (AZ, CA, MN, MD, OH, UT, WA) which, when combined with the three in this supplement (KS, L.A., OR), provide ten positive experiences to draw upon. Few, if any, of these would have been success stories without the basic ingredients listed above. (These success factors were presented and discussed in the Final Report of the initial research.)

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*When voters make the decision, an effort no less than a full-scale political campaign is required.*

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Evidence abounds in the case study reports that while these critically important success factors were necessary, they were not necessarily sufficient. In each and every case, there were myriad additional factors that made the difference between success and failure. This section focuses upon such factors through comparisons among the three new case studies, drawing at times upon those that were reviewed in the initial research. The additional factors discussed are

- Referendum vs. legislation
- Standalone or part of a broader package
- Bipartisan or partisan
- Out front vs. behind the scenes
- Grass-top support—inside and out
- The list—should it exist?
- Timing is everything
- Pushing the limits
- Fuel tax as a future source
- Messaging—context is key

### **Referendum vs. Legislation**

The winning strategy and effective messaging will be quite different depending upon whether the decision about transportation funding is made by a legislative body or by voters in a referendum. While surveys and polls are important in either case, when voters make the ultimate decision by referendum, surveys and polls become the only direct indicators of whether a proposed measure stands a chance and which themes, messages, and

transportation proposals will evoke the most favorable response. When voters make the decision, an effort no less than a full-scale political campaign is required, including an effective organization managed by an experienced and accomplished campaign staff, frequent polls, paid advertising, key endorsements, and sufficient financial resources to ensure that the right voters are reached with the right message at the right time.

The L.A. campaign (as did the California Proposition 1B from the original study) proved the point. A seasoned political campaign organization, augmented by the experience and savvy of key elected leaders, ran the Measure R campaign in its final two months before the referendum, testing and adapting messages and using targeted media to focus surgically on specific groups within the overall population. The Mayor's political fundraising capabilities were credited as the primary source of contributions in support of the Measure R campaign.

Winning support among legislators is in some ways simpler, but in many ways more complex, than a referendum. For example, while polls and surveys have great value in reading public opinion, which of course is the life blood of elected officials, they do not always correlate well with how legislators might vote. Witness the Oregon initiative where public sentiments were at odds with the need for and source of funding for the Jobs and Transportation Act. Support from the business community and the transportation industry, along with the personal and political commitment of the Governor and key legislators on both sides of the aisle, combined to offset polling results, which ranged mostly from indifference to opposition.

In Kansas, opposition from the House Majority Leader could have sunk the legislative initiative were it not for political strategies developed by key legislators to use an unprecedented Joint Committee mechanism for critically important hearings. Also in Kansas, dividing the

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*While the sheer magnitude of the effort required in a referendum battle tends to be much greater, the complexity and subtleties involved in securing a stable legislative majority can be more daunting.*

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legislation into one measure that addressed policy changes, which passed handily, and a second, which included a sales tax increase, allowed fence-sitting legislators as well as no-tax conservatives to simultaneously claim their support for transportation by voting for the policy changes while opposing the revenue increase measure.

The bottom line is that while the sheer magnitude of the effort required in a referendum battle tends to be much greater, the complexity and subtleties involved in securing a stable legislative majority can be more daunting.

### **Standalone or Part of a Broader Package**

The Kansas and Oregon experiences represent an interesting contrast in terms of the influence of other tax measures. In Kansas, a general fund crisis led the Governor to conclude that while a sales tax increase was essential for transportation as well as for sustaining general fund programs, there was no way that two tax increases would pass. The decision was therefore made with the legislative leadership for a combined approach (as described in the Kansas case study). The combined package passed by a narrow margin with transportation officials acknowledging that they needed the boost from the general fund crisis to achieve their part of the increase – they could not do it alone – while, interestingly, some doubted whether the general fund package would have passed on its own without the boost from transportation advocates.

In contrast, the Oregon transportation package benefitted from concurrent consideration of two other tax measures (involving health care and income tax rates) that were much more controversial and partisan, and became the lightning rods for anti-tax activists. Those close to the Oregon initiative agree that the transportation funding legislation benefitted from the separate tracks on which the less popular tax measures were riding.

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*In Kansas, a general fund crisis led the Governor to conclude that there was no way that two tax increases would pass.*

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## **Bipartisan or Partisan**

Bipartisan support proved essential in both Kansas and Oregon, though the dynamics were quite different. In Kansas, moderate Republicans, led by the President of the Senate who was a strong supporter of transportation funding, joined forces with Democrats to provide the thin margin of victory over conservative Republicans. On the other hand, in Oregon the Democrats, who might well have passed the transportation funding legislation without Republican support, concluded that absent the votes of several key GOP leaders it was highly likely—in fact a virtual certainty—that the legislation would be referred to the voters, who would be inclined to overturn it according to polling data. It was also clear that if the measure passed on a strictly partisan basis, supporters would be more vulnerable in the next election. So the bipartisanship in Oregon was defensive—to avoid a recall of the legislation and limit the likelihood that a favorable vote would become a campaign issue—while in Kansas it was an offense strategy that was essential to pass the legislation.

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*Bipartisan support proved essential in both Kansas and Oregon.*

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## **Out Front vs. Behind the Scenes**

In Los Angeles County, much of the initial support, the source of campaign financing, and the organization that took the measure across the finish line emanated to a significant degree from the Mayor of Los Angeles. Yet, the Mayor and his advisors wisely determined that he should not be particularly visible in the campaign. This conclusion was based on the recognition that the campaign's Achilles heel stemmed from widespread perceptions in other jurisdictions of Los Angeles County and among other elected leaders that the city might receive a disproportionately large share of the funding while they would be short-changed. Had the Mayor campaigned vigorously and visibly in support of Measure R, it may well have changed the outcome.

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*The Governors of both Kansas and Oregon were outspoken and highly visible leaders in support of increased transportation funding.*

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In contrast, the Governors of both Kansas and Oregon (neither of whom would be candidates in the next election), were outspoken and highly visible leaders in support of increased transportation funding. In Kansas the measure would not have gone far without the Governor's support. While it is less clear whether the same would have been true in Oregon, without question the Governor's active support spurred on and provided some degree of political cover to the legislature, where there were equally committed and highly influential leaders who strongly supported the measure.

### **Grass-top Support—Inside and Out**

The earlier research emphasized the importance of having an influential coalition of stakeholders—typically composed of business and transportation industry groups—working closely with legislators to help formulate and motivate them to act upon a transportation measure. In Kansas, a well-established Economic Lifelines group that had spearheaded two previous 10-year highway programs, and an influential heavy constructors group from northeast Kansas, came together in a strategic coalition to help build support in the legislature for a new transportation program. Similarly, in Oregon, an engaged business community joined forces with transportation industry advocates in a coalition that worked closely with the legislative leadership to tackle the issue of transportation funding. In both Kansas and Oregon, the relationships between business/industry advocates and legislators were well-established over a period of years.

Beyond the essential role of established advocacy groups, each of the three case studies demonstrated the value of groups of “grass-top” (engaged and active) supporters who are not necessarily part of long-standing “insiders” coalitions. Such groups can be brought together specifically to help build a broader base of support for increased transportation funding. They can augment while working in parallel with and somewhat separately from the more established business and industry coalitions.

In Kansas, an early strategy in broadening project selection criteria and setting priorities for what was ultimately to become the T-WORKS package involved seeking input and recommendations from stakeholder participants across the state as part of the KDOT Long Range Transportation Plan process. In Oregon, the Governor's transportation committees provided a valuable and precedent-setting forum for adding to traditional transportation advocates—truckers, AAA, contractors—by bringing into the process environmental, sustainability, and land use advocates who had not in the past been at the table when it came to transportation legislation. Similarly in Los Angeles, L.A. Metro and the Move LA coalition were proactive in reaching out to community leaders who were not part of the traditional transportation industry coalition in order to broaden the base of support for Measure R.

In all three cases, the involvement and support among those who functioned outside of the orbits of the traditional business and industry “insider” coalitions were instrumental in broadening the support for their respective transportation-funding initiatives and in fending off potential opposition.

### **The List—Should It Exist?**

Looking back to the success stories of the initial research, there was a clear split among those that produced and committed to a project list in connection with proposed transportation funding and those that did not. There were good reasons for both. With California’s Proposition 1B, the Governor and his staff felt that the process of developing such a list would lead to interregional conflict, with none of the localities willing to acknowledge that they would be receiving a fair share. In Arizona’s Maricopa County, the initiative was driven by the need to deliver a well-defined list of projects that would complete the region’s freeway plan. Without the list, there would have been no initiative. A third case study, which will remain nameless, initially appeared to succeed without a

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*Involvement and support among those who functioned outside of the orbits of the traditional business and industry “insider” coalitions were instrumental in broadening the support for their respective transportation-funding initiatives.*

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list, but ultimately employed what the final interviewee revealed as “the list that didn’t exist.”

Similarly, in this supplemental effort, it was a split decision as to whether a list of project commitments would be needed. As explained in greater detail in the case studies, campaign participants in L.A. County and Oregon were in general agreement that their transportation funding initiatives would not have succeeded without such a list. In the case of L.A. County, voters were wary without specific funding commitments, based upon recent actions at the state level to divert previously approved transportation funding to plug holes in the general fund budget. In Oregon, the list (which at first was vigorously opposed by the Governor) secured the votes in the legislature necessary to pass the bill—it was that simple.

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*There was a clear split among those case studies that produced and committed to a project list in connection with proposed transportation funding and those that did not.*

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Kansas represented an interesting departure. In the successful initiatives of 1989 and 1999, project lists played an important role. Yet in the successful 2010 legislation, a list would have led to failure, and for two very different reasons. Funding from the T-WORKS measure was actually smaller than the previously approved 10-year measures and was focused to a greater degree on preservation projects. This led KDOT to conclude that a list would be counterproductive, emphasizing more about what would not be funded than what would be funded. The second reason came from the frontrunner in the then upcoming gubernatorial election who made it clear that he would work to negate the funding increase (which he did not support) if his hands were tied by locked-in projects determined by the previous administration and legislature.

### **Timing Is Everything**

Whether it’s a golf swing, delivering comedy punch lines or a successful transportation funding initiative, timing can be everything. In the L.A. case study, an upcoming presidential election in 2008 with candidates Hillary Clinton and Barack Obama vying for the Democratic nomination was considered certain to produce a surge of progressive voters—voters who might be predisposed to

supporting a largely public transportation package even if it meant a 1-percent increase in their sales tax. In hindsight, recognition of this political opportunity a year in advance was a significant factor that made the difference in a referendum that passed by a narrow margin.

In Kansas, the completion of the latest 10-year highway program in 2009 presented the predictable challenge of making the case for the next program in that year. But the deep recession and anti-tax mood in 2009 made it clear that the timing was not right. Seizing the moment in 2010 when the Governor and Legislature recognized the need for a sales tax increase to rescue general fund programs, the decision to package a combined solution that included transportation and could offer a jobs argument, was another example of astute political timing – particularly when, on reflection, some observers believed that possibly neither transportation nor the general fund tax measure would have passed individually, but together, they were a winning combination. It was also clear in Kansas that with the leading candidate to succeed the incumbent governor making no secret of his opposition to increased taxes for any purpose, the 2010 legislative session represented a “now or never” moment.

In Oregon, the poor timing of a too little, too late initiative by an otherwise influential business coalition in 2007 was transformed into an opportunity by recognizing the chance to secure political commitments from the Governor and the Legislature for a 2009 transportation funding measure.

Whether it is strategic timing in planning an initiative or tactical timing in knowing when to push and when to compromise during the crucial moments just before a final vote, the sixth-sense skills in knowing when it is just the right time to make a critical move is an asset that astute strategists can bring to the table.

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*The Communications unit of L.A. Metro pushed to the limit in its “education” role of informing the public about the merits of investing in transportation.*

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### **Pushing the Limits**

Leading an initiative for increased transportation funding is not for the faint of heart. It is not meant for those with a predisposition to play it safe. The dividing line between education (which is permissible for a public agency) and advocacy (which isn’t) is always gray. In Kansas, the Secretary of Transportation and KDOT made a YouTube video during the legislative session about the need to avoid further deterioration on the state highway system—an example of using leading edge, web-based media to get the message across. The Communications unit of L.A. Metro pushed to the limit in its “education” role of informing the public about the merits of investing in transportation. Reminiscent of the proactive public education campaign undertaken by former Washington State DOT Secretary Doug McDonald (as reported in the initial research), when he successfully took on anti-tax media talk show hosts in their own venue, L.A. Metro staff used a variety of media techniques, including a creative and effective “Imagine” campaign, in the media as well as a 16-page glossy brochure sent to every L.A. County household. Both of these cases—Los Angeles and Washington State—were criticized by some who believed they strayed beyond the limits of education, but both turned out to be permissible and essential to the ultimate successes of their campaigns. This is not to say that in either case they intended to go beyond the defined limits of their roles and responsibilities, but clearly, and to their credit, they were willing to push to the edge of those limits rather than play it safe on the sidelines.

### **Fuel Tax as a Future Source**

Sad to say that in all three cases, the fuel tax polled poorly as a potential source of increased funding for transportation. In Oregon there is no sales tax, nor is there any desire to introduce one, which explains in part the willingness of the Governor and key legislators to advocate for what is otherwise a highly unpopular tax.

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*The fuel tax polled poorly as a potential source of increased funding for transportation.*

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Interestingly, in disparate locations such as Kansas and Los Angeles County, with very different populations and

political leanings, the sales tax polled well (nearly 50 percent in Kansas and over 60 percent in L.A. County prior to the campaign to achieve the required super-majority of two-thirds.)

It is important to distinguish the general sales tax from a sales tax just on fuel that would provide a revenue yield equivalent to current “per gallon” taxes. A sales tax on fuel would necessarily amount to between 10 and 20 percent (depending on the current price of fuel and individual state fuel tax rates) if current federal and state fuel taxes at fixed rates per gallon were replaced with sales taxes on a revenue-neutral basis. In contrast, what the Kansas and L.A. County polls addressed were proposals for increases of no more than an additional 1 percent, albeit on the general sales tax. It is not at all clear whether somewhat favorable responses to small increases in the general sales tax are transferrable to replacing current fuel taxes with sales taxes just on fuel.

### **Messaging—Context Is Key**

Volume 2 of this research is a report by the ml+p team evaluating a variety of messages related to transportation funding. The ml+p team began with messages used in the three success stories in Kansas, Los Angeles, and Oregon and then expanded upon them with focus groups of “opinion influencers” conducted in three U.S. cities. These listening sessions were followed by a session with a “Washington-Insiders” proxy group where a unique Instant Response Dial technology was used to measure responses to a range of messages.

The full Volume 2 report, entitled “The Language of Mobility,” is *must* reading for anyone with an interest in delving into a detailed discussion of which messages seemed to work and which were found to be less effective.

As noted in the Preface for Volume 2, “with only four sessions, the observations made ... are necessarily generalized—and are no substitute for detailed research in

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*The full Volume 2 report, entitled “The Language of Mobility,” is must reading for anyone with an interest in delving into a detailed discussion of which messages seemed to work and which were found to be less effective.*

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any jurisdictions where a new transportation measure is being proposed. Each and every context is different."

This precaution is consistent with findings among the three case studies, where there were some similarities as well as striking differences in terms of messages that seemed to work well.

### **Jobs and Economic Growth—What's the Difference?**

Unlike the November 2008 Los Angeles referendum where the full impacts of the deep recession that was just taking shape were still unclear, in both the Oregon (2009) and Kansas (2010) cases, the economy became a significant challenge as well as an opportunity in seeking support for increased transportation funding.

In the early days of both the Oregon and Kansas initiatives, and prior to the recession, improving transportation in support of long-term economic growth was a core message. In both cases, the recession brought about a shift in messaging from the more abstract goal of improving economic opportunities to the more immediate and tangible objective of providing more jobs—the sooner, the better as far as legislators were concerned. Both initiatives (Oregon's "Jobs and Transportation Act" and Kansas's "T-WORKS") adopted names that made the linkage abundantly clear.

In contrast, the ml+p research, conducted in late 2010 in cities that did not feel particularly hard hit by the recession, revealed a more refined perception among "opinion influencers" who saw jobs as important, but not necessarily the most important issue, and seemed to distinguish between somewhat transitory construction jobs and more permanent employment connected with economic growth. Nevertheless, with the Oregon and Kansas measures enacted via legislative action as opposed to referenda, it may be argued that it is far more important to tailor messages to the actual decision-makers.

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*The recession brought about a shift in messaging to the more immediate objective of providing more jobs.*

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## **Safety First? Not Necessarily/Congestion? Maybe There But Not Here/Preservation? Cuts Both Ways**

The three case studies demonstrate that not all messages resonate in the same way, and that context is indeed the key. Also, the ml+p work makes it eminently clear that what may motivate transportation officials and professionals may not resonate with the public.

For example, the issue of safety, which is typically afforded “first and foremost” status among transportation agency staff seems to be taken for granted by most citizens and elected officials. Among all case study interviews and interactive sessions with citizen opinion leaders, in only once—with respect to concerns among legislators from rural Kansas about running-off-the-road crashes and the risks of passing on narrow two-lane highways—did safety emerge as a message that would resonate.

As a largely rural state, Kansas illustrated contextual differences not only in terms of safety but with respect to congestion and system preservation as well. Congestion, which was the central issue in Los Angeles and was a factor to some degree in Oregon, was not a message that applied to Kansas. On the other hand, preservation and maintenance, which the ml+p team found to be “table stakes” among citizens—assumed to be there under existing funding but not a motivator for new funding—was a central issue in Kansas. Furthermore, its importance runs contrary to the thought that the condition of roads and bridges would only become an issue where they are exceedingly poor. In Kansas it was quite the opposite. Indeed, a national magazine report that Kansas had the best maintained roads in the nation served to strengthen the commitment among decision-makers to resist the temptation of letting go to waste the investment which, made over many years, took them to that enviable level.

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*As a largely rural state, Kansas illustrated contextual differences not only in terms of safety but with respect to congestion and system preservation as well.*

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## **Modernization**

The term “modernization” turned out to be quite important in the highway-focused initiatives in Oregon and Kansas. Not normally used as a technical term with a

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*In virtually all cases the element of “fair share” looms large.*

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precise and standardized definition, “modernization” seemed to resonate in a way that “reconstruction” or “rehabilitation” did not. The term implies doing what is needed to bring an outmoded or obsolete facility “up to date” with the latest in materials, methods, and technologies. It generally seems to apply to the very wide range of projects that are more than routine maintenance and less than a new facility on new right-of-way. Perhaps the term “modernization” resonates because it connects with the general acceptance that from time to time our own homes face the need to be modernized. Whatever the reason, it is a term that seemed to work well in the two case studies where it was used.

### **Equity, Balance, Fairness**

In virtually all cases (in the initial research as well as the three additional case studies) the element of “fair share” looms large. In Oregon and Los Angeles, it was of overwhelming importance in the selection of projects to be included in the lists of projects associated with those transportation funding measures. In Kansas, even without a list, it was an important factor in the legislation which stipulated minimum amounts that had to be spent in designated geographic areas. (Interestingly, while these were amounts that were certain to be met or exceeded in any event, explicitly guaranteeing them in the legislation became politically important to its passage).

### **The Small Stuff Can Make the Difference**

The research indicates there may not be such a thing as an insignificant message, as long as there are some who may be reached. In Los Angeles, the congestion issue resonated overwhelmingly as the number one issue with voters. But the politically savvy professionals who ran that campaign recognized early on that, under any possibility, a win would entail a very narrow margin. With this in mind, they concluded that no message that might resonate with even a small percentage of voters could be ignored. Through extensive polling, they found that in addition to congestion, there were some concerned with greenhouse gas emissions and others with memories of destructive

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*The Los Angeles campaign skillfully wove issues into their messaging so that those to whom seemingly ancillary issues loomed the largest would find a reason to support Measure R.*

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earthquakes who were concerned about structural resilience, and yet others who were concerned about moving freight without disrupting communities. The Los Angeles campaign skillfully wove these issues into their messaging so that those to whom these seemingly ancillary issues loomed the largest would find a reason to support Measure R. At the end of the day, it was concluded that the margin of victory indeed depended upon the votes of those for whom the number one issue of the majority — namely, congestion — was not the number one issue for them.

## Polling

Polls and surveys were critically important to determine what messages would resonate with voters. In the case of the L.A. Measure R referendum, extensive polling early on to formulate the campaign and develop strategy, and later on, in customizing messages on virtually a daily basis to persuade voters, proved critically important. In Oregon, a summary report on polls and surveys that conveyed the mood of voters was essential in formulating legislation and a campaign that would not likely be referred to voters, as had occurred nearly 10 years prior with disastrous results. In Kansas, early surveys revealed that previous successes by a well-regarded transportation agency would not be sufficient to carry the day in the next round of requested funding, where greater sensitivity to local issues and a broader array of project selection criteria would prove to be essential.

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*In Kansas, early surveys revealed that previous successes by a well-regarded transportation agency would not be sufficient to carry the day in the next round of requested funding.*

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## Social Media—Twitter, Facebook and YouTube

One of the goals of the supplemental research was to determine whether new social media represented by Twitter and Facebook would prove to be important factors in communicating messages. In the two earlier campaigns (L.A. in 2008 and Oregon in 2009) they were not. But in the Kansas campaign (2010) the early stirrings were there. While a request within KDOT to employ Facebook failed to win approval due to concerns about public perceptions, Twitter was used during the legislative process to encourage interested stakeholders to follow progress. Also in

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*Twitter was used during the legislative process to encourage interested stakeholders to follow progress in the Kansas campaign.*

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Kansas, where preservation was an issue despite a system in generally good condition, as noted elsewhere, the Secretary of Transportation and KDOT posted a YouTube video about the preservation needs that would be unmet without additional resources.

### **Case Studies**

These comparative findings underscore the more interesting similarities as well as differences among individual case studies. In the end, no two are alike, and to understand more fully the unique set of circumstances associated with the three addressed in this supplemental research as well as those in the original research, there is no substitute for reading the case study reports themselves. Los Angeles, Oregon, and Kansas case studies are reported in the following chapters, while reports on the initial set of case studies may be accessed in the final report of the original research at:

[http://www.transportation.org/sites/SCOFA/docs/  
NCHRP%2020-24%20\(62\)%20FINAL.pdf](http://www.transportation.org/sites/SCOFA/docs/NCHRP%2020-24%20(62)%20FINAL.pdf)

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# **Chapter 2—Los Angeles County Measure R (2008) Case Study**

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## **Background**

### **Initiative Description**

On November 4, 2008, as the impacts of the nation's worst recession since the Great Depression were beginning to become clear, voters in Los Angeles County surprised many skeptics when they mustered the extraordinary 67.9-percent majority required and approved Measure R, a countywide 1/2-cent sales tax devoted to transportation. Collection of the tax began on July 1, 2009, and will sunset after 30 years at the end of FY 2039. Two permanent local option 1/2-cent sales taxes devoted to transit improvements were already in effect—Proposition A approved by voters in 1980 and Proposition C approved in 1990.

Measure R is estimated to provide between \$30 and \$40 billion over its lifetime. The administration of the measure is the responsibility of the Los Angeles County Metropolitan Transportation Authority (Metro), the regional transportation planning authority and public transportation operating authority for Los Angeles County. The voter-approved expenditure plan for the measure allocates the funding as follows:

- 40 percent for specified transit capital projects
- 25 percent for transit operations
- 20 percent for specified highway capital projects
- 5 percent returned to local jurisdictions for discretionary use

The expenditure plan that appeared on the ballot itself summarizes the allotment in greater detail. Table 2-1 is the first page of this plan. (The entire plan, including the remaining three pages which itemize specific projects within each program, is added to the end of this chapter.) Although completion of each project within the programs is not absolutely assured—as planning work, environmental studies, and additional state and federal funding add uncertainty to what is

ultimately accomplished—the levels and distribution of funding across programs are guaranteed. Furthermore, no changes to the projects specified in Measure R can be made for a period of 10 years, and then only by a two-thirds majority of Metro's Board of Directors.

In addition, Measure R included a clause suspending a planned general fare increase for one year and committing not to increase fares for students, seniors, and the disabled for five years.

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*It required a "super-majority" of two thirds for Measure R to pass.*

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*No changes to the projects specified in Measure R can be made for a period of 10 years.*

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**Table 2-1. Measure R Expenditure Plan**

| Proposed One-Half Cent Sales Tax for Transportation<br>Outline of Expenditure Categories<br>Sunsets in 30-Years: Fiscal Year (FY ) 2010 - 2039<br>(millions) |   |  |                      | ATTACHMENT A      |                   |  |
|--|---|--|----------------------|-------------------|-------------------|--|
| Subfund  | Program   | % of Sales Tax<br>(net of<br>administration) | First Year<br>Amount | 10-Year<br>Amount | 30-Year<br>Amount |  |
| Transit Capital  | New Rail and/or Bus Rapid Transit Capital Projects - project definition depends on final environmental review process   | 35%  | \$ 241               | \$ 2,930          | \$ 13,790         |  |
| Transit Capital  | Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)   | 3%   | \$ 21                | \$ 251            | \$ 1,182          |  |
| Transit Capital  | Metro Rail Capital - System Improvements, Rail Yards, and Rail Cars   | 2%   | \$ 14                | \$ 167            | \$ 788            |  |
| Highway Capital  | Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls  | 20%  | \$ 138               | \$ 1,675          | \$ 7,880          |  |
| Operations   | Rail Operations (New Transit Project Operations and Maintenance)  | 5%   | \$ 34                | \$ 419            | \$ 1,970          |  |
| Operations   | Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)                                 | 20%  | \$ 138               | \$ 1,675          | \$ 7,880          |  |
| Local Return   | Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.<br>(Local Return to the Incorporated Cities within Los Angeles County and to Los Angeles County for the Unincorporated Area of the County on a Per Capita Basis.) | 15%  | \$ 103               | \$ 1,256          | \$ 5,910          |  |
| <b>TOTAL PROGRAMS</b>  |   | <b>100%</b>                                  | <b>\$ 689</b>        | <b>\$ 8,373</b>   | <b>\$ 39,400</b>  |  |
| 1.5% for Administration  |   |  | \$ 11                | \$ 127            | \$ 600            |  |
| <b>GRAND TOTAL</b>   |   |  | <b>\$ 700</b>        | <b>\$ 8,500</b>   | <b>\$ 40,000</b>  |  |

Source: Metro

## L.A. County Transportation—Organization and Service

Los Angeles County is the most populous county in the United States, home to 10.3 million residents as of 2008. The county is comprised of 88 incorporated cities and numerous unincorporated areas. It is the hub of significant economic and cultural activity, including the film and television industry, aerospace technology, fashion and apparel, manufacturing, and tourism. It is also the site of significant international trade through the ports of Los Angeles and Long Beach, the two busiest ports in the country.

Serving the population is an extensive network of freeways (527 miles), arterials, and local roads, as well regional and municipal public transportation systems. The primary provider of public transportation in Los Angeles County is the Los Angeles County Metropolitan Transportation Authority. Metro is the third largest transit agency in the country measured by ridership,

providing 476 million unlinked trips in 2008, amounting to over 2 billion passenger miles.

Metro operates the following transit services:

- **Metro Rail**—three light rail and two heavy rail (subway) lines totaling 79.1 miles with 70 stations
- **Metro Liner**—two bus rapid transit lines totaling 40 miles
- **Metro Bus**—Metro Local, Metro Rapid, and Metro Express bus primarily providing service along local streets, arterials, and freeways, respectively

Metro partially funds Metrolink, a 512-mile regional commuter rail serving six counties, including Los Angeles, provides funding to 16 local municipal bus operators throughout the county, and provides subsidies to local cities and transit operators for transportation improvements. Metro is also responsible for carpool and vanpool service across the county's 513 lane-miles of HOV lanes (which are also utilized by Metro Express bus service).

Figure 2-1 shows the main regions of the county, cities, and freeways.

### **Historical Perspective on Local-option Sales Tax for Transportation**

In the late 1960s, the California State Legislature began granting individual counties specific authorization to impose regional sales taxes to fund transportation projects and services. Counties that elected to do so became known as "self-help" jurisdictions. Specific to Los Angeles and its neighboring counties, the existing Metropolitan Transit Authority was reconstituted as the Southern California Rapid Transit District (RTD) in 1964 to address the growing need for a rapid transit system following the recent demise of streetcars, as well as a means to raise revenue without resorting to unpopular property tax increases. RTD itself was granted the power to levy taxes and twice attempted to impose them to fund plans for proposed comprehensive rail corridor systems. Both attempts, needing a simple majority for approval, were rejected at the ballot—a 1/2-cent sales tax in 1968 and a 1-cent sales tax in 1974. Two further attempts at instituting sales taxes were again rejected in 1976. In the same year, with the passage of Assembly Bill (AB) 1246, the Los Angeles County Transportation Commission (LACTC) was formed, charged with developing and coordinating transportation planning and financing.<sup>1</sup> AB 1246 also contained a provision authorizing a ballot measure to approve up to a 1-cent sales tax for transit purposes, with no sunset date.

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<sup>1</sup> LACTC and RTD merged in 1993 creating Metro.



*Source: Los Angeles County Economic Development Corporation*

## **Figure 2-1. County of Los Angeles—Regions, Cities, and Major Roads**

Capitalizing on this funding provision, LACTC placed Proposition A on the November 1980 ballot to fund yet another vision for rail transit with a 1/2-cent sales tax. This time the measure passed with 54 percent of the vote. The Metro Blue Line between downtown Los Angeles and Long Beach and the first segments of the Red Line, which today extends from downtown north to Hollywood, were initially funded under this tax. Proposition A included several provisions that helped to encourage voter support, including a map which illustrated investment in most areas of the county, a local return percentage for cities and unincorporated areas of the county, and a three-year bus-fare freeze. These stipulations were very similar in concept to those later used in the 2008 Measure R.

By the late 1980s, it had become clear, however, that Proposition A was insufficient to meet the county's transportation needs and even to complete the projects it was intended to fund. One new option statewide came in 1987, when the state granted all counties the ability to ask their voters to approve up to a 1-cent sales tax, limited to 20 years, for transportation purposes. The authorization also required that a majority of the county's cities with a majority of its population approve an ordinance in support prior to being able to place the measure on the ballot. While LACTC initially sought to place a new sales tax measure on the ballot under this general authority, it was determined that the ability to levy an additional 1/2-cent sales tax still rested under AB 1246 from 1976. With the leadership of Mayor Tom Bradley and County Supervisor Kenny Hahn, who had championed the plans for 1980's Proposition A, a new 1/2-cent sales tax—Proposition C—was placed on the November 1990 ballot and passed with just over 50 percent of the vote.

Despite the success of Proposition C, now giving Los Angeles County a full 1-cent sales tax devoted to transportation in perpetuity, several events throughout the 1990s served to dampen the implementation of transit planning in the county:

- The recession of 1990-91
- The merger of RTD and LACTC in 1993 and subsequent uncertainty in leadership
- A bus driver strike in 1994
- The actions of the newly formed Bus Riders Union in 1994 that filed suit against Metro claiming it acted discriminatorily by allocating funds to rail transit at the expense of buses that primarily served minorities, which in turn, led to a 1996 civil rights consent decree directing Metro to divert over \$1 billion to improve bus services
- The sink-hole related collapse of an 80-foot section of the Red Line tunnel under Hollywood Boulevard in June 1995
- The later Measure A in 1998, which prohibited any Proposition-A or Proposition-C money to be spent on further subway construction

Slowly, Metro's credibility began to return, especially under the leadership of a succession of Chief Executive Officers, one of whom created a strong Communications unit that would play a significant role leading up to Measure R, both improving communications between Metro and

its customers, while educating community leaders and the public on the need for and potential benefits of improving transit. The unit succeeded in improving the perception of the agency, which in 2002 had a public approval rating in the low 40-percent range. Confidence in the agency began to return as a result of improved communications, a new fleet design, and the perceived successes of rail and bus rapid transit projects that, in turn, generated robust ridership levels. Memories of the trying times in the 1990s began to fade, even in the face of labor strikes in 2000 and 2003.

Financial stability also improved despite uncertain state funding. State budget shortfalls during that time led to the diversion of transportation revenues from the state sales tax on gasoline, as well as from transportation bonding authority to other, non-transportation uses. The growing inability to rely on state revenue sources—even for major highways, which is the “mainstay” of transportation funding in most other states—had served to reinforce the notion among elected officials, citizens, and Metro in California that counties, and not the State, are the building blocks for non-federal transportation funding.

In the years leading up to Measure R, Metro considered various options for long-range plans, with a growing emphasis on transit. Metro conducted periodic opinion polls to gauge public interest and to test various funding options. These polls generally indicated an acceptance rating of around 60 percent for an increase in the county sales tax, a positive result but well short of the two-thirds percentage that had become necessary for passage of local sales tax measures as a result of a State Supreme Court ruling in 1995. Gaining a simple majority of voters to support higher taxes for any reason is difficult enough. While 60 percent acceptance is remarkable in its own right, it was still well short of the two-thirds threshold. On the other hand, since the county had already allocated its full 1-cent authorization for Propositions A and C granted under the state’s general authority, failure to attain that demanding level of public support would mean that the prospects for significant transportation improvements in Los Angeles County would come to a standstill.

## **Initiative Development and Strategy**

### **A Compelling Need and the Plan to Address It**

While traffic congestion has long been a significant problem, perhaps even a “way of life” in Los Angeles, the common perception is that in recent years it has grown significantly worse. These perceptions are not without an objective basis. The Texas Transportation Institute (TTI) has developed metrics of congestion levels and impacts among major urban areas across the United States, and unsurprising to many, especially those who experience it first hand, Los Angeles fares the worst. TTI’s Urban Mobility Report has consistently ranked Los Angeles County (together with neighboring Orange County) as the number one region in the country for delay, excess fuel consumed, and total cost of congestion. In 2007, the average peak-period traveler

wasted 70 hours in congestion and burned 53 excess gallons of fuel, equating to \$1,480 of lost time and wasted fuel.

During the prosperous economic times of the mid-2000s, there was a relatively sudden and palpable increase in congestion. Journeys that had previously been tolerable, despite significant levels of congestion, had become nearly impossible. And conditions were only expected to worsen. The county's long range transportation plan (LRTP) forecasted continued strong growth in the region over the next 30 years, further burdening the overtaxed transportation system. The plan, which was updated in 2009, predicts that the county's 160 million daily vehicle miles traveled (VMT) in 2004 would grow by almost 50 percent due to more and longer trips, as well as a 33-percent increase in population and employment.

Metro's work in updating its 20-year long range transportation plan was critical to building momentum for Measure R. The LRTP (Figure 2-2), published in draft form early 2008, had considered a multitude of significant rail, bus, highway, and other improvements and expansions. However, in examining available revenue to fund both operational and capital needs, it was clear that billions of additional dollars would be needed to fund projects and programs identified within the unconstrained portion of the plan. Initial (but grossly insufficient) estimates of \$4 billion in projected project funding was reforecast down to zero between 2007 and 2008, indicating no funding for any new projects or programs in the LRTP. The dire funding situation coupled with the "Imagine Campaign" (discussed in detail in later sections) served as a springboard for creating interest in a transportation funding measure by underscoring the gap between what was planned and what was possible within resources that would be available.

In sum, the recent increase in congestion in L.A. County, in combination with a long range plan that predicted the situation would get even worse unless something were done to implement recommended improvements, contributed to a mix of frustration and hope that would prove to



Source: Metro

**Figure 2-2. 2009 Long Range Transportation Plan Cover**

be an asset in setting the stage for a “supermajority” of voters to support an increase in their tax burden.

## A Perfect Opportunity

Looking ahead in the year prior to the 2008 presidential election, political analysts believed that the likely Democratic presidential nominees, either Hillary Clinton or Barack Obama, would bring new voters to the November election. Political observers in Los Angeles County surmised

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*Political analysts believed that the likely Democratic presidential nominees, either Hillary Clinton or Barack Obama, would bring new voters to the November election. These new voters would be more likely to look favorably upon a transportation tax measure.*

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that these new voters would be more likely to look favorably upon a transportation tax measure—provided one was placed on the ballot with adequate preparation and outreach. In November 2007, Metro commissioned a study to gauge interest and support in a transportation measure. The survey of 1,200 likely voters found that while initial support for a traffic relief and rail expansion measure remained at the 60 percent level, listening to supportive statements of the benefits of a tax measure pushed approval to 69 percent—

above the two-thirds required. The study also demonstrated support for local improvements (like street repair and signal synchronization) as well as specific transportation projects, such as extensions of rail transit lines. With just 11 months to go before Election Day 2008, the challenge would be to build awareness of the possibilities and benefits of improved transportation in Los Angeles County.

## A Confluence of Significant Actions

Several parallel and, to an extent, overlapping actions helped build support for bringing Measure R to the ballot:

- Los Angeles Mayor Antonio Villaraigosa’s introduced his “vision” for improved transportation infrastructure, including the concept of a “Subway to the Sea.”
- Metro launched its “Imagine Campaign” that built upon the agency’s long range planning process and enticed the public to envision more rail, less traffic, and better transportation.
- With encouragement from Metro, coalitions of business groups from a variety of sources, including the LA Chamber, AAA, and others, joined with labor and environmental groups to lay the groundwork for Measure R.
- A succession of public-opinion polls led to a growing recognition among key elected leaders that such a measure might be doable, despite prior misgivings and skepticism.

## The Coalition Coalesces and Embraces the Initiative

Important steps were taken in 2007 by a former city councilman from Santa Monica, who, while as an elected official and subsequently a private advocate, had been a strong champion of transportation issues and maintained close relationships with those representing the environmental, labor, and transportation communities. With impetus from the growing public concern

for congestion and the Mayor's vision for transportation laid out during his election campaign, a decision was made by early 2007 with a colleague in the environmental arena and with support from Metro and the Mayor's Office to build a formal coalition to champion significant transportation improvements, specifically transit. Being from the Westside of Los Angeles County, the thought was that the proposed "Subway to the Sea" extension of the Red Line from North Hollywood to Santa Monica would be a prime project to seriously pursue with the \$4 billion that had been initially identified in Metro's LRTP process, and in turn, this would help "pull other transit projects along" toward implementation as part of an overall plan. A board was formed for the so-called Subway to the Sea Coalition, which started raising money for their advocacy efforts.

Informed by fresh research conducted by Metro, the Subway to the Sea Coalition held a meeting in November 2007 with 34 organizations representing the labor, environment, and development communities. The "stunning" turnout indicated an extraordinary level of interest surrounding transportation funding among a group of organizations (business, labor, and the environmental community) that had not often found common ground. Following the meeting, the coalition realized that the prime focus of their work "had to be about the money" and decoupled from just the one project. As Metro's polling indicated, the sales tax had the best shot for approval, but the required two-thirds of the voting population posed quite a challenge. Additional coalition partners would have to come on board for this to happen.

Building on the success of November's meeting and the growing support of the coalition, a "Time to Move LA" conference was held in January 2008 attended by 350 key individuals that the coalition had assembled over the previous year as a "roster" of influencers—advocates and experts in transportation as well as political leaders. Additionally, Metro courted business, civic, and related transportation organizations and brought them to the table as part of a broader and more comprehensive coalition of supporters. In the end, the Subway to the Sea Coalition re-branded itself as a multimodal advocacy group to be known as "Move LA."

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*Metro courted business, civic, and related transportation organizations and brought them to the table as part of a broader and more comprehensive coalition of supporters.*

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### **Honing in on a Viable Funding Option**

Leading into Measure R, several other funding options (parcel taxes, carbon fees, gas taxes, etc.) were considered. These options either did not raise sufficient funding or did not poll well. In anticipation of the need to explore new avenues of funding, Metro looked closely at what it would take to obtain two-thirds voter support for a sales tax. Although the initial polling consistently showed a sales tax option at 6- to 7-percentage points shy of the two-thirds vote necessary to pass, it also indicated that with proper messaging delivered by credible groups and individuals, support could grow to upwards of 69 percent. To gather qualitative data and firsthand insight into voter perspective, a series of focus groups was conducted. These focus groups concentrated on local interests and awareness and helped to fine tune later polling,

exploring which issues would need to be the focus of a potential ballot measure associated with an increase in the sales tax. One important aspect was the public's desire for "local" improvements. The city or region of the county in which residents lived and worked greatly affected which specific projects and solutions mattered most to them.

### **Further Polling to Convince Key Leadership**

In addition to Metro's own polling, a series of separately commissioned polls were conducted to confirm and augment Metro's findings. Move LA commissioned a poll (with the support of Santa Monica College) that reflected 67 to 69 percent who were supportive. The influential and respected Supervisor of the Los Angeles' Third District, Zev Yaroslavsky, whose support was seen by Move LA (and other proponents) as critical to the measure, remained non-committal until a second poll, sponsored by Metro, confirmed the Move LA result with about 65 percent in

*Multiple polls by different sponsors yielded similar results—passage was possible—which was critical in mustering political support.*

support. Supervisor Yaroslavsky felt that with a result that close to two-thirds, if combined with a good strategy and the right messages, there would be a reasonable chance for success.

Following the Metro poll, the Los Angeles Mayor's Office commissioned yet another poll for further confirmation, this time using a firm from outside the region to bolster the sense of impartiality. Once again, the results indicated a near two-thirds approval. At this point, the Mayor came out publicly in favor of the sales tax measure. There was never any doubt of the Mayor's desire for funding the transportation improvements—particularly rail transit—that he felt were essential to the city. The key questions were whether the public would be supportive and whether the remaining jurisdictions in L.A. County would see sufficient benefits to gain their support. (Ultimately, the Mayor became the most important fundraiser for the public campaign that fall.)

### **Raising Public Awareness**

The polling had indicated the desires of LA's populous with regard to transportation and the potential level of support if given the proper messaging. During the advocacy and planning process, Metro Communications engaged in a five-prong information campaign.

- The first prong was the public Imagine Campaign that showcased what was possible if Los Angeles County imagined a brighter future with better roads, less traffic, more rail, and better public transportation.
- The second prong was the local media. Editorial board meetings were scheduled with major local newspapers to layout both the public desire (based on polling) and the dire financial (funding) situation.
- The third prong targeted Metro's customers in the hope that they would serve as "ambassadors" for a future initiative.
- The fourth prong focused on Metro employees for many of the same reasons as Metro customers.

- The fifth prong consisted of engaging opinion leaders primarily through individual contacts as well as active participation in numerous speaking engagements. (This proactive communications approach by Metro complemented the external advocacy efforts with many of the same materials, and therefore consistent messaging, used throughout.)

### **The Path to Leadership's Approval of the Measure**

To advance Measure R's ultimate success, several important developments played out in the first half of 2008. A failure in any one of these critically important elements would likely have eliminated the eventual viability of Measure R.

- Political support (either active or tacit) would also be necessary among local and regional elected leadership, not only including the City of Los Angeles's Mayor Villaraigosa, whose support was fully anticipated, but also a majority of the all-important five-member County Board of Supervisors, as well as local elected officials from the multitude of municipalities spread across the County. Compounding the political complexity, state legislative authorization would be required to exceed the 1-cent cap on local option sales taxes for transportation. This meant that the political process would extend well beyond the County, to the halls of the Legislature in Sacramento.
- Buy-in would be necessary from Metro's Board to agree to move ahead with the measure.
- A formal ordinance, resolution, and expenditure plan would have to be prepared, intensifying the debate over what would be included and how the money would be allocated.

### **Achieving State Legislative Authorization**

With assistance from Metro, Assemblyman Mike Feuer (D-42nd District) led the effort to pass legislation needed to lift the local sales tax cap. As a starting point, he used a 2003 bill that Metro never acted upon (Senate Bill 314, the so-called Murray Bill named after its author, former Senator Kevin Murray) that granted approval for a 1/2-cent sales tax for up to 6.5 years to help fund a specified list of projects and programs. Assemblyman Feuer introduced AB 2321 in February, which carried over the projects identified in the Murray Bill and added additional projects as identified in the draft LRTP, together with cost estimate set-asides as minimum amounts available from a proposed new 1/2-cent sales tax. These stipulations would serve as the core of the sales tax's expenditure plan, and represented the priorities established by Metro, rather than an earmarked list of projects selected by members of the Legislature to garner their vote. In this manner, Assemblyman Feuer sought the acquiescence of the Legislature's members through much "arm wrestling" and successfully found common ground. One interviewee noted that Assemblyman Feuer successfully resisted the Legislature's overtures to "adorn the Christmas tree."

tree,” holding firm to the initial list in the Murray Bill without “opening it up to negotiation.” The bill did not actually pass until early September and was signed by the Governor at the end of that month.

### **Metro Board Approval**

Shortly after the Time to Move LA conference, and encouraged by its positive outcome, the Chair of Metro’s Board led the effort among the Board of Directors to place a measure on the November ballot to increase the sales tax. Board approval was achieved in a two-step process. In the first meeting, the Board authorized staff to bring a sales tax measure (resolution, expenditure plan, and ordinance) forward. This action was approved without incident. The second step in the process was not as simple. Metro has state legislative authority to place a sales tax measure on the ballot, as well as the ability to collect the tax, but additional state legislation was necessary to go beyond the 1-cent limit as well as concurrence by the County Board of Supervisors to place such a measure on the ballot.

Metro’s Board draws from among the region’s elected leadership, including the Mayor of Los Angeles and his appointees, the five County Supervisors, and city council members or other mayors from smaller cities served by Metro. As Measure R came closer to becoming a reality Metro Board support began to fracture. The expenditure plan was what was in play. It provided not only allocations of funding for projects, but allocations of other funds, project timelines, and local requirements to support specific projects. Some members on the Board as well as local constituencies began to question the equity in the strategic plan. The underlying fear was that one project (the Subway to the Sea) would commit a disproportionate amount of resources at the expense of other projects in the measure. The negotiations of the expenditure plan during the 30 days between board meetings were challenging.

### **The Expenditure Plan and Political Support**

The State of California requires an expenditure plan to accompany tax initiatives. The plan drew from the recently released draft LRTP, the State required list from the 2003 Murray Bill, and projects that stemmed from polling, such as highway projects and local return for discretionary transportation use. By including rail and bus transit projects, which provided a fair geographic

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*Geographic balance and modal diversity were key factors.*

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balance, as well as highway projects for areas that would not benefit from transit improvements, the mix of modes and projects in the overall plan was intended to elicit broad-based support from across the county.

Efforts were ongoing both with the public and local leaders to promote the plan that would underlie the increased sales tax. Metro leadership sought buy-in from local constituencies. Many organizations were in favor of the LRTP and proposed revenue increase, but a few felt that a disproportionate amount of funding would end up in certain areas (such as the City of Los Angeles) and not others. This sentiment was typified by the San Gabriel Valley Council of

Governments that believed its share of the sales tax revenue would come at the expense of the Westside Cities, slated to benefit from the “Subway to the Sea” project as well as the Exposition Boulevard light rail extension to the same region. The San Gabriel Valley, which was primarily interested in the Foothill Gold Line light rail extension to serve its residents, and other regions with less of a focus on rail transit, such as some in the South Bay and North County, felt that the revenue should be distributed proportionately by population.

One interviewee observed that many voters took a broader view than their elected representatives, looking at system improvements along travel corridors that they regularly traverse, with less concern about whether they happened to lie within their jurisdiction of residence. The key question to them was whether projects planned in the corridor would improve conditions in the corridors they travel.

Differences over the distribution of funds among jurisdictions, as well as the timing of particular projects, were the primary reasons that some Board members decided not to support the measure. Nonetheless, a majority vote of the 13-member Board in July approved the sales tax measure for the ballot.

The Metro Board’s vote required the endorsement of the County Board of Supervisors – ordinarily a “ministerial” and uncontroversial action – however, the issue of funding distribution continued to be a point of contention. Three of the five supervisors with parts of their districts in the San Gabriel Valley, South Bay, and North County opposed the measure. They voted in early August and failed to approve the measure with two members opposed and one abstention. After it became apparent that the measure could go forward on a separate ballot in November at increased cost to the county and likely voter confusion, one member reversed his vote just a week later, maintaining opposition but asserting that the voters should decide the issue.

### **Constructing and Packaging Measure R**

Along with support come expectations. Measure R was no different. Each new group that came to the table offered support and a request. While the actual construction of Measure R came from SB 314, Metro’s LRTP, and public polling, the final distribution of what was projected to be \$40 billion was not without negotiations. Each constituency maintained its own set of criteria for support. Whether it be highway funding, local return, rail expansion, operating dollars, or increased oversight, a 1/2-cent sales tax could only go so far. In the end, percentage allocations were negotiated on top of what was required by AB 2321. The goal of Metro Communications was to take this comprehensive transportation initiative and turn it into something that could be easily communicated and understood by the voting public – a Five-Point Plan that carried through to the informational aspects of the public campaign. A complex set of negotiated projects was transformed into five simple points:

- Rail expansion
- Street improvements
- Traffic reduction
- Public transportation
- Quality of life

These points became the foundation of Measure R's ordinance, resolution, and public communications materials.

### **The Public Campaign**

The formal public campaign for Measure R began in late September, building upon important public messaging by Metro. Metro, as a publicly funded agency, was prohibited from overtly advocating or campaigning for the measure once it became an official ballot measure. The agency was permitted, however, to educate and to provide "information."

Metro Communications staff sought to continue an aggressive informational campaign as the election season approached. The staff prepared a comprehensive information campaign highlighted by an impressive 16-page color brochure that was mailed to every county household. The brochure went through a rigorous legal review process to avoid crossing the legal boundary between advocacy and education, an issue that was raised with respect to a Measure R website Metro launched in early September. While the mailer was (and remains) a source of pride among the staff, which felt that the piece was both effective as well as carefully crafted to avoid crossing the advocacy line, it sparked a reaction at the Board level among some members who felt that the line had been, or was about to be crossed. A staff plan to continue a proactive informational campaign beyond the mailer to include newspaper ads and radio spots was scrapped. This effectively shifted full responsibility for the remaining public relations campaign in support of Measure R during the critically important two months before the vote to a privately financed campaign managed by a team comprised of professionals who had been involved in Mayor Villaraigosa's election. The campaign benefited from the Mayor's fundraising efforts as well as the strategic involvement of key political figures, such as Supervisor Zev Yaroslavsky, who gave the Measure R campaign an extraordinary level of attention on a daily basis.

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*The campaign benefited from the Mayor's fundraising efforts as well as the strategic involvement of key political figures such as Supervisor Zev Yaroslavsky, who gave the Measure R campaign an extraordinary level of attention on a daily basis.*

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Ads were concentrated on cable television that, unlike broadcast TV and radio, could be tailored to different areas of L.A. County based upon the latest polling data. Many local elected officials as well as business, labor, and environmental leaders championed the measure at countless speaking engagements and media events. In the end, Measure R was passed on

November 4, achieving 67.9 percent of the vote, a narrow but extraordinary victory for transportation in Los Angeles County.

## Themes, Tools and Messaging

### Traffic Congestion

Interviewees identified traffic congestion as the single most important factor that could elicit a two-thirds majority of Los Angeles County voters to raise their own taxes in support of transportation. While other themes were in the campaign mix, and, given the narrow margin of victory, were undoubtedly important, it was the perception of notoriously high levels of

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*Traffic congestion was the number one issue.*

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congestion, unreliable and long journey times, and a feeling that conditions “had hit a breaking point” that resonated the best with voters.

There was widespread agreement that congestion in the County is having a serious negative effect on the quality of life, making commuting and even routine, non-peak trips arduous and dampening any incentive for businesses to remain in or locate to Los Angeles County.

Residents, businesses, and local leaders were eager to seek solutions to the problem—and were, for the most part, willing to pay for them. Several issues had to be addressed before that became a reality. Identifying precisely what those solutions would be, how they would be distributed throughout the county, and what guarantees would ensure the money was spent as promised were critically important issues to address.

### Project Specificity and Making It Local

Noted previously, Metro’s focus group work and follow-up polling found that project specificity and local improvements resonated strongly with the public. The notion of making Measure R all about local improvements thus permeated the development of the campaign to build public support. The prime question that needed answering in the minds of voters was “What’s in it for me?” In exchange for paying an increased tax, a palpable sense that something would be received in return was deemed absolutely essential. As one interviewee pointed out, today’s culture of rejecting tax proposals stems from a “lost correlation between taxes paid and benefits received.” Not so with Measure R, however, as project specificity—a something-for-everyone package that emphasized localized improvements—was a cornerstone to the approach. And, of course, the messaging and campaign tactics behind Measure R reflected this approach.

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*The prime question from voters was “What’s in it for me?”*

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### Funding Protections

Polling indicated public skepticism that an approved tax would actually be spent on what was promised. In California, diversions of state resources from one budgetary need to another have been commonplace, especially, for example, from referenda-approved bond measures where funds promised for one purpose were subsequently diverted for another (particularly funding

designated for transportation, as with the multibillion dollar Proposition 1B passed in 2006). These circumstances served to undermine the public's confidence that new tax revenue would be used as pledged.

Building protections into the specified pots of money (transit capital, highway capital, rail operations, bus operations, and local return) thus became very important to winning the public's trust over Measure R's intended uses. Ironically, in terms of prior state-level diversions of transportation funds, it was particularly important to members of the State Legislature that voted on the authorizing legislation for Measure R, whose districts were in Los Angeles County, that safeguards be included to ensure that the tax they authorized would be used exactly as promised for projects in their districts.

### **The Long Range Transportation Plan and the Imagine Campaign**

In support of its LRTP process early in 2008, Metro had launched its Imagine Campaign to promote the various possibilities for improved (although generally unfunded) transportation in Los Angeles over the next 25 years. The campaign was designed to solicit public input for the LRTP by asking county residents to "imagine" what a future with new transportation options and improvements would look like and to "share [their] vision" with Metro. It encouraged citizens to read and comment on the LRTP and attend public meetings.

The Imagine Campaign was not focused on a revenue increase; indeed, it started before Metro's Board began to formally consider adopting the measure for placement on the November ballot. It provided a foundation for communicating the benefits of the Measure R plan and acted as a successful branding tool to engage people in the process. The campaign elevated sensitivity to and awareness of concerns about traffic congestion among the public at large by highlighting region-wide issues, possibilities, and themes. It also established the theme of keeping the

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*The Imagine Campaign was essential in educating and arousing interest.*

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projects "local" and provided a sound base from which to develop the ultimate list of projects for Measure R.

Interviewees noted that the Imagine Campaign was an essential building block in educating and arousing interest among the public and stakeholders in what is often considered a rather mundane and somewhat bureaucratic long range transportation planning process. One interviewee felt that the Imagine Campaign was responsible for moving initial support for the sales tax from 60 percent to 65 percent or more. Overall, Metro received 60 million hits on its website during this time and 14,000 individual downloads of the LRTP, far more than ever before. At the bottom line, it was the specific list of projects which would be the priority for future funding that attracted the most interest.

The Imagine Campaign employed a full spectrum of outdoor and print media; web presence with a website, blogs, and surveys; and face-to-face outreach. Metro Community Relations staff, “Foot Soldiers” as they were called, conducted community meetings, tailoring their presentations, crafting messages, and emphasizing projects in the LRTP that focused on local concerns. Sample print media asking residents to “imagine” are illustrated in Figure 2-3. The campaign materials were disseminated through billboards, king ads (on sides of buses), banners (on buildings), posters, shirt buttons, within e-blasts to a 1,000-plus-member database of stakeholders and employers, and Metro’s Imagine website. Figure 2-4 shows a feature-by-feature breakdown of Metro’s popular Imagine website.

### **Timing and Avoiding the Brunt of the Economic Crisis**

The sagging economic climate in the fall of 2008 certainly made passing Measure R a somewhat greater challenge, but not to the degree that could have been expected. Several interviewees observed that the near implosion of financial markets led key campaign strategists to the brink of “pulling the plug” on Measure R in September of 2008. Yet, the impact of the economic crisis apparently had not yet been fully understood since polls showed virtually no erosion of support for the proposed measure. Some believe that had the impacts of the recession—particularly the rapid rise in unemployment—been fully appreciated by the first Tuesday in November 2008, Measure R would not have passed. On the other hand, when a Measure R follow-up survey was conducted seven months following the election, it indicated that overall support had not declined.

Because Measure R passed before voters could gauge the dimensions of the economic decline besetting the country, the issue of job creation was not a central theme of the campaign. Metro did, however, commission the Los Angeles County

Economic Development Corporation to examine the economic impacts of the proposed measure. Their report stated that while the proposal that would become Measure R would cost the average person \$25 per year (\$80 per household), it would create 210,000 jobs and \$30 billion in economic activity over 30 years. The real value of this message was in securing the support from the labor community, without which it is uncertain whether the eventual winning margin of barely 1.2 percent would have been achieved.

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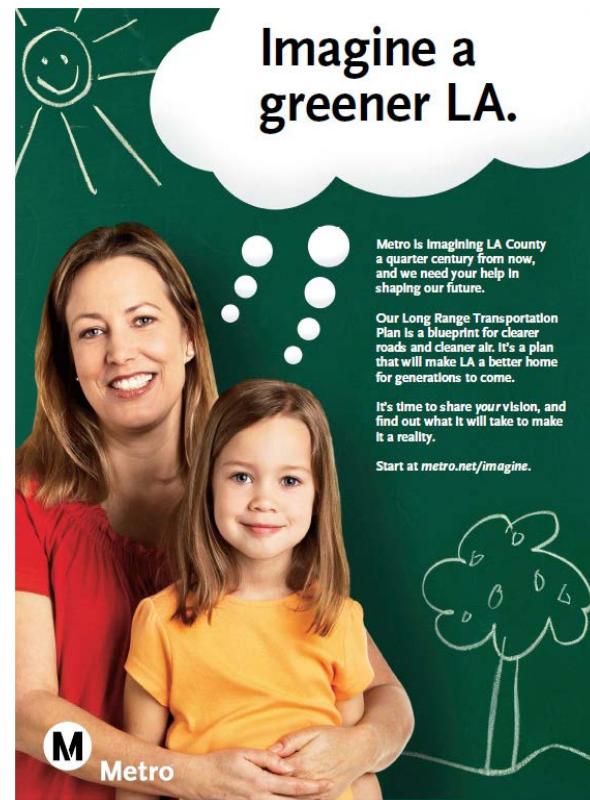
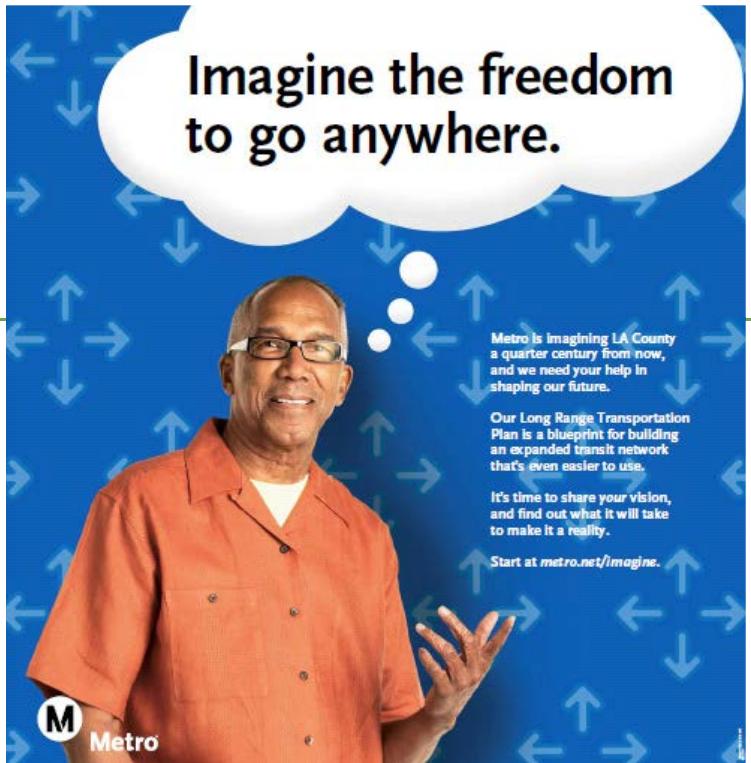
*Views differ on whether Measure R would have passed had the dire consequences of the emerging national financial crisis been fully understood.*

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Source: Metro

Figure 2-3. Imagine Campaign Samples



Source: Metro

Figure 2-3. Imagine Campaign Samples (continued)



Source: Metro

**Figure 2-4. Imagine Campaign Website Details**

### Agency Credibility

The public's approval ratings of Metro had increased by over 50 percent from 2002 to 2008. Public confidence in Metro was attributed in large measure to the delivery of major rail and bus rapid transit projects and the strong ridership associated with these projects. It is generally agreed that without Metro credibility, the Measure would not have succeeded. Support for Measure R climbed to 77 percent for people with favorable opinions of Metro—and 83 percent for transit users.

### Relatively Modest Opposition

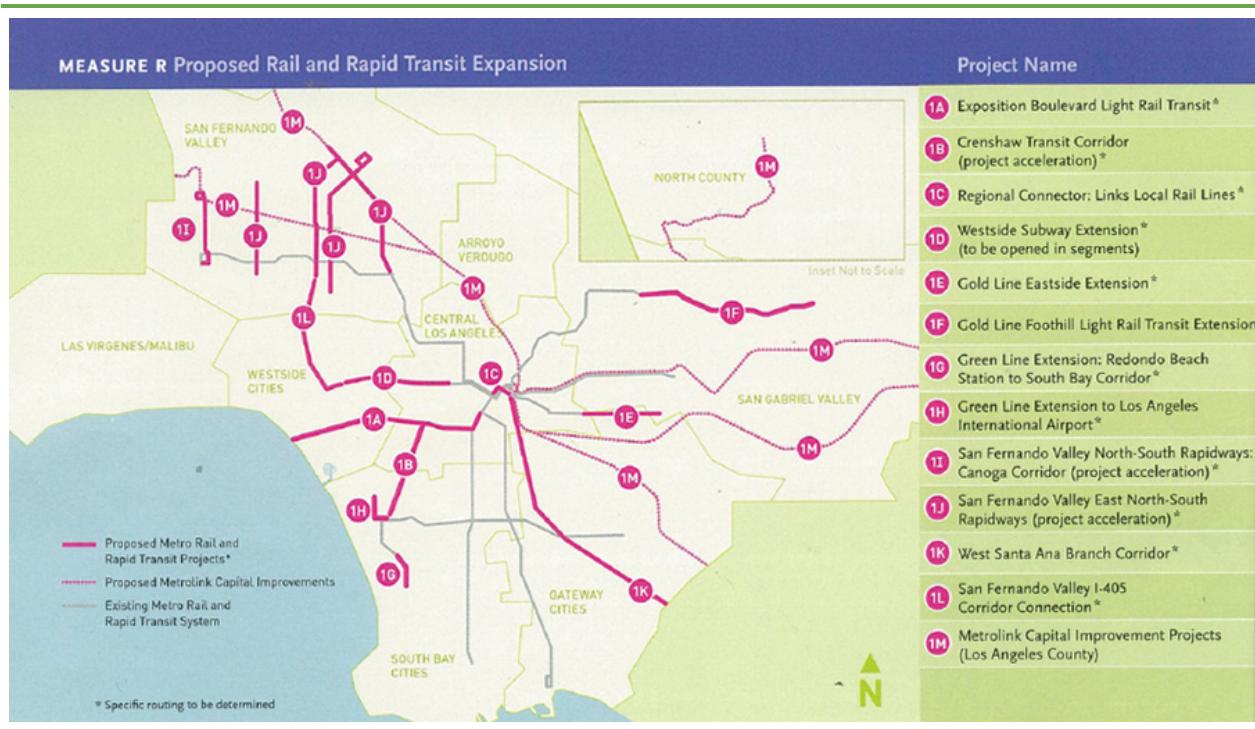
Those who opposed Measure R did so primarily because they felt their city or region would not get their "fair share" of the funding based on the distribution set forth in the expenditure plan. Secondarily, some felt the timing was not right given the failing economy, and conservative anti-tax associations opposed it as a matter of course. Opposition from the Bus Riders Union, which favored a far greater investment in buses over rail, did not have a significant impact. However, several interviewees speculated that those in opposition of Measure R may have assumed the measure would not pass and saw no reason to formally campaign against it (which would have required time and money and involve some degree of political risk since a clear

majority—though possibly not the two-thirds required—supported it). Those opposed may have “misread their constituencies” because at the end of the day Measure R passed in nearly every city and community.

## Specific Communication Tools

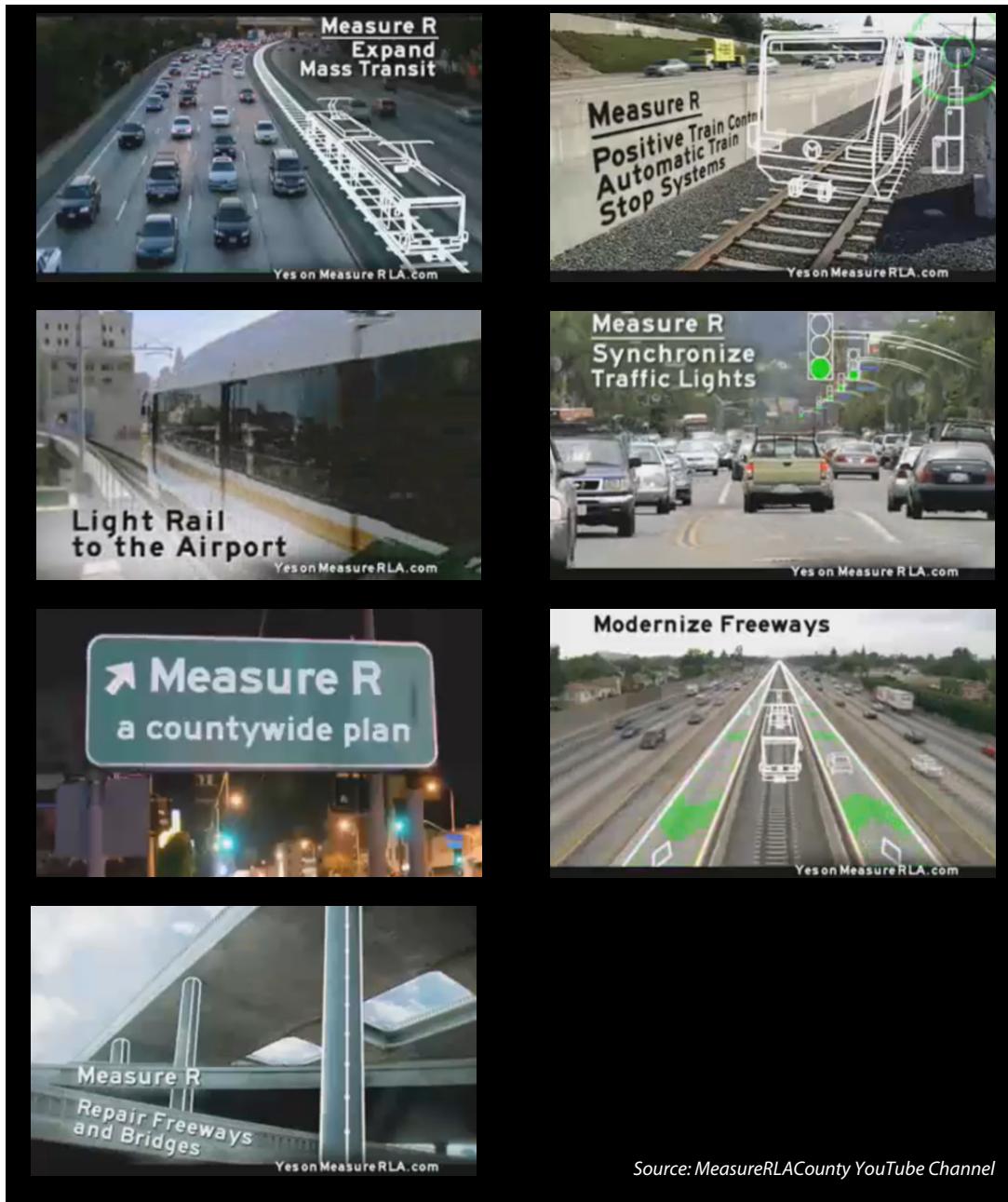
Several notable tools were employed to develop and communicate the themes and messages surrounding Measure R:

- **Maps/Lists**—The LRTP used maps and lists of proposed projects extensively. The lists, in turn, provided the basis for the authorizing legislation and the expenditure plan on the ballot. Maps and lists were also used in the informational materials produced by Metro. One significant example was the 16-page informational mailer sent out county-wide at the beginning of the public campaign. The maps and lists clearly illustrated the proposed projects and allowed residents to see which of the projects would impact them directly. A sample is shown in Figure 2-5. Sentiment toward the mailer was mixed. Several interviewees felt the mailer had an especially positive impact, another thought that it did not receive extensive “play” and would have liked to increase its exposure (Metro’s plan for the informational campaign surrounding the brochure was curtailed by its Board), and a third felt it was a “waste of money” because no one reads election season mailers.



**Figure 2-5. Metro 16-page Brochure Mailer Excerpt**

- **Television**—Multiple interviewees agreed that during the public campaign, television ads had the greatest impact (and used the majority of the \$3 million plus budget). Television ads (Figure 2-6) ran mostly on cable channels, not just due to their lower cost, but primarily because they could be better tailored and targeted to individual areas of the county that were thought to require some persuading. Interestingly, although most of the \$3 million plus raised for the campaign was spent on TV, some interviewees (who it turns out lived in areas of strong support of Measure R and, therefore, were not a priority for TV ads) could not recall much in the way of TV advertising—underscoring the value of cable advertising and the ability to focus scarce media resources on those areas that are closely contested.
- **Political Endorsements**—Politicians were not used in the ads. It was felt that public cynicism about political figures could result in a net loss in support rather than the intended net gain. Rather, a UCLA professor of earthquake engineering, the chair of the American Lung Association of California, and the president of the Los Angeles section of the American Society of Civil Engineers were used in TV spots, highlighting the issues of specific concern—bridge integrity, rail safety, and air quality and the environment.
- **Polling**—Polling was used extensively and effectively throughout the development and passage of Measure R. Dating back several years before 2008, polling was used by Metro to track public interest in new funding options. These results, in turn, encouraged both the Move LA coalition and Metro to begin aggressively pursuing the option by early 2008. The series of polls that followed the Time to Move LA conference in January (described earlier) ultimately brought on board key leadership figures that energized Metro’s Board to move forward, particularly encouraging Supervisor Yaroslavsky and Mayor Villaraigosa to take the lead in the public campaign in the fall. Polling was also used to “micro-fine-tune” the ballot language in the spring and the television commercial messages in the fall, uncovering precisely which words and in what order they should be used. More frequent polling tracked the measure’s approval as the vote approached and helped convince campaign leaders to continue pursuing it even with the impending economic collapse.
- **Social Media**—Interviewees noted that the Measure R campaign occurred prior to the mainstreaming of social media. Facebook and Twitter were not employed, although one grassroots-level Facebook page called “Yes on Measure R—Traffic Relief for LA!” was launched in September 2008 and had 370 members. One interviewee expressed the view that even if Measure R were to have been voted in the fall of 2010, the value of social media to get your message out to targeted audiences is insufficient. He noted that followers on Twitter and friends on Facebook are likely to be comprised of self-selected allies, who are less critical in terms of persuasion (though more critical to fundraising) as compared with adversaries or undecided voters who need to be reached and swayed to the cause.



**Figure 2-6. Screenshots from Yes on Measure R Television Ads**

## Lessons Learned

### Visionary Leadership

The visionary leadership of key individuals—elected and appointed officials as well as key agency staff—was hailed as instrumental to Measure R’s success. Each of these leaders did what was needed at the right time. Looking back, without each of them lending their prestige and stepping forward to launch the effort, win support for enabling legislation, spearhead Metro

Board and County Board of Supervisors approvals, provide strategic and tactical guidance, and raise the necessary funding, Measure R could not have succeeded.

### **A Strong Coalition**

The alliance forged among business, labor, and environmental groups made a huge difference. In voters' minds, this broad coalition indicated that the revenue increase "was not a giveaway" to any one group. The inclusiveness of the coalition and linkages built among partners who in other contexts were more accustomed to being adversaries was proved invaluable in preempting what could have become significant opposition.

### **Long-term, In-house Communications Savvy**

The value of Metro's in-house communications professionals in reaching out to customers, in strengthening the agency's image, in conveying the urgency of unmet transportation needs, and in building support through fostering coalitions and shoe-leather outreach must not be overlooked. While the final months of the campaign were, of necessity, run by a privately financed political organization, the concerted communications effort in reaching that point was essential.

### **Agreement on the Problem and Tight Messaging**

As one interviewee noted, voters and policymakers had to agree on the problem, otherwise explaining the solution wouldn't matter. In this case, there was widespread agreement on the problem (primarily traffic congestion and unfunded needs) and eventually general agreement on the solution as well—enacting Measure R. Supervisor Yaroslavsky, Mayor Villaraigosa, and Board Member Richard Katz, working closely with their professional campaign staffs, oversaw a well-run, tight campaign that successfully raised the necessary funds, targeted voters with well crafted messages, and overcame the onset of an economic crisis.

### **Every Little Bit Mattered**

A number of those interviewed remarked on the incredible effort required to pass Measure R. One called it "miraculous," another "an enormous accomplishment," and a third described any tax requiring a two-thirds vote as a "hail Mary." Because of the overwhelming support required to achieve a two-thirds vote, every strategy, every tactic, and every voter reached was significant.

For example, inclusion of the delayed fare increase for one year generally and for five years for seniors, students, and the disabled provided further inducement from the "occasional voter." Focusing on reducing dependency on foreign oil played on the concern of higher gas prices. Radio stations known to attract older listeners played ads highlighting benefits to seniors. The targeted television campaign focused on other benefits of the plan in addition to congestion reduction, its most pervasive theme. Structural integrity and safety, the environment, and jobs were highlighted to reach others who might not be sold on the basis of

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*In a one-point win, everything had to work.*

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congestion reduction alone. One interviewee offered the view that the measure would not have passed if the campaign had focused solely on the issue of congestion. Given the margin of the outcome, that appears to be correct.

When asked what the critical components of the campaign were that led to its success, one interviewee summed it up deftly saying that “in a one point win, everything had to work.” Overall, no one action, however minor, could be discounted when the margin of victory was so slim.

### **Recognizing and Seizing the Opportunity**

Not everyone saw the opportunity or agreed it was sufficient to win the day. After all, a presidential primary contest between Hillary Clinton and Barack Obama and its connection to funding transportation in Los Angeles County may seem a stretch. But once it became clear that whoever became the Democrat’s nominee, the 2008 election was likely to draw a significantly larger and a noticeably more transit-friendly group of voters to the polls, there was no time to waste in launching an initiative that might not have much of a chance during more “ordinary” times. Recognizing opportunities in unlikely domains and then acting upon them was a key to the success of Measure R.

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## **Interviews**

Lynda Bybee – Deputy Executive Officer, Regional Communications Programs, LA Metro

Mike Feuer – California House of Representatives

Sam Garrison – Vice President of Public Policy, Los Angeles Area Chamber of Commerce

Richard Katz – LA Metro Board of Directors

Don Knabe – Supervisor, Fourth District, County of Los Angeles

Art Leahy – Chief Executive Officer, LA Metro

Michael Lejeune – Creative Director, LA Metro

Borja Leon – Associate Director Transportation, City of Los Angeles

Matt Raymond – Chief Communication Officer, LA Metro

Jaime de la Vega – Deputy Mayor, Transportation, City of Los Angeles

Zev Yaroslavsky – Supervisor, Third District, County of Los Angeles

Denny Zane – Executive Director, Move LA

## Exhibit—Measure R Expenditure Plan

### Proposed One-Half Cent Sales Tax for Transportation

### ATTACHMENT A

#### Outline of Expenditure Categories

Sunset in 30-Years: Fiscal Year (FY ) 2010 - 2039

(millions)

| Subfund                 | Program   | % of Sales Tax<br>(net of<br>administration) | First Year<br>Amount | 10-Year<br>Amount | 30-Year<br>Amount |
|-------------------------|---|--|----------------------|-------------------|-------------------|
| Transit Capital         | New Rail and/or Bus Rapid Transit Capital Projects - project definition depends on final environmental review process   | 35%  | \$ 241               | \$ 2,930          | \$ 13,790         |
| Transit Capital         | Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)   | 3%   | \$ 21                | \$ 251            | \$ 1,182          |
| Transit Capital         | Metro Rail Capital - System Improvements, Rail Yards, and Rail Cars   | 2%   | \$ 14                | \$ 167            | \$ 788            |
| Highway Capital         | Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls  | 20%  | \$ 138               | \$ 1,675          | \$ 7,880          |
| Operations              | Rail Operations (New Transit Project Operations and Maintenance)  | 5%   | \$ 34                | \$ 419            | \$ 1,970          |
| Operations              | Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)                                 | 20%  | \$ 138               | \$ 1,675          | \$ 7,880          |
| Local Return            | Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.<br>(Local Return to the Incorporated Cities within Los Angeles County and to Los Angeles County for the Unincorporated Area of the County on a Per Capita Basis.) | 15%  | \$ 103               | \$ 1,256          | \$ 5,910          |
| <b>TOTAL PROGRAMS</b>   |   | <b>100%</b>                                  | <b>\$ 689</b>        | <b>\$ 8,373</b>   | <b>\$ 39,400</b>  |
| 1.5% for Administration |   |  | \$ 11                | \$ 127            | \$ 600            |
| <b>GRAND TOTAL</b>      |   |  | <b>\$ 700</b>        | <b>\$ 8,500</b>   | <b>\$ 40,000</b>  |

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan**

**ATTACHMENT A**

**30 Years, Fiscal Year (FY) 2010 - 2039**

**As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008**

(\$ in millions)

| Subfund<br>only - not<br>priority order   | Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)                  | Cost Estimate                 | New Sales Tax (Assembly Bill 2321) |                    |                  | Other Funds      |                 |  | Funds Available Beginning | Expected Completion |                         |  |  |
|---|--|-------------------------------|------------------------------------|--------------------|------------------|------------------|-----------------|--|---------------------------|---------------------|-------------------------|--|--|
|   |  |                               | Minimum                            | Additional         | Total            | Federal Funding  | State Funding   | Local Funding (Rail is 3% except as noted) |                           |                     |                         |  |  |
| <i>Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.</i> |  |                               |                                    |                    |                  |                  |                 |  |                           |                     |                         |  |  |
| 1   |  |                               | <b>Escalated \$</b>                |                    |                  |                  |                 |  |                           |                     |                         |  |  |
| 2   |  |                               |                                    |                    |                  |                  |                 |  |                           |                     |                         |  |  |
| 3   | Eastside Light Rail Access (Gold Line)   | \$ 30                         | \$ 30                              | \$ -               | \$ 30            | \$ -             | \$ -            | \$ -                                       | FY 2010                   | FY 2013             |                         |  |  |
| 4   | Exposition Boulevard Light Rail Transit  | \$ 1,632 <sup>a</sup>         | \$ 925                             | \$ -               | \$ 925           | \$ -             | \$ 353          | \$ 354                                     | FY 2010-12                | FY 2013-15          |                         |  |  |
| 5   | Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses) | \$ 150                        | \$ 150                             | \$ -               | \$ 150           | \$ -             | \$ -            | \$ -                                       | FY 2010                   | FY 2039             |                         |  |  |
| 6   | Regional Connector (links local rail lines)  | \$ 1,320                      | \$ 160                             | \$ -               | \$ 160           | \$ 708           | \$ 186          | \$ 266 <sup>b</sup>                        | FY 2014-16                | FY 2023-25          |                         |  |  |
| 7   |  |                               | <b>Current 2008 \$</b>             |                    |                  |                  |                 |  |                           |                     |                         |  |  |
| 8   | Crenshaw Transit Corridor - project acceleration   | \$ 1,470                      | \$ 235.5                           | \$ 971.5           | \$ 1,207         | To be determined |                 |  | \$ 263 <sup>c</sup>       | FY 2010-12          | FY 2016-18              |  |  |
| 9   | Gold Line Eastside Extension   | \$ 1,310                      | \$ -                               | \$ 1,271           | \$ 1,271         |                  |                 |  | \$ 39                     | FY 2022-24          | FY 2033-35              |  |  |
| 10  | Gold Line Foothill Light Rail Transit Extension  | \$ 758                        | \$ 735                             | \$ -               | \$ 735           |                  |                 |  | \$ 23                     | FY 2010-12          | FY 2015-17              |  |  |
| 11  | Green Line Extension to Los Angeles International Airport  | \$ 200                        | \$ -                               | \$ 200             | \$ 200           |                  |                 |  | TBD <sup>d</sup>          | FY 2010-12          | FY 2015-28 <sup>d</sup> |  |  |
| 12  | Green Line Extension: Redondo Beach Station to South Bay Corridor  | \$ 280                        | \$ -                               | \$ 272             | \$ 272           |                  |                 |  | \$ 8                      | FY 2028-30          | FY 2033-35              |  |  |
| 13  | San Fernando Valley I-405 Corridor Connection (match to total project cost)  | TBD                           | \$ -                               | \$ 1,000           | \$ 1,000         |                  |                 |  | \$ 31                     | FY 2030-32          | FY 2038-39              |  |  |
| 14  | San Fernando Valley North-South Rapidways (Canoga Corridor) - project acceleration   | \$ 188                        | \$ 32 <sup>e</sup>                 | \$ 150             | \$ 182           |                  |                 |  | \$ 6                      | FY 2010-12          | FY 2014-16              |  |  |
| 15  | San Fernando Valley East North-South Rapidways - project acceleration  | \$ 70                         | \$ 68.5 <sup>e</sup>               | \$ -               | \$ 68.5          |                  |                 |  | \$ 2                      | FY 2013-15          | FY 2016-18              |  |  |
| 16  | West Santa Ana Branch Corridor (match to total project cost)   | TBD                           | \$ -                               | \$ 240             | \$ 240           |                  |                 |  | \$ 7                      | FY 2015-17*         | FY 2025-27*             |  |  |
| 17  | Westside Subway Extension - to be opened in segments   | \$ 4,200 <sup>f</sup>         | \$ 900                             | \$ 3,174           | \$ 4,074         |                  |                 |  | \$ 126                    | FY 2013-15          | FY 2034-36              |  |  |
| 18  | Capital Project Contingency (Transit)-Escalation Allowance for lines 8-17 to be based on year of construction                    | \$ 7,331                      | \$ 173                             | \$ 3,103           | \$ 3,276         | \$ 2,200         | \$ 1,015        | \$ 840 <sup>g</sup>                        | FY 2010                   | FY 2039             |                         |  |  |
| 19  | <b>Total New Rail and/or Bus Rapid Transit Capital Projects</b>  | <b>\$ 18,939 <sup>h</sup></b> | <b>\$ 3,408.5</b>                  | <b>\$ 10,381.5</b> | <b>\$ 13,790</b> | <b>\$ 2,908</b>  | <b>\$ 1,554</b> | <b>\$ 1,965</b>                            | <b>FY 2010</b>            | <b>FY 2039</b>      |                         |  |  |

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan**

**ATTACHMENT A**

**30 Years, Fiscal Year (FY) 2010 - 2039**

**As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008**

(\$ in millions)

| Subfund<br>for reference<br>only - not<br>priority order   | Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)    | Cost Estimate   | New Sales Tax (Assembly Bill 2321) |            |          | Other Funds      |                           |        | Local Funding (Rail is 3% except as noted) | Funds Available Beginning | Expected Completion |  |  |  |  |  |  |
|--|--|-----------------|------------------------------------|------------|----------|------------------|---------------------------|--------|--|---------------------------|---------------------|--|--|--|--|--|--|
|  |  |                 | Minimum                            | Additional | Total    | Federal Funding  | State Funding             |        |  |                           |                     |  |  |  |  |  |  |
| <b>Highway Projects: Capital Projects - Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls</b> |  |                 |                                    |            |          |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
|  |  |                 | <b>Escalated \$</b>                |            |          |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 20   | Alameda Corridor East Grade Separations Phase II   | \$ 1,123        | \$ 200                             | \$ 200     | \$ 400   | \$ 200           | \$ 336                    | \$ 187 | i  | As funds become available |                     |  |  |  |  |  |  |
| 21   | BNSF Grade Separations in Gateway Cities   | \$ 35           | \$ -                               | \$ 35      | \$ 35    | \$ -             | \$ -                      | \$ -   |  | As funds become available |                     |  |  |  |  |  |  |
| 22   | Countywide Soundwall Construction (Metro regional list and Monterey Park/SR-60)                                    | \$ 250          | \$ 250                             | \$ -       | \$ 250   | \$ -             | \$ -                      | \$ -   |  | FY 2010                   | FY 2039             |  |  |  |  |  |  |
| 23   | High Desert Corridor (environmental)   | \$ 33           | \$ -                               | \$ 33      | \$ 33    | \$ -             | \$ -                      | \$ -   |  | As funds become available |                     |  |  |  |  |  |  |
| 24   | Interstate 5 / St. Route 14 Capacity Enhancement   | \$ 161          | \$ 90.8                            | \$ -       | 90.8     | \$ 15            | \$ 41                     | \$ 14  | j  | FY 2010                   | FY 2013-15          |  |  |  |  |  |  |
| 25   | Interstate 5 Capacity Enhancement from I-605 to Orange County Line   | \$ 1,240        | \$ 264.8                           | \$ -       | \$ 264.8 | \$ 78            | \$ 834                    | \$ 63  | j  | FY 2010                   | FY 2016-17          |  |  |  |  |  |  |
| 26   | I-5 Capacity Enhancement from SR-134 to SR-170   | \$ 610          | \$ 271.5                           | \$ -       | \$ 271.5 | \$ 50            | \$ 264                    | \$ 24  | j  | FY 2010                   | FY 2013             |  |  |  |  |  |  |
| 27   | I-5 Carmenita Road Interchange Improvement   | \$ 389          | \$ 138                             | \$ -       | \$ 138   | \$ 97            | \$ 154                    | \$ -   | j  | FY 2010                   | FY 2015             |  |  |  |  |  |  |
| 28   |  | Current 2008 \$ |                                    |            |          |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 29   | Highway Operational Improvements in Arroyo Verdugo subregion   | \$ 170          | \$ -                               | \$ 170     | \$ 170   | To be determined | As funds become available |        |  |                           |                     |  |  |  |  |  |  |
| 30   | Highway Operational Improvements in Las Virgenes/Malibu subregion  | \$ 175          | \$ -                               | \$ 175     | \$ 175   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 31   | Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)                              | \$ 906          | \$ -                               | \$ 906     | \$ 906   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 32   | Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)                              | \$ 2,800        | \$ -                               | \$ 410     | \$ 410   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 33   | Interstate 605 Corridor "Hot Spot" Interchanges  | \$ 2,410        | \$ -                               | \$ 590     | \$ 590   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 34   | Interstate 710 North Gap Closure (tunnel)  | \$ 3,730        | \$ -                               | \$ 780     | \$ 780   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 35   | Interstate 710 South and/or Early Action Projects  | \$ 5,460        | \$ -                               | \$ 590     | \$ 590   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 36   | State Route 138 Capacity Enhancements  | \$ 270          | \$ -                               | \$ 200     | \$ 200   |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 37   | Capital Project Contingency (Highway)-Escalation Allowance for lines 31-38 to be based on year of construction     | \$ 2,575        | \$ -                               | \$ 2,575.9 | \$ 2,576 |                  |                           |        |  |                           |                     |  |  |  |  |  |  |
| 38   | <b>Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls</b> | \$ 22,337       | \$ 1,215.1                         | \$ 6,664.9 | \$ 7,880 | TBD              | TBD                       | \$ 288 |  | FY 2010                   | FY 2039             |  |  |  |  |  |  |

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan**

**30 Years, Fiscal Year (FY) 2010 - 2039**

**As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008**

**(\$ in millions)**

**ATTACHMENT A**

| Subfund<br>for reference<br>only - not<br>priority order | Operating and Capital Programs                       | Percent of<br>New Sales<br>Tax Net<br>Revenues  | New Sales Tax (Assembly Bill 2321) |            |                    | Other Funds        |                  |  | Funds<br>Available<br>Beginning | Expected<br>Completion |
|--|--|---|------------------------------------|------------|--------------------|--------------------|------------------|--|---------------------------------|------------------------|
|  |  |   | Minimum                            | Additional | Total<br>Escalated | Federal<br>Funding | State<br>Funding | Local<br>Funding<br>(Rail is 3%<br>except as<br>noted) |                                 |                        |
| 41   | Ops  | Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.) | 20%                                | \$ -       | \$ 7,880           | \$ 7,880           | k                | Not Applicable   | FY 2010                         | FY 2039                |
| 42   | Ops  | Rail Operations (New Transit Project Operations and Maintenance)  | 5%                                 | \$ -       | \$ 1,970           | \$ 1,970           | k                |  | FY 2010                         | FY 2039                |
| 43   | Local<br>Return                                      | Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.   | 15% I                              | \$ 250     | \$ 5,660           | \$ 5,910           | k                |  | FY 2010                         | FY 2039                |
| 44   | Tran.<br>Cap.  | Metro Rail Capital Projects - System Improvements, Rail Yards, and Rail Cars  | 2%                                 | \$ -       | \$ 788             | \$ 788             | k                |  | FY 2010                         | FY 2039                |
| 45   | Tran.<br>Cap.  | Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)   | 3%                                 | \$ 70      | \$ 1,112           | \$ 1,182           | k                |  | FY 2010                         | FY 2039                |
| 46   | <b>Subtotal Transit and Highway Capital Projects</b> |   | \$ 41,276                          | m          | \$ 4,623.6         | \$ 17,046          | \$ 21,670        | \$ 2,908   | \$ 1,554                        | \$ 2,253               |
| 47   | <b>Subtotal page 4</b>                               |   |                                    |            | \$ 320.0           | \$ 17,410          | \$ 17,730        | Not Applicable   |                                 |                        |
| 48   | 1.5% for Administration                              |   | N/A                                |            | \$ 10              | \$ 590             | \$ 600           |  | FY 2010                         | FY 2039                |
| 49   | <b>Total</b>   |   |                                    |            | \$ 4,953.6         | \$ 35,046          | \$ 40,000        | \$ 2,908   | \$ 1,554                        | \$ 2,253               |

Notes:

- The Exposition Blvd Light Rail Transit project includes the following funds: Prop 1B Transit Modernization funds (\$250 M), State Transportation Improvement Program funds (\$103 M), Metro Propositions A and C funds (\$354 M).
- Systemwide ridership forecasts indicate need for a Regional Connector downtown. This expenditure plan assumes that Metro Long Range Transportation Plan funds freed-up from the Exposition Phase II project by passage of this sales tax will be redirected to the Regional Connector project by the Metro Board.
- Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
- Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
- The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
- Unescalated cost estimate to Westwood.
- Assumes a 3% local contribution to the Escalation Allowance (\$225 M) and a Metro Long Range Transportation Plan contribution for project scheduling risk (\$615 M).
- Total new rail and/or bus rapid transit capital projects cost estimate subject to change when cost estimates are developed for the San Fernando Valley I-405 Corridor Connection (line 13) and the West Santa Ana Branch Corridor (line 16).
- The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
- For projects funded from other sources on or before December 31, 2008, the funds freed-up by passage of this sales tax shall remain in the subregion in which the project is located for projects or programs of regional significance (per AB 2321).
- Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
- Local Return to the incorporated cities within Los Angeles County and to Los Angeles County for the unincorporated area of the County on a per capita basis per annual California Department of Finance population data.
- The total projected cost estimate for the transit and highway capital projects of \$41.2 B includes \$12.9 B in as yet unidentified federal, state, local, and public-private partnership funds for highway projects.

Legend: Ops = Operations; Tran. Cap. = Transit Capital; SR = State Route; I = Interstate

\* The West Santa Ana Branch matching funds would be accelerated by utilizing Long Range Transportation Plan resources freed-up by the use of new sales tax funds on the Interstate 5 Capacity Enhancement from I-605 to Orange County Line project (line 27).

Source: Metro

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# **Chapter 3—Oregon Jobs and Transportation Act (2009) Case Study**

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## **Background**

### **Initiative Description**

The Jobs and Transportation Act (JTA) is a comprehensive transportation funding and policy package passed by the Oregon Legislature and signed into law by the Governor in July 2009. The JTA

- Raises a broad range of transportation user fees and taxes to support increased investment in the state's highways, roads, and streets
- Continues to finance multimodal investments through bonding
- Contains a host of provisions related to accountability, innovation, and environmental stewardship

### ***Highway, Roads, and Street Funding***

The JTA primarily uses staggered increases in vehicle registration and title fees, motor fuel taxes, and weight-mile taxes on trucks and heavy vehicles to raise \$300 million annually for the State Highway Fund, augmenting existing highway, road, and street funding. The list of increased fees and taxes is itemized in Table 3-1, along with their implementation dates.

**Table 3-1. Jobs and Transportation Act Sources of Revenue**

| <b>Source</b>                          | <b>When?</b>       | <b>Change</b>  |
|--|--------------------|--|
| Light vehicle registration fees        | 10/1/2009          | Increased 59 percent                                 |
| Light vehicle title fees               | 10/1/2009          | Increased 40 percent                                 |
| Heavy vehicle registration fees        | 1/1/2010           | Varies by weight and purpose—increased 0–104 percent |
| Plate fees                             | Immediate          | Increased 400 percent                                |
| Custom plate fee                       | Immediate          | Increased 50 percent                                 |
| ID card fee                            | Immediate          | Increased 37 percent                                 |
| Miscellaneous vehicle trip permit fees | Immediate          | Varies—some increased 50 percent                     |
| Weight-mile tax                        | 10/1/2010          | Increased an average of 24.5 percent                 |
| Motor fuels tax (gasoline and diesel)  | 1/1/2011 (latest*) | Increased 25 percent (from 24¢/gallon to 30¢/gallon) |

\*Or following two consecutive quarters of at least 2-percent growth in seasonally adjusted non-farm payroll

The distribution of State Highway Fund revenue from the JTA is shown in Table 3-2, reflecting the full implementation of increased taxes and fees as of January 2011. It is important to note that Oregon's constitution mandates that revenue flowing into the State Highway Fund can only be used for streets and highways. Most of the increased revenue (\$273 million per year) is split fifty-fifty between the state and local entities (cities and counties). Of the state funding, that

is further split fifty-fifty between existing programs and debt service to repay the \$960.3-million cost of 37 projects specified in the legislation, along with 12 additional ones chosen separately within the eastern portion of the state. Together, these 49 projects represent the 2009 Transportation Projects program, and the general extent and funding level of the projects are specified and guaranteed in the legislation.

### **Multimodal Funding**

Funding for non-highway transportation investments was primarily provided in the JTA through *ConnectOregon III*, a two-year continuation of the previously established

*ConnectOregon* program that provides grants and loans to airports, seaports, public transit, and rail projects statewide. Through the extension, funding is provided at \$50 million per year through state lottery-backed bonds. Projects are selected from among applicants to the program by the Oregon Transportation Commission in consultation with various state modal commissions and committees.

### **Funding, Innovation, and Planning/Environmental Provisions**

A broad range of policy and planning initiatives was also included in the bill that focus on sustainability – from environmental stewardship, management, and financial perspectives. Notable provisions of the bill include the following.

#### **Funding**

- Continuing Oregon's leading efforts to develop and refine alternatives (vehicle miles traveled fee) to the gasoline tax as a method of raising revenue for highways, roads, and streets.
- Implementing a four-year moratorium on new local fuel taxes, prohibiting local governments from enacting new ordinances, resolutions, or other provisions taxing fuel.
- Allowing the board of commissioners in counties with a population greater than 350,000 (Clackamas, Multnomah, and Washington) to adopt a county registration fee without first obtaining voter approval.
- Conducting an Efficient Fee Study in addition to the biennial Highway Cost Allocation Study. The Efficient Fee Study is an alternative approach that will include highway

**Table 3-2. Jobs and Transportation Act Expenditures**

| Recipient/Program   | Annual Funding (\$ million) |
|---|-----------------------------|
| City Street Program (distributed by population)   | \$54.6                      |
| County Road Program (distributed by vehicle registrations)                                    | \$81.9                      |
| State Highway Program   | \$136.5                     |
| Maintenance/preservation/safety   | \$44.0                      |
| Modernization   | \$21.5                      |
| Transportation Projects program   | \$70.0                      |
| ODOT—backfills state highway program for federal flexible funds used for non-highway purposes | \$24.0                      |
| Travel Information Council (rest area upkeep)   | \$3.0                       |
| Total   | \$300.0                     |

replacement cost, traffic congestion cost, and cost associated with greenhouse gas emissions

### Pricing

- Developing congestion pricing pilots in the Portland metro area.
- Extending the income tax credit available for insurance companies that offer “pay as you drive” auto insurance.

### Planning and Programming

- Developing a least-cost transportation planning model for use by the state, Metropolitan Planning Organizations, and local governments (patterned after practices by some utilities to affect reductions in peak demand as a cost-effective alternative to solely adding capacity).
- Reviewing and updating Statewide Transportation Improvement Program selection criteria.
- Making information about transportation projects available on the ODOT website.

### Improved Design and Construction

- Adopting rules incorporating environmental performance standards into the design and construction of all state highway construction projects.
- Adopting “practical design” practices to reduce the cost of delivering transportation projects.

### Cleaner Vehicles

- Creating a new vehicle class – medium-speed electric vehicles – to deal with vehicles described as “neighborhood electric vehicles.” ODOT will adopt rules that define minimum safety standards for these vehicles.
- Requiring ODOT and the Travel Information Council to work with the private sector to develop a plan for installing electric motor vehicle charging stations at rest areas.
- Extending the income tax credit available for individuals and firms that retrofit trucks with diesel engines.
- Participating in and financing the development of transportation plans needed to reduce greenhouse gas emissions by light vehicles.

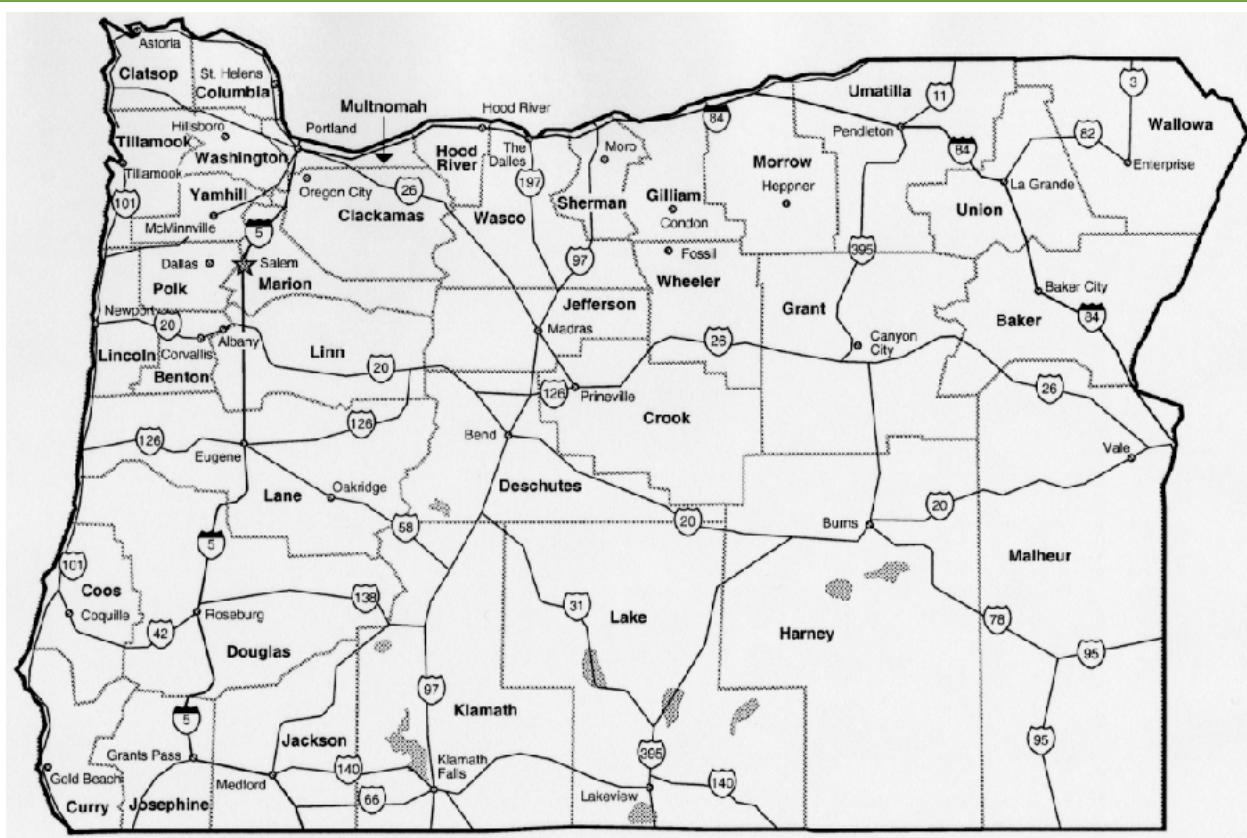
### Efficiency

- Implementing a pilot program to contract out for highway maintenance services.
- Contracting with the Travel Information Council for the management of Interstate rest areas.

### Transportation in Oregon

Oregon’s 3.8 million residents live primarily in the western region of the state along the I-5 corridor from California to Washington (Figure 3-1). Much of Oregon outside the Portland/

Salem and Eugene/Springfield metropolitan areas is rural. The state has approximately 8,000 miles of state highways, 26,700 miles of county roads, and 10,800 miles of city streets and a total of 6,700 bridges. Other transportation infrastructure includes intercity passenger rail among seven cities, rural and urban mass transit systems, 23 ports along the Pacific Ocean, 97 public-use airports, and extensive networks of bicycle and pedestrian paths and trails.



Source: Oregon.gov

**Figure 3-1. State of Oregon—Cities, Counties, and Major Roads.**

State funding for Oregon's road system is provided by taxes and fees on the ownership, operation or use of motor vehicles, or on the fuel they use, and, as noted earlier, these are constitutionally dedicated to the State Highway Fund. (A past attempt to gain voter support to constitutionally broaden the eligibility of these funds to include other modes has failed by a wide margin.) These funds – driver license fees, registration and title fees, motor fuel taxes, and weight-mile taxes applied to trucks and other heavy vehicles – must therefore be used on roads and bridges, or support facilities such as rest areas and maintenance yards. The State Highway Fund is a shared revenue source. The net revenues from these taxes and fees are distributed to the state (60 percent), counties (24 percent), and cities (16 percent).

Overseeing the distribution of funding is the Oregon Transportation Commission (OTC), a Governor-appointed, five-member board that develops and maintains state transportation

policy and a comprehensive, long-range plan for a multimodal transportation system. Up to the point of the JTA, the statewide Commission, working in conjunction with local Area Commissions on Transportation and other stakeholders around the state, had the lead role in the state highway project selection process and the development of the Statewide Transportation Improvement Program.

### **Setting the Stage—The Decade after a Spectacular Failure**

To address the ongoing needs for transportation infrastructure following relatively little new revenue in the 1990s, the 1999 Oregon Legislature passed a bill to increase the motor fuels tax by 5 cents per gallon and repeal the weight-mile tax on trucks. The bill was subsequently referred to the ballot for public approval.<sup>2</sup> Two of the key transportation advocacy groups were bitterly split over the bill, with truckers supportive because of the weight-mile tax repeal and the American Automobile Association (AAA) opposed because of the motor fuels tax increase. The measure was referred to the voters through a process in Oregon which observers noted makes it relatively easy to challenge enacted legislation. The measure to raise the motor fuels tax and repeal the weight-mile tax was overturned at the ballot box by the astounding margin of 88 to 12 percent. One interviewee pointed to strong anti-tax sentiment and the poor construction of the bill as primary reasons for failure. Another noted that after that result, it was assumed that the prospect for a motor fuels tax increase was “dead for a decade,” which turned out to be the case.

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*The measure to raise the motor fuels tax and repeal the weight-mile tax was overturned at the ballot box by the astounding margin of 88 to 12 percent.*

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The need for transportation investment, however, was not dead, and beginning the following year, the state made a series of notable investments primarily through increased fees and bonding. Taking a different tack from the motor fuels tax, the 2001 Legislature passed the Oregon Transportation Investment Act I (OTIA I), increasing several driver and motor vehicle fees (which were among the lowest in the nation) to secure \$400 million in bonds for capacity enhancements, bridge repair and replacement, and roadway preservation. Favorable bond rates allowed additional bond capacity to be tapped in 2002, resulting in the passage of OTIA II, which added another \$100 million to the program. Projects for OTIA I and II were selected from those recommended by local governments and Area Commissions on Transportation. The OTC approved the final choices.

Building on the success of the first two phases of the OTIA program, the 2003 Legislature addressed the statewide issue of deficient bridges. OTIA III provided nearly \$2.5 billion in new and existing revenue for state and local bridge repair and replacement, road maintenance and preservation, and modernization projects. Bonds issued were supported by increases in registration and title fees as well as other driver and motor-vehicle fees.

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<sup>2</sup> Oregon has a public referendum process whereby bills enacted by the Legislature and governor may be referred to a public ballot for approval or recall provided 4 percent of recent voters' signatures are obtained.

During the 2005 and 2007 legislative sessions, funding for multimodal improvements was secured. With the State Highway Fund dedicated to roads, *ConnectOregon* I was passed in 2005, establishing a Multimodal Transportation Fund supported by \$100 million in lottery-backed bonds. Thirty-eight projects for air, rail, marine, and transit infrastructure were selected by the OTC to improve multimodal connections across the state. The process was repeated in 2007 with *ConnectOregon* II, when another \$100 million in bonds were approved to fund 30 additional projects.

### **A Need for Further Investment**

Despite the progress of OTIA (and at the time, *ConnectOregon* I), transportation planning studies and a proactive business community, supported the need for greater investment. The 2006 Oregon Transportation Plan forecast a significant growth in congestion, resulting in adverse economic consequences. Specifically, the plan anticipated that by 2030 there would be

- A 41-percent increase in population
- An 80-percent increase in freight (mostly trucks) statewide (50 percent within the Portland region)
- A 40-percent decrease in fuel tax purchasing power

The plan identified a \$1.3 billion annual gap (in 2004 dollars) between current revenue and “feasible needs”—those that would maintain the system in slightly better condition than current, make infrastructure replacements on a life-cycle basis, and add reasonable capacity.

## **Initiative Development and Strategy**

### **The 2007 Legislative Session—Too Late for Action, But a Promise Made**

Efforts in support of the OTIA and *ConnectOregon* programs gradually helped rebuild the severely damaged relationship between truckers and the AAA, which several observers noted had become a significant problem in gaining legislative support for transportation funding. At the same time, there was growing interest from these two groups, as well as other members and organizations within the broader business community, to invest more aggressively in transportation infrastructure, an outcome that would require significant new revenue. In one example, the greater Portland area’s Chamber of Commerce—the Portland Business Alliance—commissioned a “Cost of Congestion” study pointing at the need to orient transportation around a statewide economic strategy to maintain an economic competitive advantage in the face of increasing roadway congestion, which reduced productivity by lengthening hauling and delivery times, shrinking market access, and increasing workforce commuting times. Other groups within the business community were reaching that same conclusion, and by 2007, there was widespread agreement that transportation was its top-tier issue.

Meetings were held between the business community and the Legislature’s leadership on addressing the issue. Despite reservations by some (particularly the truckers, AAA, and the

contractors) that the groundwork had not been adequately laid, a strong push was made late in the 2007 legislative session – led by the head of the Oregon Business Council, who also happened to serve as the OTC chair – to formulate a package of increased transportation investment. Legislative leadership did not respond favorably, indicating that it was too late to tackle an issue of such magnitude after the session had already opened in January and none of the preliminary work had been done to align support and draft legislation.

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*The failed effort in 2007 spawned the success of 2009.*

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The unsuccessful initiative in 2007 did produce a silver lining, however, raising the question of whether its advocates expected all along to be turned down on the first attempt but were determined to lay the groundwork for a push in 2009. Whether it was the result of strategy or a consolation prize, leading legislators and the Governor agreed to make the broader issue of transportation funding for highways a priority for the 2009 legislative session.

### **The Governor's Transportation Committees**

The issue of transportation resonated with the Democrat, term-limited Governor Ted Kulongoski. In late 2007, in line with legislative leaders, the Governor made transportation one of his top issues for the upcoming 2009 legislative session. The Governor was aware of the widespread support from the business community and shared their concerns about the economic implications of reduced transportation investment. He and his staff made it a point to raise transportation as an issue at every public opportunity throughout 2008.

To approach the issue during 2008, in preparation for the 2009 legislative session, the Governor embarked upon a strategy of inclusiveness and collaboration, bringing to the table not only business and labor – which, when it came to transportation funding, could often be expected to find common ground – but the environmental community as well, which had not previously been invited by the “establishment” to have a seat at the transportation policy and funding table. This move by the Governor proved to be very wise. Polls indicated that the same anti-fuel tax sentiments that shot down the 1999 attempt at a motor fuels tax increase by an overwhelming margin were still a fact of life in Oregon and would threaten the initial passage, and potentially reverse legislative action, as occurred nine years earlier. Because of these circumstances, the Governor was determined to build an alliance among those who might otherwise attempt to undermine the effort. A unified “vision” for transportation would have to be formulated with input from a broad range of stakeholders.

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*All camps had to be at the table if the stunning defeat in the recall of the 1999 gas tax was to be averted.*

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In January 2008, the Governor convened three workgroups composed of business and labor leaders, local and state elected and appointed officials, transportation stakeholders, and sustainability and land use planning advocates. The Governor had concluded that “all camps

needed to be at the table,” as one interviewee put it, to develop a proposed, comprehensive package of new and existing revenue sources and policy changes that would stand a chance of passing the Legislature while avoiding the backlash of nearly a decade before. Three committees were established to address governance, public awareness, and to forge a unifying vision. (At the end of the day it was the “Vision Committee” that accomplished the most in building support.) The specific roles of the Committees are described below:

- A *Governance Committee* examined issues of transportation policy efficiency, accountability, coordination, prioritization, and decision-making. Essentially, the committee addressed the issue of “how to spend money and prioritize short- and long-term goals.” (As will be discussed later, the well-established process of identifying projects and allocating resources through the local area commissions and the statewide OTC would be turned on its head when the Legislature took over the lead from the Governor and imposed its own ideas on project selection.)
- A *Public Awareness Committee* was charged with setting plans for public engagement. One interviewee noted that this group did not meet often and was only established in the event political action or fundraising was needed. Importantly, however, the committee did conduct research on past transportation polling results to aggregate their findings and inform the decision-making process. (This research is discussed further in a later section.)
- A *Vision Committee*, to which the other two reported, explored the primary question of “how to achieve the desired outcome for improved transportation.” All stakeholder groups were represented on this committee and met once or twice a month throughout 2008. The Vision Committee ultimately produced a legislative proposal built on a foundation of five core principles:
  1. *Economic development* – transportation is key to sustaining and creating jobs by supporting the needs of industry and stimulating economic investment
  2. *Local decision-making and identification of priorities* – project selection should originate locally through local governments and Area Commissions on Transportation
  3. *Sustainability* – transportation investments must preserve the existing system, be strategic and sustainable, and help meet the state’s greenhouse gas reduction goals
  4. *Transparency and oversight* – citizen input will be guaranteed and valued
  5. *Statewide distribution* – an equitable distribution of investment must be made across the state so that all Oregonians can benefit

The Governor’s Vision Committee offered a diverse spectrum of participants the opportunity to agree to a common focus on the issue of transportation. This forum for interacting and building relationships proved valuable to the overall process. As one interviewee noted, those taking part “checked their egos at the door” and understood that the ultimate recommendation would evolve as the process played out.

A significant result of the broad-based composition of the Governor's Vision Committee was the first-time inclusion of environmentalists and stakeholders from the sustainability and land use community. By giving them a "seat at the table," their perspectives and objectives were incorporated into the committee's recommendations. Several interviewees remarked that their participation alongside the "Road Gang" (truckers, AAA, etc.), organized labor, and the contracting and engineering communities – previously unheard of – was critical to maintaining consistent support for the bill as it evolved throughout the 2009 legislative session, eliminating the potential for opposition from a sizeable constituency. Ultimately, however (as discussed later), the environmentalists did not support the proposed legislation, but there are some who believe that their decision to remain more neutral and not act in opposing it was influenced, at least in part, by their having had a seat at the table and their desire not to lose that status in the future.

Among the positions adopted in the committee process was an agreement to avoid any attempt to alter the constitutional protections of State Highway Fund revenue for exclusive use on roads, on the basis that such an attempt would be futile, and a consensus to equitably share funding between state and local road expenditures in line with existing practice.

There were some who felt that the Committee process was long, drawn out, and, in the end, stopped short of the "real action" when their recommendations were conveyed by the Governor to the Legislature. But to most, it was clear that the Committee – particularly the Vision Committee – played an essential role in providing the Legislature with a basis for acting on behalf of statewide advocates for transportation, particularly when public polling showed little interest in transportation among the voters and significant opposition to the possibility of a motor fuels tax increase.

### **A Business-led Advocacy Coalition Works in Parallel with the Vision Committee**

Spurred by the prospect of transportation funding becoming a prime focus of the 2009 legislative agenda following the failed attempt in 2007, an advocacy coalition separate and distinct from the Governor's transportation committees worked closely in 2008 with transportation funding supporters in the Legislature, including the Speaker of the House, Senate Transportation Committee Chair, and the Republican State Senator formerly of the

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*The work of the Governor's publicly convened committees was augmented by a coalition of business and industry.*

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Portland Business Alliance. Members of the coalition included business groups and the building trades, the Port of Portland, and both the truckers and the AAA, whose ability to work together, putting behind them their bitter dispute over the 1999 fuel tax measure, was cited by several observers as a key to the effectiveness of the business alliance. Their unified

efforts during the period between legislative sessions did much to lay the groundwork for the transportation funding proposal that would be considered in 2009. As one industry insider noted, while the Governor's committees offered the opportunity for collaboration and

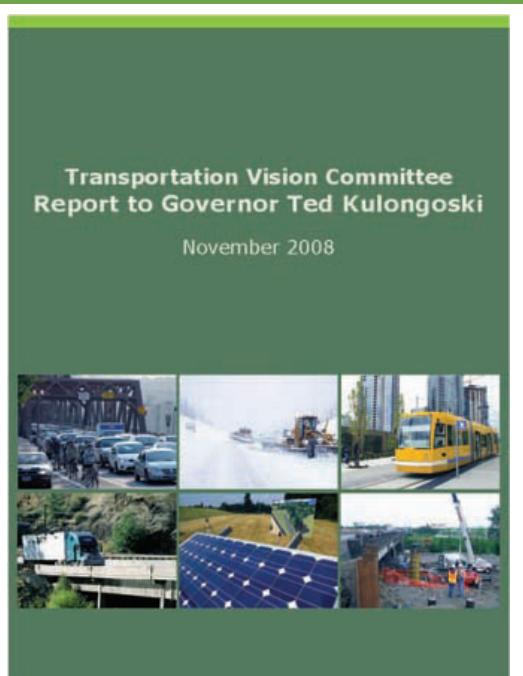
deliberation over key issues among groups not always engaged in formulating transportation funding measures, the “heavy political lifting” was more effectively performed by this more tightly knit advocacy coalition. The coalition would intensify its efforts as the Legislature convened, working closely with legislative leaders who would decide the fate of the key funding bills, while the Governor’s Vision Committee conveyed its report and recommendations, and ended its work. Clearly, both groups played important roles, albeit in different ways.

Several key strategic objectives and criteria resulted from the work of the advocacy group, including recognition that

- The proposed package needed to be resistant, if not immune from being referred to the ballot where it would face virtually certain defeat.
- The bill would need bipartisan support from legislative leaders, both to neutralize conservatives with strong anti-tax positions and to reduce the likelihood of referral.
- All groups engaged in support of the process must see the benefits to them.

Notwithstanding the well-established role of the OTC in prioritizing and selecting projects for funding, it was concluded by some insiders early on, and conceded by almost all as the legislation worked its way through the process, that it would be necessary to tie some of the

funding to specified projects. (This aspect almost killed the legislation when the Governor, who opposed having the Legislature pick projects and lock in the funding, threatened to veto the very bill that stemmed from one of his most important legislative initiatives. More about this later.)



Source: Transportation Vision Committee

**Figure 3-2. Transportation Vision Committee Report to the Governor**

### The Governor’s Jobs and Transportation Act Proposal

The Vision Committee’s work was documented in a report published in November 2008 (Figure 3-2). Indicative of the importance he placed on advancing his transportation agenda, the Governor, in a relatively rare appearance before a committee of the Legislature, testified that month before a House and Senate Interim Transportation Committee to make the case for his proposal. The Governor made his proposal public in January at the opening of the 2009 legislative session, releasing a “white paper” on the content for the so-called Jobs and Transportation Act (Figure 3-3. The “Jobs and Transportation Act” name was attached to the

proposal at this time, reflecting the severe economic recession the country had begun to experience in the preceding months.

The Governor's proposal relied more on raising fees and much less on the motor fuels tax than the legislative package that would ultimately be approved. It included raising \$499 million per year through increased registration (61.7 percent) and title (26.7 percent) fees and a 2-cents-per-gallon increase in the motor fuels tax (11.6 percent). In addition, the Governor proposed \$234 million in multimodal investments, including \$150 million for *ConnectOregon III*.

### **Developing a Bill in the Legislature**

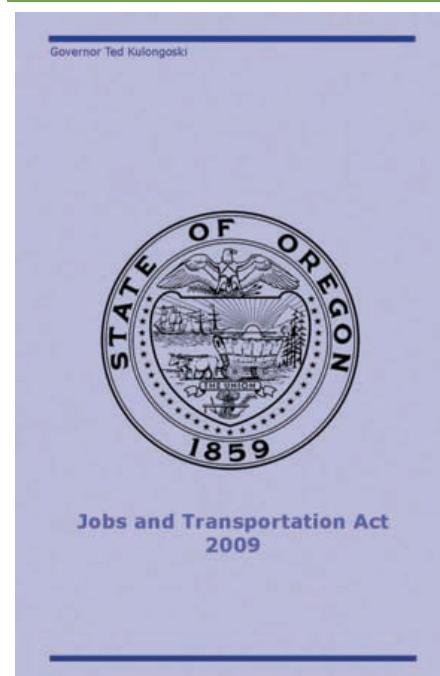
Building on the groundwork established by the Governor's proposal, the 2009 Oregon Legislature set to work developing their version of the JTA. The Governor's staff sat in during some strategy meetings, but the reshaping of the legislation was clearly driven by key legislative leaders. With the involvement of the business-led advocacy coalition, these legislators took the lead in developing key provisions of the legislation, in building support, and ensuring the necessary votes for passage. They met diligently two to three times per week for the duration of the legislative session working through the essential elements of the proposal, including the targeted annual revenue increase and the means to raise it.

Diverging from the Governor's proposal, it was decided that a smaller increase in registration and title fees and a larger, 6-cents-per-gallon increase in the motor fuels tax would be implemented to raise an estimated \$300 million annually. Observers noted a strong resistance to more than double registration and title fees from their previous levels. Also, at least some legislators concluded that if they were to take the heat for raising the motor fuels tax, they might as well go for a larger increase—6 cents, as opposed to the Governor's 2 cents.

### **Bipartisan Support**

Importantly, the legislative working group had bipartisan participation as well as bipartisan backing for a tax increase to support transportation. Part of this support came from a respected Republican member of the Senate who stood with Democrat leaders in both Houses of the Legislature as a staunch supporter of transportation investment. Part came through the back door as it became

*The legislative working group had bipartisan participation as well as bipartisan backing for a tax increase to support transportation.*



Source: State of Oregon

**Figure 3-3. Jobs and Transportation Act 2009**

clear that transportation funding stood in contrast with three other tax measures that were being debated in the same legislative session – a health care reform tax on hospitals and insurers and personal and corporate income tax increases to help fill a state budget gap. These other proposed taxes drew a much more partisan response, including Republican opposition and major coverage in the media. Some observers noted that this took the heat off the transportation measure, which had at least some support from both political parties.

### **Minimizing the Likelihood of Referral—on Two Fronts**

Avoiding the possibility of referral – knowing the electorate would likely recall a measure containing a motor fuels tax increase, as starkly demonstrated in 2000 and as indicated by more recent polling – was a critical strategic consideration for legislative champions and supporters of the package. Interviewees stated that the prime threat for the initiation of the referral process stemmed from across the political spectrum, with the environmental community on one end and anti-tax conservatives on the other.

Although they were seated at the table for the first time in helping to shape a major transportation funding proposal (serving as an integral part of the Governor's committees) and were influential in attaining what some called the “greenest” highway funding package in memory, environmental organizations became disenchanted and, in the end, did not support the package. Had they decided to launch an intense effort to oppose the legislation, it would not have boded well for referral to the ballot box if the legislation were to pass in spite of their opposition. It was noted by some that the environmental community was persuaded to limit their opposition with the understanding that their key statewide objectives would fare better in future sessions with their “seat at the table” preserved.

Another threat in terms of eventual referral was posed by anti-tax conservatives, particularly those with ties to organizations experienced in signature-gathering efforts used to qualify recall measures for the ballot.<sup>3</sup> This threat from the right was muted in two ways – first, by the presence of other tax increase proposals in the same legislative session that were more attractive targets for anti-tax groups and, therefore, served to shelter the transportation tax package and, second, by the decision made in the Legislature to commit to specific projects in the legislation, including one particularly important project that served the legislative district of a key leader of the anti-tax contingent.

### **The List that Came to Exist**

A critical component of the Legislature's proposed package – which was another marked difference from the Governor's recommendations – was the inclusion of a specific list of projects to be funded by a portion of the revenue raised through the package. According to some, the

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<sup>3</sup> In fact, the two income tax increases that passed that session were ultimately referred to the ballot through vigorous signature-gathering efforts by anti-tax proponents. As it turned out, the two measures were upheld, winning approval at a January 2010 special election ballot.

business-led advocacy coalition had concluded from their inceptive strategizing in 2008 that a project list would be a necessary component to gain approval for a transportation measure. Legislative leaders, influenced at least in part by a similar practice in Washington State, ultimately adopted this approach as they developed their package.

Initially, the Governor stated that he would oppose the bill if a specific project list were included. A project list ran counter to Oregon's historical tendency to avoid legislatively earmarked projects; instead, project selection decision-making relied on a process rooted in local governments by way of Area Commissions on Transportation across the state and the

OTC, which would receive these recommendations and make the ultimate decisions. Another concern of the Governor stemmed from the shift away from a preservation-oriented package toward larger, capacity enhancement modernization projects that were more appealing to legislators' desire to take credit for more visible, "sexier" improvements, as opposed to

Contrary to the Governor's position, the Legislature insisted that increased funding must be tied to a specific list of projects.  
funding the mundane business of maintenance and preservation work. The Governor preferred a stronger focus on preservation, as did environmental interests. The compromise that was reached required the Legislature to select projects from a comprehensive list developed by the OTC. Ultimate selections were informed by the knowledge and expertise of ODOT which assisted in vetting each as to its feasibility and readiness for construction. The cost of the OTC list in its entirety was several times the revenue that would be available as a result of the funding legislation, giving legislators a broad choice and significant flexibility in terms of what to select.

Ultimately, 37 projects were selected from across the state, with an additional 12 left for local governments in the eastern part of the state to select separately, as their needs tended toward preservation over modernization. In all, the specified project investment totaled \$960 million. About 50 percent of the state's annual share of the package's revenue (itself 50 percent of the overall package) would be devoted to repaying bonds issued to finance these 49 projects.

The scope and funding were "locked" into the bill, which at least one legislator has since learned precluded extending project limits when favorable bidding resulted in lower costs than those budgeted in the bill.

Neither the Governor nor environmental groups were pleased by this concession. The Governor decided in the end to accept it, but the environmental community did not.

### **The JTA Loses Environmental Support**

Pleased to have been included in the Governor's Vision Committee, environmentalist organizations seemed to have been on board in supporting the transportation package proposed by the Governor. Having them on board was viewed by proponents as a key factor

for success because they were seen as the primary group that could spur an effort to refer a bill to the ballot, where the last motor fuels tax increases were overturned. As alluded to earlier, despite the gains that produced the “greenest” transportation bill ever, their support was withdrawn, to some extent because of their disenchantment with the shift to the list of major modernization projects at the expense of preservation, but according to some observers , primarily because a particular provision (extending to other areas of the state the Portland approach to transportation-land use planning and the weighing of greenhouse gas emission impacts at the Metropolitan Planning Organization level) had been excluded from the final bill. As a consolation prize – not sufficient to regain their support but apparently enough to take the edge off of their decision to withdraw support – was a separate bill that passed calling for a task force to examine the issue of greenhouse gas emissions and regional planning. As also noted previously, preserving their seat at the policy and decision-making table seemed to have been a consideration as well.

With bipartisan support and no active opposition, the JTA passed with 38 of 60 House members (including 7 of 24 Republicans) and 24 of 30 Senators (including 6 of 12 Republicans) voting yes.

## **Themes and Tools**

### **What the Polls Told**

The Governor’s staff, as part of the Public Awareness Committee, commissioned a statewide study in early 2008 of existing polling and research on Oregon transportation. Twenty-one surveys, presentations, and analytical overview memos were reviewed dating back to 1999. The goal of the exercise was to inform the Governor’s committee work on strategies for developing a legislative recommendation on a comprehensive transportation package. The research included summarizing common themes in the public’s response to transportation and transportation policy and identifying key messages in support and opposition to increased funding for transportation. According to this study, the sentiment among Oregonians was that they were satisfied with their roads and saw no need for a tax increase. Specifically, the study found that Oregonians

- Are generally unconcerned about transportation problems
- Are satisfied with the state’s transportation system, including roadway condition
- Approve of the status quo regarding maintenance and improvements
- Are not sold on increasing funding because they are not convinced that there is a problem
- Support increased financial accountability for the use of current revenues, increased consideration for public transportation, and plans with greater environmental considerations

The decision to forge ahead in support of increased taxes and fees for transportation flew in the face of these findings and is that much more impressive as a result. Pressed by the business

community and the transportation industry, the Governor and Legislature went ahead with their efforts to formulate a comprehensive revenue package.

The research results underscored the business community's role as the main driver behind increased investment, with concern over the state's economic competitive advantage overtaking what is often the primary concern elsewhere among urbanized regions—citizens struggling with increasing congestion. Interviewees stated that the research results showed them that a transportation package could not be itself about revenue but had to focus more on outcomes and benefits. The consensus among the stakeholders within and outside the Governor's committees was that it would be necessary to "show people what they were buying." Conclusions drawn from the research results thus amplified two important aspects of the JTA's development—the need to avoid having the bill referred to the ballot came from a desire to avoid publicly confronting the revenue issue, and creating a project list was a valuable means to demonstrate specific outcomes and benefits.

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*Without the active engagement of the business community, opposition to increased fuel taxes very likely would have prevailed.*

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### **Economic Competitiveness and Jobs**

A primary impetus for enacting the revenue measure in Oregon was the growing understanding that transportation was inextricably linked to the economic health of the state. One interviewee noted that since OTIA III was passed in 2003, the understanding had become pervasive among those in the transportation and business communities who appreciated the connection between repairing fragile bridge infrastructure and maintaining the ability to move people and goods around the state safely and efficiently. Advocates among business organizations pointed to the risk the state faced in suffering from an economic competitive disadvantage if significant investments in preserving and improving its transportation systems were not made. This mentality drove the business community to ask that the issue be taken up during the 2007 legislative session, which at the time, resulted in a promise to engage the problem during the 2009 session. By that time, the Governor and legislative leadership were on board, touting the connection between improving the economy and investing in transportation.

Also by 2009, the national economic collapse and recession was taking hold. At that point, the message of jobs—especially those that could be created or sustained within the volatile construction industry—came into sharper focus. All interviewees agreed that this development shifted the conversation away from the broader message of the economy and an additional degree of support for passing a transportation revenue package derived from the jobs message—indeed the Governor introduced his proposal to the Legislature by attaching "jobs" to its title. Nonetheless, some felt the measure would have passed regardless. On balance, the recession and spotlight on jobs certainly helped the transportation package, but it remains unclear if it was a requisite factor.

## The Timing Was Good

Other issues of timing contributed to the success of the JTA. Discussed above, the onset of the recession sharpened the focus on how transportation investments could create jobs and benefit the economy. The recession and resultant state budgetary shortfalls also necessitated the

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*Other, more controversial tax proposals served as a lightning rod, leaving the fuel tax proposal relatively unscathed.*

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proposition (and ultimately the passage) of three other tax increase measures during the 2009 legislative session – increased personal and business income taxes and taxes on healthcare providers. These other taxes drew the lion's share of opposition from conservative, anti-tax proponents, leaving the JTA's proposed tax and fee increases relatively unscathed

and, most importantly, off the primary agenda of those who sought to refer tax measures to the ballot. One interviewee noted how the transportation measure seemed to "fly under the radar," drawing sparse coverage in the media; the individual could not recall one front-page story on the measure during its development. Behind the closed doors of legislative negotiation, it was sometimes referred to as the "good tax."

## Not Just Highways

Several components of the JTA expanded the scope of transportation investment beyond roads and highways, helping to solidify support from proponents of multimodal investment. A prime catalyst for this approach was the decision not to attempt to alter the disposition of the State Highway Fund where taxes and fees levied for use of the state's road system are constitutionally dedicated for reinvestment on the network. (This decision was supported by prior attempts as well as polls that showed that such an effort to broaden the Highway Fund would fail.)

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*Despite constitutional restrictions against using fuel tax revenue for non-highway purposes, a concerted effort to provide support for other modes through other means was critically important.*

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A key aspect of the JTA was support for multimodal investment through a third iteration of the ConnectOregon program. Since 2005, the state had placed greater emphasis on investing in rail, seaports, public transit, and air through ConnectOregon, funded at \$50 million annually from state lottery-backed bonds. ConnectOregon III, continuing the program for another two years, was on the table in 2009. Initially, it was proposed as a standalone bill but later included as part of the JTA to leverage additional support for the highway package.

Two additional elements of the bill addressed non-highway mode funding. One was the establishment of an Urban Trail Fund to develop and maintain multi-use trails within urban growth boundaries for non-motorized vehicles and pedestrians. It was funded at \$1 million in a separate bill. Second was a \$24 million per year set-aside from the JTA's increased revenue to fund components of the ODOT highway program previously paid for with flexible federal Surface Transportation Program funds. Freeing these federal funds from the highway program allowed them to be used for eligible non-highway purposes.

## Sustainability and Other Environmental Provisions

Although not considered by some as significant as the economy and jobs theme, the message that the JTA was the state's most environmentally supportive transportation package ever contemplated was an important one. A number of policy recommendations that focused on sustainable transportation planning and funding practices that had resulted from the Governor's Vision Committee were included in the adopted JTA. Some of the specific elements included OTC- and ODOT-led initiatives to

- Develop one or more congestion pricing pilot programs in the Portland metro area
- Develop a least-cost transportation planning model for use by the state, Metropolitan Planning Organizations and local governments (patterned after practices by some utilities to affect reductions in peak demand as a cost-effective alternative to solely adding capacity)
- Adopt rules incorporating environmental performance standards into the design and construction of all state highway construction projects
- Participate in and finance the development of transportation plans needed to reduce greenhouse gas emissions by light vehicles
- Continue Oregon's leading efforts to develop alternatives to the gasoline tax (such as vehicle miles traveled fees) as a method of raising revenue for roads

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*The JTA reached new heights in the support of environmental objectives included in Oregon's transportation legislation.*

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Again, although they ultimately did not support the final bill, environmental organizations and proponents were involved in the development of the proposal, and consideration of sustainability initiatives was a strong theme throughout the bill's development.

## Project-specific Commitments

The business advocates' early insights that a specific project list would have to be attached to a successful transportation revenue measure proved valid during the Legislature's development of the ultimate bill. The package diverged from the state's practice of avoiding legislative earmarks and from the Governor's initial wishes, but the project list ultimately proved significant in helping to build broad-based, bipartisan support despite objections from some constituencies. Most observers agreed that the legislation would probably have failed were it not for the locked-in commitment to a list of projects.

## A Staggered Introduction of Increased Fees and Taxes Eases the Pain

The JTA's funding relies on a variety of increased fees – title fees, registration fees, plate fees, ID card fees, miscellaneous trip permit fees – and taxes – a 6-cents-per-gallon increase in the motor fuels tax and increased weight-mile taxes. The dates on which

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*To soften the impact, the fuels tax increase was deferred to 17 months after the bill became law.*

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they went into effect varied with the more significant increases – as shown in the JTA revenue source (Table 3-1) – allowing time to adjust to the new rates. The most visible and least popular among the increases – the motor fuels tax – was

deferred 17 months after the bill became law, not taking effect until January 2011. (The motor fuels tax increase did include a provision that it would go into effect earlier provided the state experienced two consecutive quarters of at least 2-percent non-farm employment growth, a target, however, that was not expected to be realized, and in fact was not.)

It was generally agreed that the gradual introduction of fees and deferral of the motor fuels tax increase provided a degree of cover for legislators who voted for the measure. The timing of the increase in the motor fuels tax came after the November 2010 elections.

### **ODOT Credibility**

Interviewees generally felt that ODOT had good credibility with the Legislature and the public. ODOT senior staff were acknowledged for the advisory role that contributed to the success of the JTA. ODOT provided technical information and, in particular, offered input on the readiness and eligibility for federal funding of projects that would comprise the list of those that were specified in the legislation.

It was generally agreed that ten years prior, at the time the 5-cent increase in the motor fuels tax was soundly rejected by voters, ODOT's credibility was not as high. Its successful delivery of the OTIA programs in recent years, and the professionalism of its current leadership, were key aspects of ODOT's credibility according to most of those who were interviewed.

## **Lessons Learned**

### **Laying the Groundwork**

In initially pursuing a comprehensive transportation revenue measure with the Legislature during the 2007 legislative session, it became clear that insufficient groundwork had been laid for legislators to feel prepared to tackle the issue. Business community advocates were told that the issue would have to wait until the next session. Major legislative proposals require significant lead time prior to the start of the session. This, of course, was known to coalition advocates who were not political novices, leading to the question of whether the decision to proceed in 2007 against the advice of some in the coalition might have been part of a "multi-session strategy." Working relationships among supportive legislative leadership and coalition advocates from the business community were such that the failure to seriously consider transportation funding in 2007 may well have improved the likelihood and the political climate for a 2009 initiative. Certainly, this multi-session strategy proved pivotal for gaining gubernatorial as well as legislative support for a transportation funding measure in 2009.

### **Inclusive Collaboration**

Another effective strategy, this taken by the Governor, was the decision to bring all key stakeholders to the table. Alongside traditional parties, including trucking interests, AAA, organized labor, and the professional services community, were environmental and sustainability advocates, groups that traditionally had not been part of the same conversation at

the same table when it came to setting transportation agendas. This effort to encourage diverse and often counteracting viewpoints helped build broad-based support for the transportation measure as it ultimately worked its way toward the legislative process. As explained earlier, although environmentalist organizations ultimately would not support the final proposal, their opposition was somewhat muted, attributed by some, at least in part, to their participation from the outset.

### **Overlapping Yet Complementary Stakeholder Groups**

The Governor's committees were characterized as "contemplative" by some who were closer to the faster-paced, action-oriented maneuvers of the coalition working with key legislators. On the other hand, at least one source close to the Governor's committees was disappointed by the apparent expediency of adopting a project "earmark" list by legislators. While neither group seemed to acknowledge the significance of the other, it is clear in hindsight that both were important to the success of Oregon's transportation funding measure. It is an important lesson to those who might look at such an approach as overlapping or redundant, when in fact, their unique strengths and roles were mutually supportive to a degree that neither party, in the midst of the process, could or would recognize.

### **Defying the Polls**

Clearly, one of the unique aspects of the successful 2009 Oregon funding measure was that it occurred despite public opposition to its financial centerpiece – the motor fuels tax increase – and in the absence of public acceptance of the need, much less support for the solution. And, it occurred despite a stunning voter rejection by a margin of 88 to 12 percent of the last legislated fuel tax increase in 1999. It was driven by a unified business community, a Governor who elevated transportation to a top-level legacy issue in his last term, legislative leadership who were staunch supporters of transportation, and an ability to fend off potential threats from the environmental and anti-tax groups.

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## **Interviews**

- Jessica Adamson – Legislative Director, Oregon Speaker of the House
- Phil Bentley – Chief of Staff, Oregon Senate President; formerly Legislative Director
- Hans Bernard – Principal, Hubbell Communications; formerly Deputy Legislative Director, Governor Ted Kulongoski
- Terry Beyer – Chair, Oregon House Transportation Committee
- Steven Clark – President and Publisher, Community Newspapers
- Pat Egan – Vice President Customer and Community Affairs, Pacific Power
- Matt Garrett – Director, Oregon Department of Transportation
- Debbie Koreski – Chief of Staff, Oregon Speaker of the House; formerly Legislative Director
- Chris Warner – Senior Transportation Liaison, Governor Ted Kulongoski

# Chapter 4—Kansas T-WORKS (2010) Case Study

## Background

### Initiative Description

The Transportation Works for Kansas (T-WORKS) Program, a 10-year, \$8.2-billion transportation investment program was passed by the Kansas State Legislature and signed by the Governor in May 2010. The program is embodied in House Bills 2650 and 2360 and is primarily supported through an increase in the state sales tax. A three-year, 1-cent increase in the sales tax first funds general fund expenditures through FY 2013, after which a rollback to four-tenths of 1 cent will be devoted to transportation. The legislation also includes an expansion of KDOT's ability to issue bonds for transportation purposes.

The T-WORKS Program succeeds two prior 10-year state transportation programs, the latest of which, the Comprehensive Transportation Program (CTP), was enacted in 1999 and concluded in June 2009. Funding levels for the new program are shown in Table 4-1 and rely on a mixture of existing and new state sources, as well as additional debt obligation.

**Table 4-1. T-WORKS Funding Estimates and Allocations**

| Category  | 10-year Funding Amount (\$ millions) |
|---|--------------------------------------|
| Highway preservation  | \$4,626                              |
| Remaining for construction  | \$1,773                              |
| KDOT local partnership program                                    |                                      |
| Highway expansion   |                                      |
| Highway modernization   |                                      |
| Special city county highway fund<br>(1/3 of all motor fuel taxes) | \$1,628                              |
| Transit   | \$100                                |
| Rail  | \$40                                 |
| Aviation  | \$46                                 |
| <b>TOTAL</b>  | <b>\$8,213</b>                       |

Source: T-WORKS Fact Sheet

The T-WORKS Program increases state transportation funding by \$2.7 billion, a 50-percent increase over the projected \$5.5 billion in the absence of any new funding sources. The primary new funding source is the increase in the state sales tax rate with proceeds devoted to transportation. As part of the FY-2011 state budget, the state sales tax rate was increased from 5.3 percent to 6.3 percent effective July 1, 2010. The legislation provides that on July 1, 2013, the sales tax rate will be rolled back to 5.7 percent, but the remaining four-tenths of a percentage point over the 5.3 percent base rate is reserved for the T-WORKS Program. In addition, HB 2650 increases registration fees for heavy trucks in 2013 and immediately expands KDOT's bonding authority. A new debt service cap of 18 percent of projected State Highway Fund revenues for any year replaces the ad hoc need to seek legislative authority to issue specific amounts of debt. Table 4-2 summarizes the breakdown of these increased sources of revenue.

back to 5.7 percent, but the remaining four-tenths of a percentage point over the 5.3 percent base rate is reserved for the T-WORKS Program. In addition, HB 2650 increases registration fees for heavy trucks in 2013 and immediately expands KDOT's bonding authority. A new debt service cap of 18 percent of projected State Highway Fund revenues for any year replaces the ad hoc need to seek legislative authority to issue specific amounts of debt. Table 4-2 summarizes the breakdown of these increased sources of revenue.

In a major departure from prior state transportation programs, including the CTP, with the exception of a single intermodal rail/truck facility, no transportation projects are specified in the T-WORKS bill. Instead, the legislation provides for newly established selection criteria recommended by KDOT as a result of extensive interaction with stakeholders across the state. In

contrast with previous project selection criteria, which were based primarily on engineering factors such as traffic safety and capacity, the new, more broad-based factors include local consultation, geographic distribution, and economic impact analysis. The only funding guarantee is that at least \$8 million be invested in each county over the program's 10 years, which some observers noted would have been easily met even without such a provision in the legislation.

### Kansas's Transportation Background

The State of Kansas is home to 2.8 million residents. The state is often characterized by its six geographically named regions. Northeast Kansas, in proximity to the Kansas City, Missouri, metropolitan area, contains the cities of Kansas City (Kansas), Overland Park, Olathe, Lawrence, and Topeka. It is the fastest growing and most densely populated region of the state. With the exception of South-Central Kansas, which contains Wichita, the state's most populous city, the remainder of the state (Northwest, Southwest, North-Central, and Southeast Kansas) is largely rural. Accordingly, a main economic staple of the state is its agricultural production. Other primary economic industries are oil and gas and manufacturing, especially aircraft in the Wichita area.

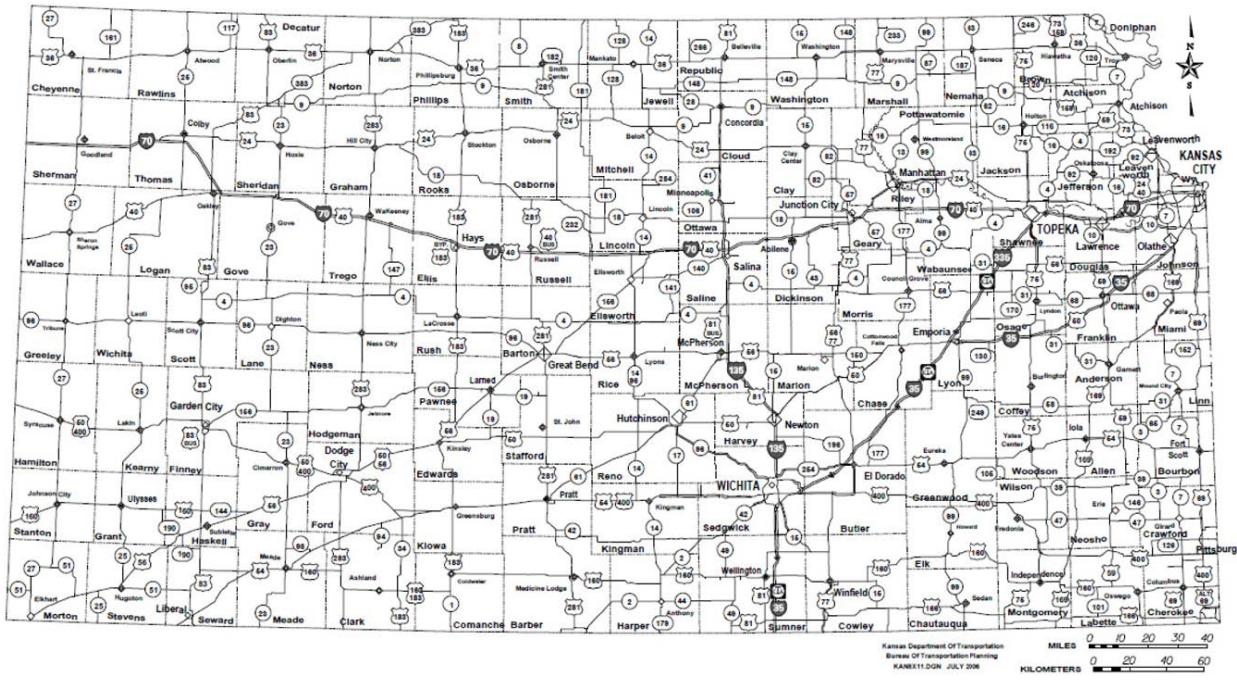
The state's roadway networks (Figure 4-1) are its most abundant transportation assets, comprising 10,606 miles of state highways, 114,106 miles of county and township roads, and 15,666 miles of city streets. State highways that lie within city boundaries – called City Connecting Links – have shared responsibility between KDOT and local municipalities. County and township roads and city streets (local roads) comprise 82 percent of the state's roadway mileage, although they only carry about 45 percent of its traffic. These roads are nonetheless vital to rural areas and intra-municipal travelers, especially for the movement of agricultural goods. State highways accommodate the majority of vehicle miles traveled, providing critical inter-urban, regional, and long-distance travel, including significant truck traffic.

**Table 4-2. T-WORKS Revenue Sources**

| Revenue Sources                                   | Total (\$ million) |
|---|--------------------|
| Revenue from existing sources                     | \$5,486            |
| New revenues from HB 2650 and 2360                |                    |
| Heavy truck registration fees*                    | \$131              |
| 0.4 percentage point increase in state sales tax* | \$1,536            |
| \$1.7 billion in bonds                            | \$1,060            |
| <i>Total New Revenue</i>                          | <i>\$2,727</i>     |
| <b>Total T-WORKS Program Revenue</b>              | <b>\$8,213</b>     |

*Source: T-WORKS Fact Sheet*

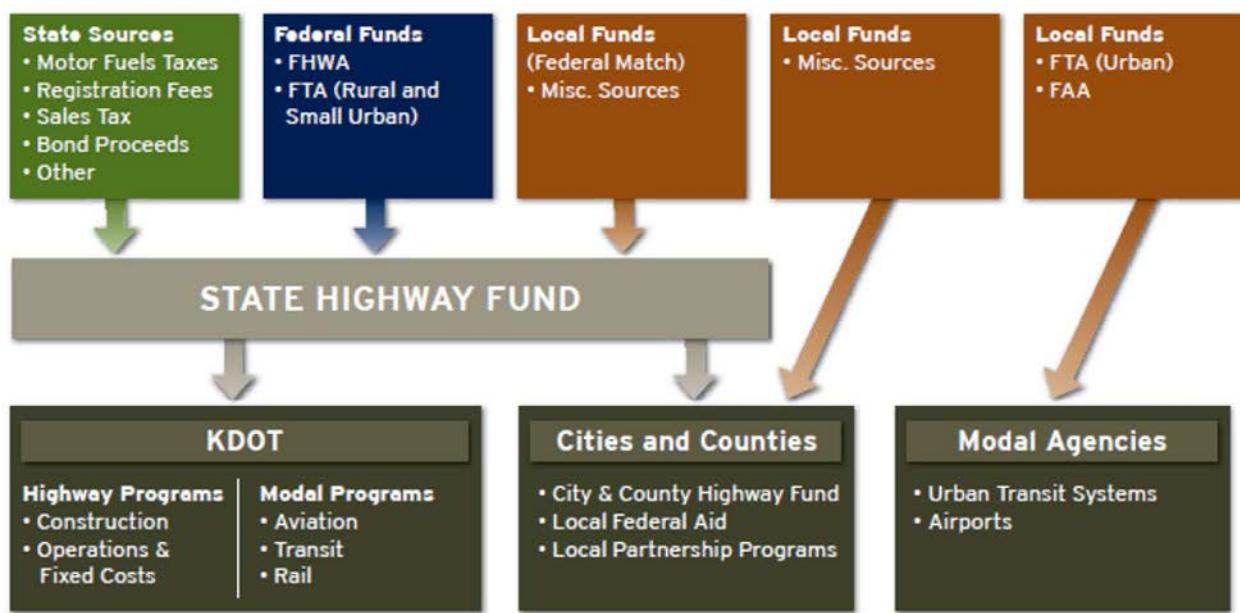
\*Beginning in 2013



Source: KDOT

**Figure 4-1. Kansas Major Road Networks**

About 58 percent of the funding available to transportation systems in Kansas from 2000 to 2009 has come from state sources, about 24 percent from Federal sources, and the remaining 18 percent from local and other sources. The sources and allocations of transportation funding in Kansas are illustrated in Figure 4-2. The KDOT 2008 Long Range Transportation Plan describes this process—Nearly 85 percent of statewide transportation funding is allocated through the State Highway Fund and the Special City and County Highway Fund. About one third of motor fuels tax proceeds are deposited into the Special City and County Highway Fund and are distributed to Kansas cities and counties according to statutory formulas. The other two-thirds of the motor fuels tax—along with other state transportation funding sources, bond proceeds, most federal revenues and some local matching funds for federally funded, state administered local projects—are deposited into the State Highway Fund. From there, funds are allocated to highway, transit, aviation, freight rail, and local programs.



*Source: KDOT Long Range Transportation Plan (June 2008)*

**Figure 4-2. Sources and Allocations of Kansas Transportation Funding**

## Initiative Development and Strategy

### Precursors and Context—The CHP and CTP

Looking back to his time in office in the 1980s, former Kansas Governor Mike Hayden characterized the state as possessing a “damned deplorable transportation system” following underinvestment due to declining revenues in the 1970s. Highways in “good” condition in the mid-1980s averaged only about 50 to 60 percent according to KDOT internal criteria (Figure 4-3). In response, Governor Hayden formed a highway task force in 1987, which made the recommendation to develop a comprehensive plan of investment requiring increased revenues.

After an unsuccessful special legislative session that year and no resolution during the 1988 session to pass a multiyear program of transportation improvements, an eight-year, \$3.7 billion Comprehensive Highway Program (CHP) was passed in 1989. A specific list of improvement projects was developed upfront using KDOT engineering criteria. Not surprisingly, significant support for the program came from the contracting industry, organized through a coalition called Economic Lifelines, which counted the Kansas Contractors Association (KCA)—generally smaller, rural contracting companies—as well as chambers of commerce and labor unions among its members. The program was funded by an increase in the motor fuels tax from 11 to 15 cents per gallon in 1990 and eventually to 18 cents per gallon by 1993, as well as increased vehicle registration fees and debt issuance.

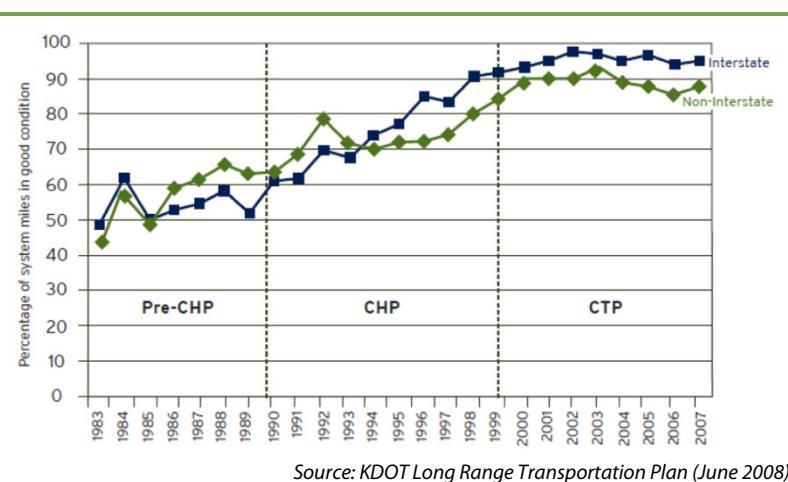
Following the conclusion of the CHP in June 1997, there was strong interest in initiating another multiyear program to continue investing in transportation infrastructure. Promoted by Economic Lifelines and with the key support of then Governor Bill Graves, the 10-year Comprehensive Transportation Program was enacted in 1999 and followed the model set by the CHP. The CTP was a comprehensive, predetermined list of improvement projects, again based on engineering criteria with selections made by KDOT. Its \$13.2 billion in investments—\$8.4 billion of which was state money—was supported by an initial 2-cent increase in the motor fuels tax to 20 cents per gallon in 2000 and 1-cent increases in 2002 and 2004, along with higher vehicle registration fees and further debt issuance.<sup>4</sup> Just over 20,400 miles of state and local roads were preserved, modernized, or expanded. Investments were also made in transit, rail, bicycle and pedestrian facilities, and aviation.

Figure 4-3 illustrates the condition improvement of Kansas highways over the periods of the CHP and CTP.

As the figure demonstrates, KDOT had delivered two successive and successful transportation programs during a span of two decades ending in 2009. KDOT's credibility was very good.

Traditional backers of transportation investment—those represented by Economic Lifelines (the KCA)—hoped that a third long-range program could be developed in the same fashion, comprising a known list of projects based on established engineering criteria, such that predictable levels of investment were made across the state. However, by this time a paradigm shift in project

selection at KDOT was well underway stemming from Secretary Deb Miller's leadership and her reading that the traditional way of doing things relative to passing another multiyear funding bill would not succeed the next time around. The economic climate at the end of the decade also served to influence the development and outcome of the eventual passage of this third long-range program known as T-WORKS.



**Figure 4-3. Highway Condition 1983-2007**

<sup>4</sup> Later in 2002, an additional 2-cent increase in the motor fuels tax was enacted for 2003.

## A Paradigm Shift at KDOT

Going back to 2003, newly appointed Transportation Secretary Deb Miller began to examine established planning and project selection processes at KDOT, looking forward to the time when a new transportation program would be initiated, despite being only four years into the CTP. Through statistically valid sampling and extensive interaction with local elected officials and staff, business leaders, economic development professionals, and citizens, KDOT was able to better understand stakeholder concerns and priorities and their perception of the department's responsiveness. This so-named Partnership Project found high satisfaction with the condition of the roadway system and confidence in KDOT's engineering capabilities, but less satisfaction with KDOT's interest in reaching out to stakeholders and responding to issues that transcended technical factors. As a result, KDOT embarked on a technical and cultural shift in its project selection process, moving

*Even with a well-maintained highway system, recommendations included "preservation-first" to protect investments made over the past 20 years.*

*KDOT undertook a major shift in its project-selection process, moving from a strictly engineering approach to one involving economic criteria and improved communication with stakeholders and the public.*

from one based strictly on engineering data and long-established formulas, to one involving improved communication and input with stakeholders and the public—a much more interactive and collaborative decision-making process.

In concert with the development of a new Long Range Transportation Plan (LRTP) beginning in 2006 (Figure 4-4), KDOT also began to focus on the concept of tying project selection to the economic goals of the state. It was proposed, for example, that strategic investments could support the improvement of critical agricultural truck routes or facilitate economic development in growing regions of the state. This idea was a key outcome of a 125-member LRTP working group. Other recommendations included adopting a "preservation first" focus to protect investments made over the past 20 years and to introduce greater flexibility into the project selection process, an approach underway since the Partnership Project began in 2003.

The new project selection process divided projects among three fundamental types of system improvements—preservation/repair, modernization, and expansion/enhancement. Decisions formerly based solely on traditional



*Source: Kansas Department of Transportation*

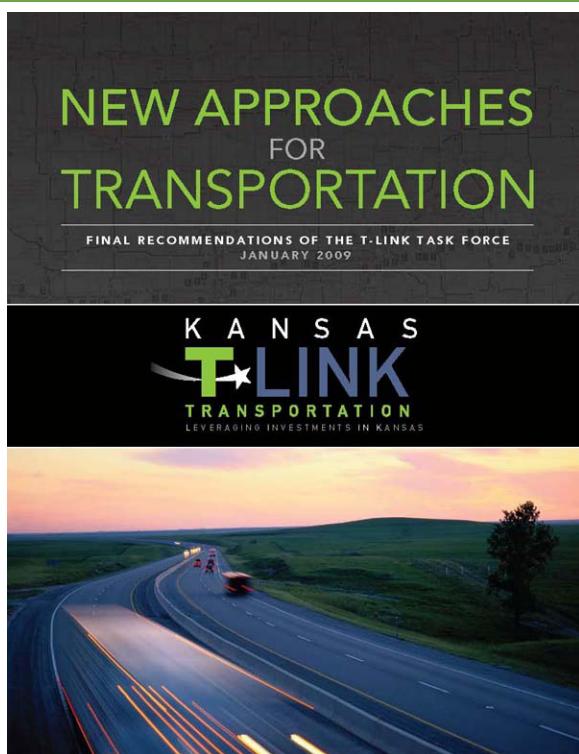
**Figure 4-4. Kansas DOT Long Range Transportation Plan, June 2008**

engineering data would now be augmented by economic impact analyses and local consultation, with weighted scores derived for all three components. Economic impacts scores were developed using a carefully selected modeling tool, which predicts project impacts in terms of job creation and changes in Gross Regional Product. Local consultation scores were developed through KDOT districts' staff local knowledge and their solicitation of stakeholder and public feedback on four criteria – perceived safety benefits, regional impact, system connectivity benefits, and extenuating costs and other factors. This new process was then subjected to an extensive pilot test throughout the state.

### T-LINK Identifies a Funding Gap

In line with the transformational priority-setting process initiated by KDOT and in anticipation of the CTP's end in 2009, former Governor Kathleen Sebelius formed the Transportation-Leveraging Investments in Kansas (T-LINK) task force in August 2008. Its purpose was "to examine the state of transportation in Kansas and to develop a set of recommendations that 'frame a new strategic approach to our transportation needs'." Its outcomes – published in a January 2009 report (Figure 4-5) – reinforced KDOT's new direction, stressing the "crucial" relationship between making transportation improvements and fostering economic development. The report also noted that a new, more flexible plan was needed to replace the CTP. Additionally, to sustain economic growth in the state and maintain the 20-year investment

in transportation infrastructure afforded by the CHP and CTP, new revenue would be necessary. T-LINK identified a projected 10-year average annual funding gap – considering all federal, state, and local sources – that amounted to about \$640 million per year. The report noted that this gap did not necessarily have to be closed entirely with state funding, but of concern was the uncertain timing and extent of federal reauthorization. Proposed levels of investment for highways, local roads, transit, and other modes were provided along with funding recommendations that included increasing traditional sources like the motor fuels tax and consideration of a motor fuels sales tax set-aside.



Source: Kansas T-Link

**Figure 4-5. Final Recommendations of the Kansas T-Link Task Force, January 2009**

### The 2009 Legislative Session—A Decision to Wait

The 10-year CTP was set to expire in June 2009. A bill was introduced at the beginning of

the 2009 legislative session in January that incorporated nearly all the policy changes the department had identified over the previous six years and which were reaffirmed by the LRTP process and T-LINK. The revised project selection process, with an emphasis on local collaboration and assessing economic benefits, was the centerpiece of the legislation. However, no new funding sources were agreed upon, with the effects of a deepening recession cooling the political viability of any tax increase. The Legislature was facing a projected budget deficit of \$1 billion for FY 2010 and, like most states, was awaiting the outcome of the planned federal stimulus bill—the American Recovery and Reinvestment Act—that promised an infusion of funds into transportation infrastructure development. Once passed in February 2009, it was known that the state was to receive \$378 million in federal stimulus money for transportation,

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*KDOT's economic benefits emphasis included rural areas where investments in highways improved the flow of agricultural goods to market.*

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helping to postpone immediate action on the expiring 10-year CTP, while allowing budget cuts affecting the CTP to be offset and the program's remaining projects to move forward. Some observed that the proposed bill would simply afford an opportunity for legislators to vote for a transportation plan without supporting an associated tax increase.

An additional complication with respect to the proposed 2009 legislation emerged when the KCA, Economic Lifelines' prime member, remained supportive of the traditional, engineering-oriented processes established in 1989 and 1999 for developing a multiyear transportation program and selecting a set list of projects. The notion of incorporating economic impact analyses into the selection process met with skepticism, as the KCA expressed concern that investments in rural regions would be less likely (a point refuted by KDOT, which pointed to investments in highways needed to move agricultural goods to market).

Given the lack of appetite for increased taxes in a growing recession, the relief afforded by the federal stimulus package, the differing views of the KCA over priority-setting criteria, and concern that a bill without funding could be a waste of political capital, consensus emerged among supporters of the bill in the Governor's office, the legislative leadership, KDOT, and at least some industries that the timing in 2009 was not right and the bill should be pulled. As one individual close to the process remarked, however, the thinking behind this decision was predicated on an implicit assumption that the issues of transportation funding, the state budget problems, and the need for additional taxes would continue to coalesce and reappear in 2010.

## **Developing the Strategy for 2010**

Immediately after the close of the 2009 legislative session, a strategic coalition remobilized to champion a long-range transportation program for 2010. An additional sense of urgency stemmed from Governor Mark Parkinson's decision not to run in the 2010 gubernatorial campaign, with the front-runner to succeed him known to be unsupportive of any tax increase. The sense was that it was either going to happen in 2010 or the state would face the threat of a long-term transportation funding drought.

Under the auspices of Economic Lifelines, which remained the public face of advocacy and communication for another long-term transportation program, a strategic coalition involving the KCA, the Heavy Constructors Association, and KDOT came together that summer to help build support in the Legislature for a transportation bill.

Lobbyists for both the Heavy Constructors Association and Economic Lifelines understood that a more disciplined and cohesive strategy among transportation proponents (as compared with 2009) was necessary to build support for transportation funding in a challenging economic environment. Bringing the KCA into the fold to agree on the revamped project selection process was a challenge, but facilitated through evidence indicating how agriculture and local businesses in rural regions had benefited economically from past project investments. Evidence from KDOT-commissioned case studies demonstrating the economic benefits of five previous project investments was augmented with case study projections of economic benefits to small businesses in rural areas for five proposed projects. Presentation of these future project outcomes also could be tailored to specific regions of the state, depending on where the case had to be made. This confirmation of the process of using economic analysis to show the benefits of rural projects, as well as the degree of support that KDOT had built for its revamped approach, provided a compelling case for changing the KCA's perspective.

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*A coalition of industry groups with different perspectives on needs and priorities came together to build support for a transportation bill.*

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While KCA and Economic Lifelines remained the public voice of the campaign, the movement was strengthened by the pro-active strategic coordination and consensus-building efforts of KDOT and the Heavy Constructors Association.

An early key step taken by the strategic coalition was to sponsor a poll to gauge public opinion on transportation funding. Conducted in October 2009, the poll indicated that while KDOT's credibility was strong, with the department achieving a 79-percent approval rating transpor-

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*Increases in the motor fuels tax polled strongly negative, particularly in comparison with an increase in the sales tax.*

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tation did not rank among the top concerns for the state, with the economy, education, and taxes among the top issues that would play strongly in the 2010 legislative session.

Significantly though, when it came to potentially paying for a new transportation program, proposed increases in the motor

fuels tax polled strongly negative, with 60 to 80 percent opposed, depending on the amount and the phrasing of the question. However, a 1/2- or 1-cent increase in the sales tax showed much better for transportation, split about half in favor and half opposed. The results of the poll were essential in clarifying among transportation supporters which avenue of approach would have the greatest chance of success for securing new revenue. Key legislators who had publicly favored a fuel tax increase shifted gears toward a sales tax option. Leveraging KDOT's strong credibility would also prove to be a critical success factor in supporting another long-range transportation program.

### **Early in the 2010 Legislative Session—Initial Proposals**

As the 2010 legislative session approached, there was sentiment within the Legislature that a new transportation program was increasingly doubtful in the face of severe budget cuts for general fund state-supported programs, such as education and social services. This view was reflected in the poll results that highlighted the economy, state support for public education (a significant use of the general fund), and taxes as voters' top concerns. An interim House-Senate transportation committee held several meetings before the start of the session to draft transportation funding proposals. Although the proposals ultimately did not gain significant traction because they relied on adjustments to taxes on motor fuels—increasing the level or eliminating its exemption from the sales tax—one participant in the process remarked that they served to enhance the visibility of addressing a new transportation program. In his January state of the state speech, Governor Parkinson, deciding that the chances were remote for increased funding for both transportation as well as for plugging the gap in general funds, proposed increases in several taxes to help close the projected budget gap, including a temporary sales tax increase that would also roll back to a lower rate after three years and be devoted to transportation.

### **Building Legislative Support and a Key Strategic Decision**

Through the course of the legislative session, debate focused primarily on resolving the state's budget shortfall. One participant in the process noted that many legislators felt that no further "responsible" cuts to education and social services were viable and that a temporary increase in the sales tax, as initially proposed by the Governor, would be the most palatable solution to generate the necessary revenue.

The strategic coalition of transportation supporters outside the legislative process (involving Economic Lifelines, the Heavy Constructors Association, and KDOT) partnered closely with those in the Legislature championing transportation (Senate President Steve Morris and House Minority Leader Paul Davis) and ultimately prevailed through a parallel effort. On one end, support for passing a transportation program was built among a coalition of legislators, prominent in the moderate Senate, but more challenging to obtain in the generally conservative House where opposition from the Speaker of the House had to be circumvented. Economic Lifelines distributed a KDOT-produced "Kansas Transportation Notebook" of critical evidence in support of transportation, which included past economic benefit studies and lists of specific companies that had benefited from participating; community resolutions in support of a program; and summaries of the CTP's accomplishments and recommendations by T-LINK.

The second aspect of this strategy was the decision not to pursue a separate tax increase to fund transportation in addition to the sales tax proposal to close the budget gap. A transportation bill passed by the Senate Transportation Committee in March contained a sales tax increase, as well as the policy changes recommended by KDOT and the long-range transportation plan process, including the revised project selection process. However, as the Legislature recessed for three

weeks in April, a strategic decision was made upon its return to consolidate the proposed tax bill (HB 2360). A three-year, 1-cent increase in the sales tax would fund general fund expenditures, after which a rollback to four-tenths of 1-cent would be devoted to transportation. Additional funding through an increase in vehicle registration fees was retained in the primary transportation bill (HB 2650), as these user fees were not considered a contentious issue, unlike the sales tax.

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*Transportation funding benefitted from “piggybacking” on the urgent needs of the general fund.*

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This approach turned out to be a breakthrough for transportation. Most observers agreed that transportation funding benefitted from “piggybacking” on the move to avoid major cuts in education and social services. A few agreed that,

given the narrow margin that eventually emerged, the addition of transportation into a single package was also a plus for funding general fund budget shortfalls. Several observers of this process remarked that this decision allowed legislators to claim support for transportation without raising taxes, as the primary transportation bill was divorced from the sales tax. In the end, this strategic decision on the sales tax benefited both campaigns.

## Themes, Tools, and Messaging

### Long-range Strategic Planning and Agency Credibility

Those involved in the process that led to the passage of the T-WORKS program, both within KDOT and outside the department, agreed that its success was rooted in a long-range strategic planning process that dated back seven years. Under the leadership of Secretary Deb Miller, KDOT recognized that the traditional ways of pursuing and deciding on the next multiyear transportation program, even though the then current 10-year CTP was only four years in, would require a significant shift in the department’s relationship with the public and local stakeholders. Already possessing good credibility, the department sought to improve upon it even further, addressing the one area with an identified weakness—communication with and responsiveness to local officials.

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The Partnership Project was seen as an early, key success, one that was built on by subsequent initiatives—such as “road rallies” and focus groups, the long range transportation plan’s development, and T-LINK—culminating in an environment where the decision to fund a new transportation program, this time under trying economic circumstances, was facilitated by improving further upon the credibility of an agency that was already reasonably strong. The strategic decision of KDOT not to be satisfied with the status quo or complacent about its past successes turned out to be crucial to the funding legislation that would not materialize for another six or seven years.

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*The Partnership Project improved the credibility of an agency that was already viewed favorably.*

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By the time of the 2010 legislative session, it was almost universally accepted that KDOT could be counted on as reliable stewards of scarce state revenues, leveraging improvements to, and more importantly, the preservation of a highway network to deliver economic benefits to the state in a time when they were needed most. One interviewee remarked that there were really few detractors of the new transportation program, and that those opposed maintained an underlying disapproval of any new taxes, but nonetheless praised KDOT for the work it had done.

### **Project Selection and the Absence of Project Commitments**

The central component of this seven-year strategic planning effort was a revised project selection process that no longer relied on producing a set list of projects to be built over the lifetime of the long-range funding program. Rather, KDOT pilot-tested a “flexible” process involving local consultation and economic impact analysis to select proposed projects. At the time T-WORKS was passed, a list had been developed that contained 160 project elements, but observers emphasized that the list was strictly to demonstrate how the new project selection

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*In contrast with other case studies, a list of specific projects would have made it more difficult to pass a funding bill.*

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process would work. None of those interviewed believed that the “test” list represented an implied commitment in the legislation that ensued.

The enacted legislation only specified KDOT’s newly developed evaluation methods and did not commit the

department to individual projects (with the single exception of an intermodal, railroad-truck facility in northwest Kansas). In fact, there are several factors that led to the significant departure from the formulation and adherence to legislated project lists that were inherent in the 1989 and 1999 legislation.

- One key contributor to the T-WORKS legislation stated that it would have been more difficult to pass the bill had project specificity been a component. An early version of the bill that would have directed specific percentages of funding to the six regions of the state was rejected. This participant felt that it would have been an “endless struggle” and “counterproductive” to allow the Legislature to pick the projects for the program.
- The priority for smaller preservation projects as well as the more limited size of T-WORKS in comparison with the larger CTP meant that fewer large-scale projects would be pursued. This would have made it more difficult to gain political support from areas that would have shown no major projects.
- The leading candidate for the 2010 gubernatorial election made it clear that if he were elected, and were confronted with funding legislation tied to pre-determined projects that would limit his flexibility, he would be less inclined to sustain that program.
- The widespread support for KDOT’s broadened project selection criteria and commitment to stakeholder engagement, coupled with confidence in the agency and its leadership was an underlying factor.

### **Multimodalism and Local Road Funding—Surprisingly Not Essential**

The legislation included some emphasis on multimodalism. However, this aspect was more a result of KDOT's transportation planning initiatives as opposed to other modal interests which were surprisingly not active in the legislative debate. Funding for transit, rail, and airport projects, which was not a part of the CHP and only incorporated to a lesser extent in the CTP—was not seen as a critical success factor. Indeed, one key observer postulated that T-WORKS would still have passed without support for other modes.

Similarly absent from the debate were local road advocates, despite the vast majority of miles in the state falling under local responsibility. Under previously existing statutes, local road funding claimed a notable share of highway revenue that accrued from motor fuel taxes, the primary funding mechanism increased with the CHP and CTP. Since the increase in funding enacted in 2010 derives from other sources, such as the sales tax and increased bonding capacity, funding for local roads did not benefit from T-WORKS.

### **Tying Transportation Investments to the State's Economic Goals**

One specific means of moving the state away from a rigid project selection method was the adopted recommendation to incorporate economic benefit analyses into the process. Stemming from initial findings of the Partnership Project and conclusively endorsed by the LRTP economic working group, incorporating such analyses would allow KDOT to examine trade-offs and make better informed investment decisions with leaner resources. Connections would be established between a particular project and the state's economic goals, for example providing rural two-lane highway improvements to regions that produce cattle or grain products, or additional highway interchanges along corridors of planned development. As noted earlier, KDOT also commissioned studies to look at the economic impacts of past projects to help its understanding of prior investments, a decision that would play heavily into making the case for T-WORKS' support. Finally, the very name of former Governor Sebelius's transportation task force (Transportation-Leveraging Investments in Kansas) described how the group would frame its recommendations—the state should "leverage future economic opportunities through strategic transportation improvements." T-LINK's recommendation to incorporate economic factors into future project selection was ultimately embraced by stakeholders, including the more traditional and initially skeptical Kansas Contractors Association.

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*Increasing jobs in the short- and long-term was a key selling point.*

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During the 2009 and 2010 development of the CTP's successor, an eye toward economic recovery and job creation was ever present. KDOT's pursuit of evaluating project investments in the context of economic goals had become all the more relevant. Adding or sustaining jobs, both in the short-run within the construction industry and in the long-run by supporting growth and development, was a main selling point of the bill. Like T-LINK, its very name (Transportation Works for Kansas) implied

transportation investments would lead to jobs in the state, a frequently cited necessity for achieving economic recovery.

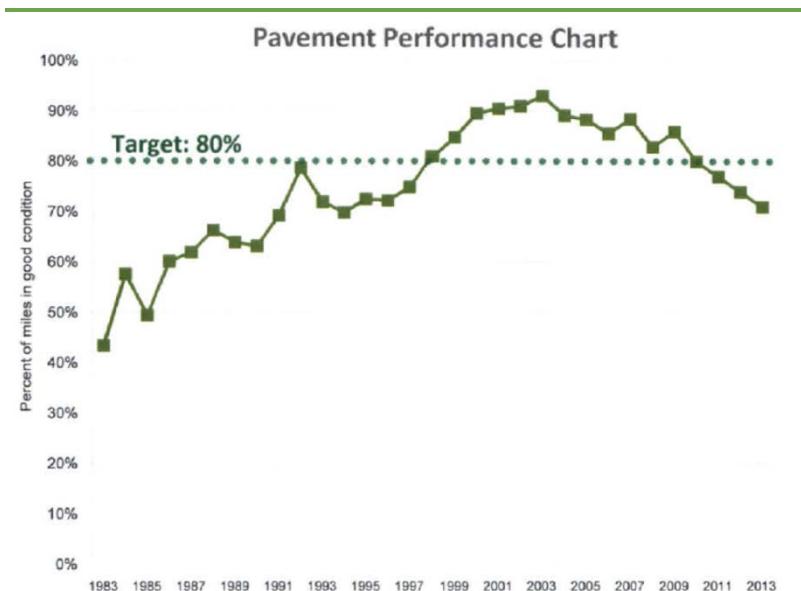
### **Building Support for Roadway Preservation**

By the conclusion of the CHP, the condition of highways in Kansas had improved above the 80 percent target threshold. Projects funded through the CTP maintained or continued to build upon this work. Recognizing that the investments made by these two programs provided the state with an invaluable resource, the overarching recommendation from the LRTP's five working groups was to adopt a preservation-first policy when planning future highway expenditures to avoid jeopardizing the investment that had been made and the quality of highway infrastructure that had been attained.

The strong support for preservation was no accident. During the LRTP process, KDOT sought to delve more deeply into the relationship between customer satisfaction and system performance. The department conducted so-called "road rallies," where citizens were driven along predetermined routes and asked to judge their satisfaction with pavement condition and other roadway features. These measures were correlated with technical ratings for pavements and other features. Focus groups conducted subsequently narrowed in on precise measures of willingness-to-pay for various improvement scenarios. Coupled with projections of pavement condition if revenues remained stagnant, the focus group outcomes helped reinforce the preservation theme and

counter the notion that because of the superior condition of Kansas highways, they did not warrant increased investment. In the absence of a new transportation program to succeed the CTP, KDOT pavement models indicated an average rate of deterioration of 3 percent per year (Figure 4-6), meaning nearly 50 percent of the state's highways would be in poor condition by 2025.

Although ultimately during the branding process, "preservation" was not a specific tagline chosen to characterize the T-WORKS program, an interviewee directly involved in the process attributed this decision to the fact that preservation was already ingrained in the minds of stakeholders and the public with respect to proposed transportation funding.



**Figure 4-6. Pavement Condition Projects with No New Funding**

Nonetheless, the preservation theme factored heavily into the promotion of T-WORKS' passage. A spotlight was cast on Kansas highways when, during the heat of debate over transportation legislation in March 2010, *Readers Digest* ranked Kansas number one in the nation in a detailed survey of road conditions. There was some initial concern that this accolade could again bolster the argument that it was not a prudent use of funds during difficult economic times to increase investment in a system that was already functioning optimally. As one interviewee pointed out, the number one ranking could have "backfired," noting that it might be difficult to generate concern over the loss of roughly 2 percent of expected revenues to transportation due to budget cuts when certain business interests were dealing with revenue losses of 20 percent or greater.

However, proponents returned to the counterargument that inaction would undo years of investment and quickly begin to impact both system users and those benefiting from performing actual maintenance and preservation activities. In one significant example after the *Readers Digest* survey, Governor Parkinson was joined by former Governors Hayden and Graves—champions of the CHP and CTP, respectively—at a public event held at a state highway maintenance shop urging the state to maintain its top position and not waste a 20-year investment. The *Wichita Eagle* reported Parkinson as saying, "if we go more than one or two or three years with the current level of spending on our highway maintenance, our roads will start crumbling ... we can't let that happen."

### **Discipline and Consistent Messages**

One interviewee stressed that discipline in staying on message was a key component of Kansas' success passing a transportation revenue increase. Messages developed for the T-WORKS program reached back to the extensive outreach efforts of KDOT to improve its relationships with local partners and better understand what aspects of transportation investment resonated with them. They were further refined through the LRTP process and carried through the proposed legislation in 2009 and ultimately in 2010. As discussed in the previous sections, a broadened process for project selection, a focus on preservation, and emphasizing the economic benefit or economic development potential of transportation investments over time became core components of the dialogue surrounding development of a new multiyear transportation program. Several interviewees pointed out that these messages were repeated (consistently, without alteration) through various outlets, whether in the media, on blogs, or by authoritative speakers, such as the Governor or President of the Senate.

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*Similar to other case studies, staying on message was a key to passing a transportation revenue increase.*

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Discipline also applied to the strategy for managing the small working group, so critical to advancing the successful transportation bill, from the summer of 2009 through the end of the 2010 legislative session. The strategy was deliberate and cohesive. One interviewee stated that no "side dealing" took place among the decision makers working with the strategic coalition. Another interviewee remarked that it was necessary to frequently remind close supporters of

the importance of staying focused on agreed-upon strategies and messages—to remain consistent and stay on track.

As part of this disciplined method, specific decisions on strategy were made using—as one interviewee put it—a “war room approach.” Such an approach was used for “dry runs” through materials used in marketing and presenting information in support of the transportation bill to ensure they stayed on message and were effective and in conformance with the plan of attack. The approach was also applied when deciding on the taglines used for the T-WORKS branding—Jobs, Safety, Economic Development (Figure 4-7). As mentioned previously, preservation was not selected as one of the taglines because the sentiment was that it was already ingrained in the minds of potential supporters. Safety was selected instead because it resonated among rural legislators in whose areas two-lane highways often have elevated risks and accident rates from inadequate shoulders and insufficient opportunities to pass slow-moving trucks.

The “T-WORKS” name itself (Transportation Works for Kansas) was the product of internal development at KDOT—effectively a brainstorming effort by key staff. As one interviewee recalled, “the name ‘works’ on multiple levels—‘works’ relates to both the economy but also speaks to [the] transportation system being sized and configured in an appropriate way for the state and that the policies associated with transportation are in sync with overall state policy and priorities.” Overall, the T-WORKS name and taglines were considered a successful, reinforcing component of the legislation’s passage that resonated well with stakeholders and the public alike.



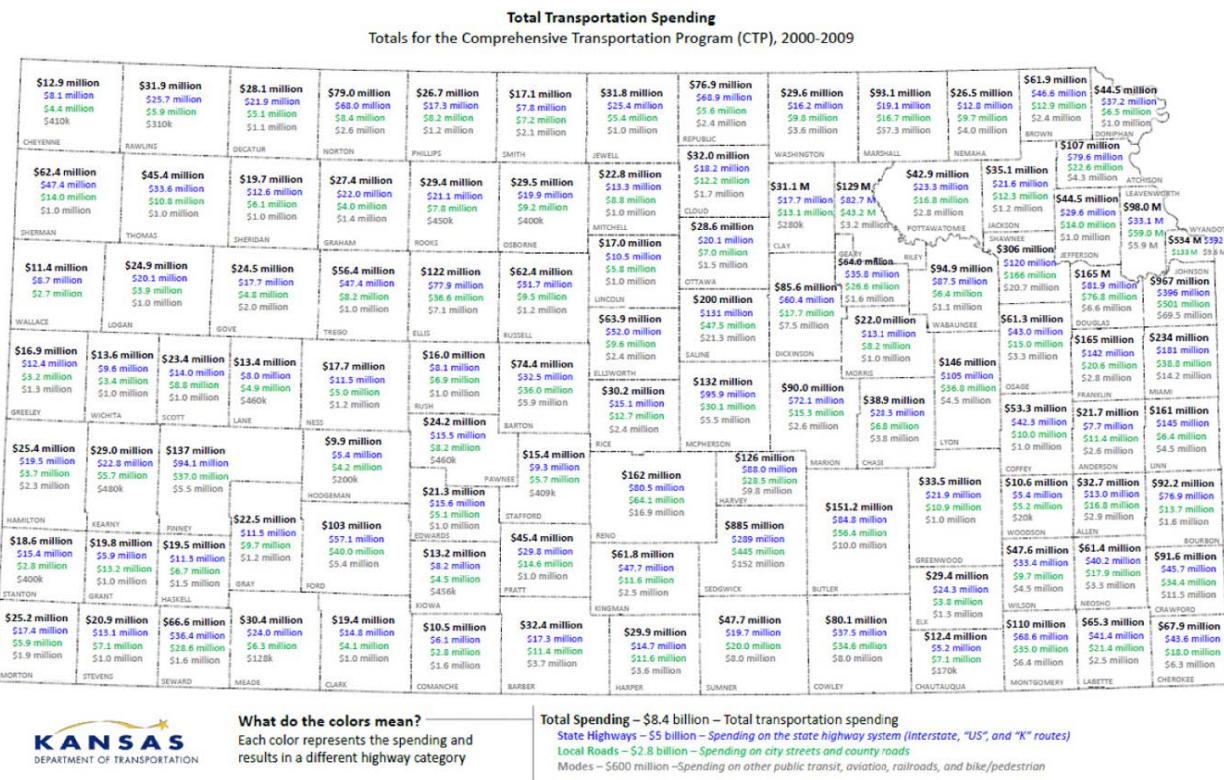
**Figure 4-7. T-WORKS Logo**

### **Specific Communication Tools**

Several notable tools were employed (and not employed) to communicate the themes and messages surrounding T-WORKS and its development:

- **Maps/Lists**—No specific map or list of projects attached to the bill was produced, as KDOT moved away from project specificity to a more collaborative and flexible process. However, a statewide map was produced of the prior CTP accomplishments and investment levels on a county-by-county basis (Figure 4-8). This map was readily available on KDOT’s website and used to bolster the agency’s credibility in delivering a multibillion dollar, multiyear program.

- Email Database** – Interviewees pointed to the significance and positive impact of a 2,000-stakeholder email database maintained by KDOT. Members of the database would occasionally receive messages signed by “Deb” (the department Secretary) with embedded links to other resources and promotional materials on T-WORKS development. This process enhanced support for the program by keeping “grass-top” and interested “grassroot” supporters alike informed and motivated to help spread the message.

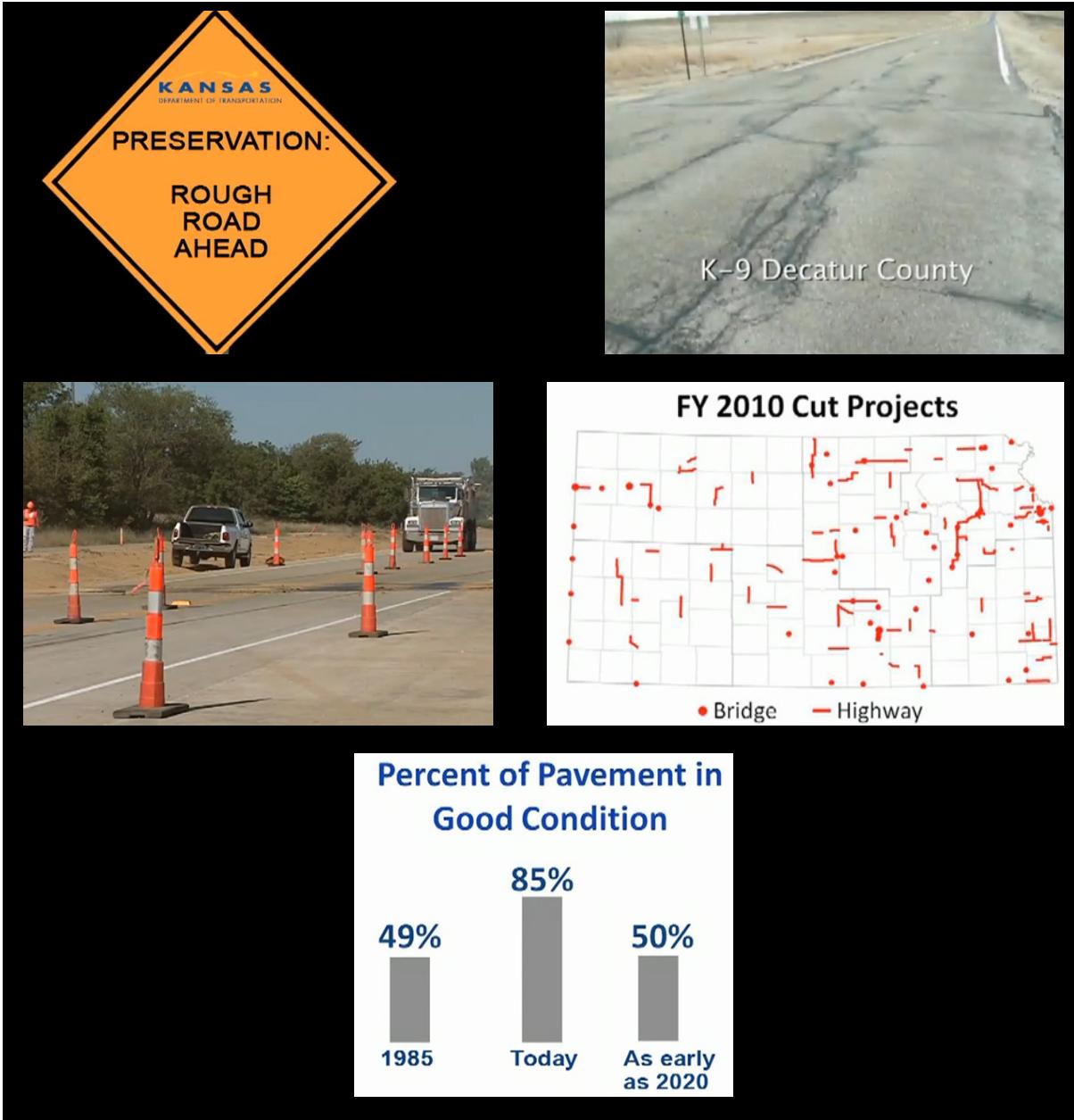


**Figure 4-8. CTP Statewide Spending**

- Online Community/Blogs** – KDOT launched the Kansas Transportation Online Community (K-TOC) in January 2009 to serve as a public forum for discussion of the state’s transportation issues. K-TOC was used to solicit public input on its project selection pilot program by posting scores and economic impact analyses of proposed projects. Discussion pages were created for each project. Although KDOT learned that it was possible to publish too much information, as the volume and depth of the analyses were at times found to confuse users, employing K-TOC in this manner was another valuable opportunity for interested individuals to share in the decision making process. K-TOC has also been used for KDOT “subject matter expert” blogs that discuss a broad

range of items of department importance, from technical highway project development issues to information on scenic byways in the state.

- **YouTube**—KDOT began to utilize YouTube as the passage of T-WORKS neared. KDOT issued its “first-ever video news release,” via YouTube during the legislative recess in April. The video, titled “Preservation: The Rough Road Ahead,” was intended to reinforce a broader understanding of the effects of not adequately maintaining roadways and the detrimental results of enduring ongoing budget cuts to transportation. Visual material gathered for the production surprised even some KDOT staff. Video imagery of poor conditions on some current roadways and an explanatory narrative showed how reduced funding and eliminated projects would soon exacerbate the conditions, even when they were currently considered to be good. (Screenshots from the video are shown in Figure 4-9.) The video stopped short of expressly advocating for the T-WORKS program since it was produced by a state agency, but the message was clear. KDOT measured over 4,500 hits on its YouTube channel. More significantly, the video garnered extensive play in the press, further spreading to many more thousands of viewers its core messages about preservation and funding. (KDOT shot the video in high definition so it was easy for television stations to simply air it directly on their newscasts.)
- **Twitter**—The department used Twitter to keep followers informed on a real-time basis during T-LINK sessions and the 2010 legislative session. KDOT staff tweeted updates during transportation and budget committee meetings. During the height of the debate, the department counted 700 followers. Although one interviewee doubted that the tweets ultimately had an impact on the way legislators voted, stakeholders appreciated the opportunity to gain a sense of being “part of the action” without being at the session in person, and the effort continued to reinforce the department’s commitment to transparency and providing timely information.



Source: KDOT YouTube Channel

**Figure 4-9. Rough Roads Video Screenshots**

## Lessons Learned

### Messaging and Branding

One interviewee has noted that “the general public [doesn’t] connect past transportation improvements with the funding programs that made those improvements possible.”

Accordingly, “transportation investments must be clearly identified as such – they must be *branded*.” The branding of the T-WORKS program and the work that led up to it was carefully honed by KDOT and supporters of the package. The themes attached to the program –

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*The themes attached to the program—preservation, economic benefits, jobs—were consistently applied and permeated outreach materials and the language used when proponents spoke of it.*

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preservation, economic benefits, jobs – were consistently applied and permeated outreach materials and the language used when proponents spoke of it.

Department language developed as part of the revamped project selection process was purposefully simplified and chosen to resonate with the public. For example, it became easy to understand how a preservation, modernization, or

expansion project would affect a particular individual or community. These three, simple project category descriptions supplanted technical jargon that only seemed to make project purpose and impact less clear. In another example that applied to the effects of transportation investments, an interviewee distinctly recalled how in the eyes of one pivotal advocate the number of jobs created or the increase in gross regional product from any one particular investment conveyed far more meaning among stakeholders than travel time savings.

In particular, characterizing the benefits of increasing revenues for transportation within the context of improving the economy was a key message. As noted previously, these messages were conveyed in the materials of the Kansas Transportation Notebook, including evidence of economic benefits generated from the previous transportation programs; throughout the process used to adopt economic benefit analysis as a criterion for a revised project selection process; and throughout the public dialogue that focused on short-term, construction-driven job creation, as well as long-term jobs derived from investment in general.

This message proved essential to overcome the resistance to a tax increase under the cloud of challenging economic circumstances. The prospects for both short- and long-term job creation clearly helped to sell the idea among backers and ultimately legislators who passed the package. However, one interviewee cautioned about making blanket job creation projections. Claiming a certain number of jobs will be created is insufficient. Instead, it is necessary to explicitly demonstrate *how* the economy will grow through the entire process of investment – an explanation that KDOT could provide because of its decision to incorporate economic impact analysis into its project selection process. The KDOT publication of its economic studies of transportation infrastructure investments and their resulting benefits was a critical element in making this case to skeptics.

While long-term economic benefits and job creation were emphasized in the advanced strategies building up toward legislative action, as the days of reckoning drew nearer during the 2010 legislative session, several interviewees acknowledged that the immediate job creation benefits arising from construction and related activities became ever more important to legislators.

### **Anticipating Changes and Adopting Strategies that Build Credibility**

KDOT's ability to recognize that the successes of the CHP and CTP were not likely to be replicable under a changed set of circumstances was instrumental in positioning the agency and its supportive stakeholders for T-WORKS' passage. With leaner resources, it was important to accept that implementing all "wish list projects" (as one interviewee put it) would not be possible. The need for greater focus on preservation and maintenance was recognized, and a shift was found to be necessary away from determining project selection under the old engineering formula driven criteria, to a collaborative process that utilized input from local partners, as well as additional objective analysis incorporating economic impacts.

The T-WORKS story has also shown the benefit of working more closely with engaged transportation stakeholders, such as small businesses, contractors, chambers of commerce, and local officials. This involves taking a "grass-tops" as opposed to a "grassroots" approach by paying close attention to the needs and priorities of individuals and groups that are more likely to be actively engaged in the political process, rather than a direct one with the public (grassroots). As one interviewee noted, these groups "move the needle," that is they carry influence both with members of the public whom they represent and with decision-makers that put change into effect. (Grass tops versus grassroots seems particularly appropriate for initiatives decided through legislation as opposed to referenda.)

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*The T-WORKS story has also shown the benefit of working more closely with engaged transportation stakeholders. This involves taking a "grass-tops" as opposed to a "grassroots" approach.*

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This shift by the department away from developing a set list of projects, while becoming more transparent in the process applied to project selection, was seen as a vital success factor by proponents interviewed. One person remarked that when individuals are involved in the decision-making process (project selection, for example), they "begin to understand when you [have to] say no." It is understood that not everything is possible under a constrained level of resources and that not all worthy projects can be accommodated. As the same interviewee noted, "you can never do enough projects to keep [everyone] happy but at least you can create the sense that they might get something."

All interviewees pointed to the KDOT strategy of anticipating the changes required to pursue a third comprehensive transportation program and the credibility it added to the perception of an already well-regarded department. This strategy proved to be essential in enabling legislators,

business interests, local entities, and other stakeholders to support the new program along with increased revenues for transportation in a challenging economic environment.

### **The List That KDOT Could Resist**

The T-WORKS legislation did not include a specific list of projects. This turned out to be the case notwithstanding Kansas's two previous programs spanning two decades in which specific lists of projects were key to gaining legislative support, as well as more recent experience around the country which suggests that the need for ironclad commitments seems increasingly important to address the growing cynicism about, and lack of trust in, government.

As noted earlier, there were several key reasons why a specific list of project commitments would not have been appropriate in this case. In the end, however, it is unlikely that this strategy would have succeeded were it not for the extraordinary credibility of KDOT in its ability to deliver, and in the competence and candor exemplified by its leadership.

### **A Matter of Timing**

Timing matters. This cannot be overstated. Early on in 2009 as the recession was unfolding, the strategic decision not to pursue a new transportation package that year proved to be the right one. Waiting any longer, beyond 2010, was also seen as a dead end since the expected incoming Governor was known to be unsupportive of any tax increase. Nonetheless, although certainly not ideal and even counterintuitive, pursuing the enactment of a new transportation program with increased revenues in the midst of a recession was, on balance, advantageous, according to several observers interviewed. They felt that without the context of an economic crisis and severe strain on the state's general fund, a transportation bill on its own would not have succeeded in 2010.

In summary, as several participants reflected on achieving enhanced transportation funding during a very difficult period of recession and anti-tax sentiment, it was noted that T-WORKS' success was a combination of "blood and guts" politics, fortuitous timing in terms of the need to address a general fund shortfall along with the decision to do a combined initiative that included transportation, and strategic positioning that further enhanced KDOT's credibility and its ways of doing business.

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## **Interviews**

- Mary Birch—Government Relations Coordinator, Lathrop & Gage LLP
- Whitney Damron—Whitney B. Damron, P.A.
- Paul Davis—House Minority Leader, Kansas House of Representatives
- Joseph Erskine—Deputy Secretary for Finance and Administration, Kansas Department of Transportation
- Julie Lorenz—Director of Public Affairs, Kansas Department of Transportation
- Deb Miller—Secretary of Transportation, Kansas Department of Transportation
- Stephen Morris—Senate President, Kansas Senate
- Tim Witsman—Wichita Independent Business Association