

MEETING DATE: September 22, 2008

AGENDA ITEM: Consideration of a Position of Support for Metropolitan Transportation Authority's Measure R on the November 4, 2008 Ballot.

ATTACHMENTS

1. County of Los Angeles Ordinance #08-01 "Traffic Relief and Rail Expansion Ordinance" and Expenditure Plan.

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Ordinance # 08-01

Traffic Relief and Rail Expansion Ordinance

PREAMBLE

Mobility in Los Angeles County is a necessity and requires an aggressive, responsible and accountable plan to meet the transportation needs of its more than 10 million residents.

1. **RAIL EXPANSION:**
Expand the county's Metro rail system, including direct airport connection
2. **LOCAL STREET IMPROVEMENTS:**
Synchronize signals, fill potholes, repair streets, and make neighborhood streets and intersections safer for drivers, bicyclists, and pedestrians in each community
3. **TRAFFIC REDUCTION:**
Enhance safety and improve flow on L.A. County freeways and highways
4. **BETTER PUBLIC TRANSPORTATION:**
Make public transportation more convenient and affordable - especially for seniors, students, disabled and commuters
5. **QUALITY OF LIFE:**
Provide alternatives to high gas prices, stimulate the local economy, create jobs, reduce pollution and decrease dependency on foreign oil

SECTION 1. TITLE

This Ordinance shall be known and may be cited as the Traffic Relief and Rail Expansion Ordinance, Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization. The word "Ordinance," as used herein, shall include Attachment A entitled "Expenditure Plan" which is attached hereto and incorporated by reference as if fully set forth herein.

SECTION 2. SUMMARY

This Ordinance provides for the establishment and implementation of a retail transactions and use tax at the rate of one-half of one percent (.5%) for a period of thirty (30) years and an expenditure plan.

SECTION 3. DEFINITIONS

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1 The following words, whenever used in this Ordinance, shall have the meanings as
2 set forth below:

3 "Board of Equalization" means the California State Board of Equalization.

4 "Capital Project" means a project or program described in Attachment A as a
5 "Capital Project."

6 "Expenditure Plan" means that expenditure plan for the revenues derived from
7 a Sales Tax imposed pursuant to this Ordinance, and any other identified state and
8 local funding, as required under proposed amended Section 130350.5(f) of the
9 Public Utilities Code.

10 "Gross Sales Tax" means the amount of Sales Tax collected by the Board of
11 Equalization pursuant to this Ordinance.

12 "Interest" means interest and other earnings on cash balances.

13 "Metro" or "MTA" means the Los Angeles County Metropolitan Transportation
14 Authority or any successor entity.

15 "Net Revenues" means Sales Tax Revenues minus any amount expended on
16 administrative costs pursuant to Section 10.

17 "Sales Tax" means a retail transactions and use tax.

18 "Sales Tax Revenues" means the Gross Sales Tax minus any refunds and any
19 fees imposed by the Board of Equalization for the performance of functions incident
20 to the administration and operation of this Ordinance.

21 22 SECTION 4. STATUTORY AUTHORITY

23 This Ordinance is enacted, in part, pursuant to:

24 a. Part 1.6 (commencing with Section 7251) of Division 2 of the California
25 Revenue and Taxation Code;

26 b. Division 12 (commencing with Section 130000) of the California Public
27 Utilities Code;

28 c. Proposed amendments to Section 130350.5 of the California Public
29 Utilities Code adopted during the 2007-2008 legislative session.

30 31 SECTION 5. IMPOSITION OF RETAIL TRANSACTIONS AND USE TAX

32 a. Subject to the limits imposed by this Ordinance, Metro hereby imposes,
33 in the incorporated and unincorporated territory of Los Angeles County, a Sales Tax
34 at the rate of one-half of one percent (.5%) for a period of thirty (30) years beginning

1 on the first day of the first calendar quarter commencing not less than 180 days after
2 the adoption of this Ordinance by the voters.

3 b. This Sales Tax shall be in addition to any other taxes authorized by law,
4 including any existing or future state or local Sales Tax. The imposition,
5 administration and collection of the tax shall be in accordance with all applicable
6 statutes, laws, and rules and regulations prescribed and adopted by the Board of
7 Equalization.

8 c. Pursuant to proposed amended Section 130350.5(d) of the Public
9 Utilities Code, the tax rate authorized by this section shall not be considered for
10 purposes of the combined rate limit established by Section 7251.1 of the Revenue
11 and Taxation Code.

12 d. Pursuant to the provisions of Section 7262.2 of the Revenue and
13 Taxation Code, the required provisions of Sections 7261 and 7262 of that Code as
14 now in effect or as later amended are adopted by reference in this Ordinance.

15 e. This Ordinance incorporates provisions identical to those of the Sales
16 and Use Tax Law of the State of California insofar as those provisions are not
17 inconsistent with the requirements and limitations contained in Part 1.6 of Division 2
18 of the Revenue and Taxation Code.

19 f. The Sales Tax shall be administered and collected by the Board of
20 Equalization in a manner that adapts itself as fully as practicable to, and requires the
21 least possible deviation from, the existing statutory and administrative procedures
22 followed by the Board of Equalization in administering and collecting the California
23 State Sales and Use Taxes.

24 g. This Sales Tax shall be administered in a manner that will be, to the
25 greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of
26 the Revenue and Taxation Code, minimize the cost of collecting the transactions and
27 use taxes, and at the same time, minimize the burden of record keeping upon
28 persons subject to taxation under the provisions of this Ordinance.

30 SECTION 6. ADMINISTRATION BY BOARD OF EQUALIZATION

31 a. CONTRACT WITH STATE. Prior to the operative date, Metro shall
32 contract with the Board of Equalization to perform all functions incident to the
33 administration and operation of this Ordinance; provided, that if Metro shall not have
34 contracted with the Board of Equalization prior to the operative date, it shall

nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

b. **TRANSACTIONS TAX RATE.** For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of Los Angeles County at the rate of one half of one percent (.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

c. **PLACE OF SALE.** For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the Board of Equalization.

d. **USE TAX RATE.** An excise tax is hereby imposed on the storage, use or other consumption in Los Angeles County of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in Los Angeles County at the rate of one half of one percent (.5%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

e. **ADOPTION OF PROVISIONS OF STATE LAW.** Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

f. **LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.** In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

1 1. Wherever the State of California is named or referred to as the
2 taxing agency, the name of Metro shall be substituted therefor. However, the
3 substitution shall not be made when:

4 A. The word "State" is used as a part of the title of the State
5 Controller, State Treasurer, State Board of Control, State Board of Equalization, State
6 Treasury, or the Constitution of the State of California;

7 B. The result of that substitution would require action to be
8 taken by or against Metro or any agency, officer, or employee thereof rather than by or
9 against the Board of Equalization, in performing the functions incident to the
10 administration or operation of this Ordinance.

11 C. In those sections, including, but not necessarily limited to
12 sections referring to the exterior boundaries of the State of California, where the result
13 of the substitution would be to:

14 i. Provide an exemption from this Sales Tax with
15 respect to certain sales, storage, use or other consumption of tangible personal
16 property which would not otherwise be exempt from this Sales Tax while such sales,
17 storage, use or other consumption remain subject to tax by the State under the
18 provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

19 ii. Impose this Sales Tax with respect to certain sales,
20 storage, use or other consumption of tangible personal property which would not be
21 subject to this Sales Tax by the state under the said provision of that code.

22 D. In Sections 6701, 6702 (except in the last sentence
23 thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

24 2. The phrase "Los Angeles County Metropolitan Transportation
25 Authority or any successor entity" shall be substituted for the word "State" in the
26 phrase "retailer engaged in business in this State" in Section 6203 and in the definition
27 of that phrase in Section 6203 of the Revenue and Taxation Code.

28 g. PERMIT NOT REQUIRED. If a seller's permit has been issued to a
29 retailer under Section 6067 of the Revenue and Taxation Code, an additional
30 transactor's permit shall not be required by this Ordinance.

31 h. EXEMPTIONS AND EXCLUSIONS.

32 1. There shall be excluded from the measure of the transactions tax
33 and the use tax the amount of any sales tax or use tax imposed by the State of
34 California or by any city, city and county, or county pursuant to the Bradley-Burns

1 Uniform Local Sales and Use Tax Law or the amount of any state-administered
2 transactions or use tax.

3 2. There are exempted from the computation of the amount of
4 transactions tax the gross receipts from:

5 A. Sales of tangible personal property, other than fuel or
6 petroleum products, to operators of aircraft to be used or consumed principally outside
7 the County in which the sale is made and directly and exclusively in the use of such
8 aircraft as common carriers of persons or property under the authority of the laws of
9 this State, the United States, or any foreign government.

10 B. Sales of property to be used outside Los Angeles County
11 which is shipped to a point outside Los Angeles County, pursuant to the contract of
12 sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer
13 to a carrier for shipment to a consignee at such point. For the purposes of this
14 paragraph, delivery to a point outside Los Angeles County shall be satisfied:

15 i. With respect to vehicles (other than commercial
16 vehicles) subject to registration pursuant to Chapter 1 (commencing with Section
17 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section
18 21411 of the Public Utilities Code, and undocumented vessels registered under
19 Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an
20 address outside Los Angeles County and by a declaration under penalty of perjury,
21 signed by the buyer, stating that such address is, in fact, his or her principal place of
22 residence; and

23 ii. With respect to commercial vehicles, by registration
24 to a place of business outside Los Angeles County and declaration under penalty of
25 perjury, signed by the buyer, that the vehicle will be operated from that address.

26 C. The sale of tangible personal property if the seller is
27 obligated to furnish the property for a fixed price pursuant to a contract entered into
28 prior to the operative date of this Ordinance.

29 D. A lease of tangible personal property which is a continuing
30 sale of such property, for any period of time for which the lessor is obligated to lease
31 the property for an amount fixed by the lease prior to the operative date of this
32 Ordinance.

33 E. For the purposes of subparagraphs (C) and (D) of this
34 section, the sale or lease of tangible personal property shall be deemed not to be

1 obligated pursuant to a contract or lease for any period of time for which any party to
2 the contract or lease has the unconditional right to terminate the contract or lease upon
3 notice, whether or not such right is exercised.

4 3. There are exempted from the use tax imposed by this Ordinance,
5 the storage, use or other consumption in Los Angeles County of tangible personal
6 property:

7 A. The gross receipts from the sale of which have been
8 subject to a transactions tax under any state-administered transactions and use tax
9 ordinance.

10 B. Other than fuel or petroleum products purchased by
11 operators of aircraft and used or consumed by such operators directly and exclusively
12 in the use of such aircraft as common carriers of persons or property for hire or
13 compensation under a certificate of public convenience and necessity issued pursuant
14 to the laws of this State, the United States, or any foreign government. This exemption
15 is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue
16 and Taxation Code of the State of California.

17 C. If the purchaser is obligated to purchase the property for a
18 fixed price pursuant to a contract entered into prior to the operative date of this
19 Ordinance.

20 D. If the possession of, or the exercise of any right or power
21 over, the tangible personal property arises under a lease which is a continuing
22 purchase of such property for any period of time for which the lessee is obligated to
23 lease the property for an amount fixed by a lease prior to the operative date of this
24 Ordinance.

25 E. For the purposes of subparagraphs (C) and (D) of this
26 section, storage, use, or other consumption, or possession of, or exercise of any right
27 or power over, tangible personal property shall be deemed not to be obligated
28 pursuant to a contract or lease for any period of time for which any party to the
29 contract or lease has the unconditional right to terminate the contract or lease upon
30 notice, whether or not such right is exercised.

31 F. Except as provided in subparagraph (G), a retailer
32 engaged in business in Los Angeles County shall not be required to collect use tax
33 from the purchaser of tangible personal property, unless the retailer ships or delivers
34 the property into the County or participates within the County in making the sale of the

1 property, including, but not limited to, soliciting or receiving the order, either directly or
2 indirectly, at a place of business of the retailer in County or through any representative,
3 agent, canvasser, solicitor, subsidiary, or person in the County under the authority of
4 the retailer.

5 G. "A retailer engaged in business in Los Angeles County"
6 shall also include any retailer of any of the following: vehicles subject to registration
7 pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle
8 Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code,
9 or undocumented vessels registered under Division 3.5 (commencing with Section
10 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any
11 purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in Los
12 Angeles County.

13 4. Any person subject to use tax under this Ordinance may credit
14 against that tax any transactions tax or reimbursement for transactions tax paid to a
15 district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division
16 2 of the Revenue and Taxation Code with respect to the sale to the person of the
17 property the storage, use or other consumption of which is subject to the use tax.

18 i. AMENDMENTS. All amendments subsequent to the effective date of this
19 Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales
20 and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of
21 the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of
22 Division 2 of the Revenue and Taxation Code, shall automatically become a part of
23 this Ordinance, provided however, that no such amendment shall operate so as to
24 affect the rate of tax imposed by this Ordinance.

25 j. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of
26 mandate or other legal or equitable process shall issue in any suit, action or
27 proceeding in any court against the State or Metro, or against any officer of the State
28 or Metro, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of
29 Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax
30 required to be collected.

31 SECTION 7. USE OF REVENUES

32 a. All of the Net Revenues generated from the Sales Tax plus any Interest
33 or other earnings thereon, less any funds necessary for satisfaction of debt service
34

1 and related requirements of all bonds issued pursuant to this Ordinance that are not
2 satisfied out of separate allocations, shall be allocated solely for the transportation
3 purposes described in this Ordinance.

4 b. Metro shall establish and administer a sales tax revenue fund with
5 appropriate subfunds to account for the allocation categories defined in this
6 Ordinance. All Net Revenues and Interest on Sales Tax Revenues shall be credited
7 into the sales tax revenue fund and credited to the appropriate subfunds pursuant to
8 the allocation ratios described on page 1 of Attachment A. The moneys in the sales
9 tax revenue fund shall be available to Metro to meet expenditure and cashflow needs
10 of the projects and programs described in Attachment A. Metro may expend
11 additional funds from sources other than the Sales Tax imposed pursuant to this
12 Ordinance on the projects and programs described in Attachment A. Funds shall be
13 available for projects and programs described in Attachment A beginning in the fiscal
14 years identified in Attachment A as "Funds Available Beginning."

15 c. Metro shall establish the following subfunds of the sales tax revenue
16 fund:

- 17 1. Transit Capital Subfund
- 18 2. Highway Capital Subfund
- 19 3. Operations Subfund
- 20 4. Local Return Subfund

21 d. Funds in the Transit Capital Subfund shall be allocated to Capital
22 Projects identified in Attachment A as "Transit Projects."

23 1. For those Capital Projects identified in Attachment A as "Transit
24 Projects" and identified as "Escalated \$," Metro shall expend no less than the amount
25 of Net Revenues identified in Attachment A as "New Sales Tax – Total" for each
26 Capital Project so identified.

27 2. For those Capital Projects identified in Attachment A as "Transit
28 Projects" and identified as "Current 2008 \$," Metro shall expend no less than an
29 amount of Net Revenues equal to the value of the amount identified in Attachment A
30 as "New Sales Tax – Total" for each Capital Project so identified. The amount of Net
31 Revenues equal to the value of the amount identified in Attachment A as "New Sales
32 Tax – Total" shall be determined by adjusting the amount identified as follows, at the
33 discretion of Metro:

1 A. Up to four percent (4%) annually for the fiscal years 2010
2 through 2014; and

3 B. Up to three percent (3%) annually for the fiscal year 2015
4 and all fiscal years thereafter.

5 3. Metro shall allocate no less than the amount of Net Revenues
6 identified in Attachment A as "New Sales Tax – Total" for the project identified in
7 Attachment A as "Capital Project Contingency (Transit)." Funds allocated to "Capital
8 Project Contingency (Transit)" shall be expended as needed to provide additional
9 funding for Capital Projects identified in Attachment A as "Transit Projects." Metro
10 may expend such funds for debt service, excluding payments for principal, to offset
11 the costs of inflation, or for any other purpose. Metro shall not expend an amount of
12 Net Revenues from Capital Project Contingency (Transit) that is greater than the
13 amount permitted in paragraph (d)(2) for any Capital Project.

14 4. In the event that a Capital Project identified in Attachment A as a
15 "Transit Project" is completed without the expenditure of the amount of Net
16 Revenues allocated by this Ordinance, any surplus Net Revenues allocated to that
17 Capital Project shall be credited to the Transit Capital Subfund and expended for
18 Capital Projects located within the same subregion as the project so completed. The
19 Board of Directors of Metro shall determine by a two-thirds vote whether a Capital
20 Project is complete.

21 e. Funds in the Highway Capital Subfund shall be allocated to Capital
22 Projects identified in Attachment A as "Highway Projects."

23 1. For those Capital Projects identified in Attachment A as
24 "Highway Projects" and identified as "Escalated \$," Metro shall expend no less than
25 the amount of Net Revenues identified in Attachment A as "New Sales Tax – Total"
26 for each Capital Project so identified.

27 2. For those Capital Projects identified in Attachment A as
28 "Highway Projects" and identified as "Current 2008 \$," Metro shall expend no less
29 than an amount of Net Revenues equal to the value of the amount identified in
30 Attachment A as "New Sales Tax – Total" for each Capital Project so identified. The
31 amount of Net Revenues equal to the value of the amount identified in Attachment A
32 as "New Sales Tax – Total" shall be determined by adjusting the amount identified as
33 follows, at the discretion of Metro:

1 A. Up to four percent (4%) annually for the fiscal years 2010
2 through 2014; and

3 B. Up to three percent (3%) annually for the fiscal year 2015
4 and all fiscal years thereafter.

5 3. Metro shall allocate no less than the amount of Net Revenues
6 identified in Attachment A as "New Sales Tax – Total" for the project identified in
7 Attachment A as "Capital Project Contingency (Highway)." Funds allocated to
8 "Capital Project Contingency (Highway)" shall be expended as needed to provide
9 additional funding for Capital Projects identified in Attachment A as "Highway
10 Projects." Metro may expend such funds for debt service, excluding payments for
11 principal, to offset the costs of inflation, or for any other purpose. Metro shall not
12 expend an amount of Net Revenues from Capital Project Contingency (Highway) that
13 is greater than the amount permitted in paragraph (e)(2) for any Capital Project.

14 4. In the event that a Capital Project identified in Attachment A as a
15 "Highway Project" is completed without the expenditure of the amount of Net
16 Revenues allocated by this Ordinance, any surplus Net Revenues allocated to that
17 Capital Project shall be credited to the Highway Capital Subfund and expended for
18 Capital Projects located within the same subregion as the project so completed. The
19 Board of Directors of Metro shall determine by a two-thirds vote whether a Capital
20 Project is complete.

21 f. Funds in the Operations Subfund shall be allocated to the projects and
22 programs described in Attachment A as "Operations." Metro shall expend the
23 percentage of Net Revenues identified in Attachment A as "Percent of New Sales
24 Tax" for each project and program described in Attachment A as "Operations."

25 g. Funds in the Local Return Subfund shall be allocated to the projects
26 and programs described in Attachment A as "Local Return." Metro shall expend the
27 percentage of Net Revenues identified in Attachment A as "Percent of New Sales
28 Tax" for each project and program described in Attachment A as "Local Return."

29 1. No Net Revenues distributed to a local jurisdiction pursuant to
30 Paragraph (g) shall be used for other than transportation purposes. Any jurisdiction
31 that violates this provision must fully reimburse Metro, including Interest thereon, for
32 the Net Revenues misspent and shall be deemed ineligible to receive Net Revenues
33 for a period of three (3) years.

2. To the extent that funds are returned to local jurisdictions pursuant to this paragraph, the receipt, maintenance and expenditure of such funds shall be distinguishable in each jurisdiction's accounting records from other funding sources, and expenditures of such funds shall be distinguishable by program or project. Interest earned on funds allocated pursuant to this paragraph shall be expended only for those purposes for which the funds were allocated.

h. Metro may enter into an agreement with the Board of Equalization to transfer Sales Tax Revenues directly to a bond trustee or similar fiduciary, in order to provide for the timely payment of debt service and related obligations, prior to Metro's receipt and deposit of such Sales Tax Revenues into the sales tax revenue fund; provided, however, that such payments of debt service and related obligations shall be allocated to the appropriate Capital Project Contingency line item or to such subfund within the sales tax revenue fund consistent with the expenditure of the proceeds of the corresponding debt.

i. Metro shall propose the projects and programs in Attachment A for inclusion in the Long Range Transportation Plan.

SECTION 8. OVERSIGHT

a. Commencing with the 2009-2010 fiscal year, and in accordance with Section 8(a)(1) of this Ordinance, Metro shall contract for an annual audit, to be completed within six months after the end of the fiscal year being audited, for the purpose of determining compliance by Metro with the provisions of this Ordinance relating to the receipt and expenditure of Sales Tax Revenues during such fiscal year.

1. Prior to entering into a contract with an auditing firm to perform any audit required under Section 8(a), Metro shall solicit bids from at least three qualified firms. Notwithstanding any other provision of law, the cost of performing and publishing any audit required under Section 8(a) of this Ordinance shall be paid from Sales Tax Revenues.

b. There is hereby established a Proposition R Independent Taxpayers Oversight Committee of Metro ("Committee"). The Committee shall meet at least twice each year to carry out the purposes of this Ordinance.

c. The Committee shall be comprised of three persons, each of whom shall be a retired Federal or State Judge. Committee members shall be selected as

1 follows: one member shall be appointed by the Los Angeles County Board of
2 Supervisors; one member shall be appointed by the Mayor of the City of Los
3 Angeles; and one member shall be appointed by the Los Angeles County City
4 Selection Committee. The members of the Committee must reside in Los Angeles
5 County. No person currently serving as an elected or appointed city, county, special
6 district, state, or federal public officeholder shall be eligible to serve as a member of
7 the Committee.

8 d. The Committee shall select and consult with an advisory panel when
9 performing its responsibilities required under this Ordinance. The advisory panel
10 shall consist of at least one representative, and not more than two, of the following
11 professions or areas of expertise:

- 12 1. Construction trade labor union representative
- 13 2. Environmental engineer or environmental scientist
- 14 3. Road or rail construction firm project manager
- 15 4. Public and private finance expert
- 16 5. Regional association of businesses representative
- 17 6. Transit system user

18 e. All meetings of the Committee shall be held within Los Angeles County.
19 All meetings of the Committee shall be held in compliance with the provisions of the
20 Ralph M. Brown Act (Section 54950 et seq. of the California Government Code).

21 f. Each member of the Committee shall serve for a term of two years, and
22 until a successor is appointed. No member of the Committee shall be entitled to any
23 compensation, except that Metro may reimburse actual expenses of members
24 arising out of the performance of their duties as Committee members.

25 g. Members of the advisory panel may be replaced by the Committee at
26 any time by a majority vote of the Committee. No member of the advisory panel
27 shall be entitled to any compensation, except that Metro may reimburse actual
28 expenses of members arising out of the performance of their duties as advisory
29 panel members.

30 h. Metro may adopt further guidelines to govern the operations of the
31 Committee.

32 i. The Committee shall have the following responsibilities:

- 33 1. Review the results of the audit performed pursuant to Section
34 8(a) of this Ordinance and make findings as to whether Metro has complied with the

1 terms of the Ordinance. Such findings shall include a determination as to whether
2 recipients of Net Revenues allocated to the Local Return Subfund have complied
3 with this Ordinance and any additional guidelines developed by Metro pursuant to
4 Section 9(b).

5 2. Prepare an annual report to the Metro Board of Directors
6 presenting the results of the annual audit process and any findings made. The report
7 shall include an assessment of the consistency of the expenditures of Sales Tax
8 Revenues with this Ordinance, including Attachment A. The Committee shall cause
9 a summary of the report to be published in local newspapers and the entire report
10 and annual audit to be made available to every library located within Los Angeles
11 County for public review. The Committee shall hold a public hearing on each audit
12 and annual report and shall report the comments of the public to Metro.

13 3. Review any proposed amendments to this Ordinance, including
14 the expenditure plan, and make a finding as to whether the proposed amendments
15 further the purpose of this Ordinance. Metro shall make any proposed amendments
16 available to the Committee at least 30 days prior to any vote to adopt the proposed
17 amendments.

18 4. Review all proposed debt financing and make a finding as to
19 whether the benefits of the proposed financing for accelerating project delivery,
20 avoiding future cost escalation, and related factors exceed issuance and interest
21 costs.

22 5. Any findings made by the Committee shall be submitted to the
23 Metro Board of Directors in advance of the next regular Board meeting
24

25 SECTION 9. MAINTENANCE OF EFFORT REQUIREMENTS

26 a. It is the intent of the Legislature, as stated in Public Utilities Code
27 proposed amended Section 130350.5(e), and Metro, that revenues provided from
28 this Ordinance to local jurisdictions in Los Angeles County under the projects and
29 programs described in Attachment A as "Local Return" be used to augment, not
30 supplant, existing local revenues being used for transportation purposes.

31 b. Metro shall develop guidelines which, at a minimum, specify
32 maintenance of effort requirements for the local return program, matching funds, and
33 administrative requirements for the recipients of revenue derived from the Sales Tax.
34

1 **SECTION 10. COSTS OF ADMINISTRATION**

2 Gross Sales Tax revenues may be appropriated by Metro for administrative
3 costs, including contractual services; however in no case shall the Gross Sales Tax
4 revenues appropriated for such costs exceed more than one and one-half percent
5 (1.5%) of the Gross Sales Tax revenues in any year.
6

7 **SECTION 11. AMENDMENTS**

8 a. Metro may amend this Ordinance, including Attachment A, with the
9 exception of Section 11, for any purpose, including as necessary to account for the
10 results of any environmental review required under the California Environmental
11 Quality Act of the individual specific projects listed in Attachment A. Any such
12 amendments shall be approved by a vote of not less than two-thirds (2/3) of the
13 Metro Board of Directors. Metro shall hold a public meeting on proposed
14 amendments prior to adoption. Metro shall provide notice to the Los Angeles County
15 Board of Supervisors, the city council of each city in Los Angeles County, and the
16 public of the public meeting and proposed amendments, and provide them with a
17 copy of the proposed amendments, at least 30 days prior to the public meeting.
18 Amendments shall become effective forty-five days after adoption.

19 b. Notwithstanding Section 11(a) of this Ordinance, Metro shall not adopt
20 any amendment to this Ordinance, including Attachment A, that reduces total Net
21 Revenues allocated to the sum of the Transit Capital Subfund and the Highway
22 Capital Subfund. Not more than once in any ten (10) year period commencing after
23 the year 2019, Metro may adopt an amendment transferring Net Revenues between
24 the Transit Capital Subfund and the Highway Capital Subfund.

25 c. Notwithstanding Section 11(a) of this Ordinance, Metro shall not adopt
26 any amendment to this Ordinance, including Attachment A, that reduces Net
27 Revenues allocated to the Operations Subfund or the Local Return Subfund.

28 d. Metro may amend Section 11 of this Ordinance if such amendments are
29 approved by a vote of not less than two-thirds (2/3) of the Metro Board of Directors
30 and are approved by a simple majority vote of the electors voting on a measure to
31 approve the amendment. Metro shall hold a public meeting on proposed
32 amendments prior to adoption by the Board. Metro shall provide notice to the Los
33 Angeles County Board of Supervisors, the city council of each city in Los Angeles
34 County, and the public of the public meeting and proposed amendments, and

1 provide them with a copy of the proposed amendments, at least 30 days prior to the
2 public meeting. Amendments shall become effective forty-five days after adoption by
3 the electors.
4

5 SECTION 12. ESTABLISHMENT OF BONDING AUTHORITY

6 Metro is authorized to issue limited tax bonds, from time to time, payable from
7 and secured by Sales Tax Revenues to finance any program or project in the
8 Expenditure Plan, pursuant to Sections 130500 et seq. of the Public Utilities Code, and
9 any successor act. As additional security, such bonds may be further payable from
10 and secured by farebox revenues or general revenues of Metro, on a basis
11 subordinate to Metro's existing General Revenue Bonds, or any other available source
12 of Metro's revenues, in each case as specified in a resolution adopted by a majority of
13 Metro's Board of Directors. The maximum bonded indebtedness, including issuance
14 costs, interest, reserve requirements and bond insurance, shall not exceed the total
15 amount of the Gross Sales Tax. Nothing herein shall limit or restrict in any way the
16 power and authority of Metro to issue bonds, notes or other obligations, to enter into
17 loan agreements, leases, reimbursement agreements, standby bond purchase
18 agreements, interest rate swap agreements or other derivative contracts or to engage
19 in any other transaction under the Government Code, the Public Utilities Code or any
20 other law.
21

22 SECTION 13. APPROPRIATIONS LIMIT

23 Article XIIB of the California Constitution requires certain governmental entities
24 to establish an annual appropriations limit. This appropriations limit is subject to
25 adjustment as provided by law. To the extent required by law, Metro shall establish an
26 annual appropriations limit and expenditures of the retail transactions and use tax shall
27 be subject to such limit.
28

29 SECTION 14. ELECTION

30 Pursuant to California Public Utilities Code Section 130350, Metro hereby calls
31 a special election to place this Ordinance before the voters. The ballot language
32 shall read as follows:
33

34 **Traffic Relief. Rail Extensions. Reduce Foreign Oil Dependence.**

To:

- Synchronize traffic signals;
- Repair potholes;
- Extend light rail with airport connections;
- Improve freeway traffic flow (5, 10, 14, 60, 101, 110, 138, 210, 405, 605, 710);
- Keep senior / student / disabled fares low;
- Provide clean-fuel buses;
- Expand subway / Metrolink / bus service;
- Dedicate millions for community traffic relief;

Shall Los Angeles County's sales tax increase one-half cent for 30 years with independent audits, public review of expenditures, all locally controlled?

SECTION 15. STATUTORY REFERENCES

References in this Ordinance to proposed amendments to Section 130350.5 of the Public Utilities Code are to Section 130350.5 as amended or added by Assembly Bill 2321 of the 2007-2008 legislative session.

SECTION 16. EFFECTIVE AND OPERATIVE DATES

a. This Ordinance shall be effective on January 2, 2009, if:

1. Two-thirds (2/3) of the electors voting on the measure authorizing the imposition of the Sales Tax vote to authorize its enactment at the statewide general election scheduled for November 4, 2008; and

2. A California state statute that provides for all of the following is adopted by the California Legislature and becomes effective prior to January 2, 2009:

A. Requires Metro to include in Attachment A the following projects, programs, and funding levels;

i. Exposition Boulevard Light Rail Transit Project from downtown Los Angeles to Santa Monica. The sum of nine hundred twenty-five million dollars (\$925,000,000).

- 1 ii. Crenshaw Transit Corridor from Wilshire Boulevard
2 to Los Angeles International Airport along Crenshaw Boulevard. The sum of two
3 hundred thirty-five million five hundred thousand dollars (\$235,500,000).
- 4 iii. San Fernando Valley North-South Rapidways. The
5 sum of one hundred million five hundred thousand dollars (\$100,500,000).
- 6 iv. Metro Gold Line (Pasadena to Claremont) Light
7 Rail Transit Extension. The sum of seven hundred thirty-five million dollars
8 (\$735,000,000).
- 9 v. Metro Regional Connector. The sum of one
10 hundred sixty million dollars (\$160,000,000).
- 11 vi. Metro Westside Subway Extension. The sum of
12 nine hundred million dollars (\$900,000,000).
- 13 vii. State Highway Route 5 Carmenita Road
14 Interchange Improvement. The sum of one hundred thirty-eight million dollars
15 (\$138,000,000).
- 16 viii. State Highway Route 5 Capacity Enhancement
17 (State Highway Route 134 to State Highway Route 170, including access improvement
18 for Empire Avenue). The sum of two hundred seventy-one million five hundred
19 thousand dollars (\$271,500,000).
- 20 ix. State Highway Route 5 Capacity Enhancement
21 (State Highway Route 605 to the Orange County line, including improvements to the
22 Valley View Interchange). The sum of two hundred sixty-four million eight hundred
23 thousand dollars (\$264,800,000).
- 24 x. State Highway Route 5/State Highway Route 14
25 Capacity Enhancement. The sum of ninety million eight hundred thousand dollars
26 (\$90,800,000).
- 27 xi. Capital Project Contingency Fund. The sum of one
28 hundred seventy-three million dollars (\$173,000,000).
- 29 xii. Alameda Corridor East Grade Separations. The
30 sum of two hundred million dollars (\$200,000,000).
- 31 xiii. MTA and Municipal Regional Clean Fuel Bus
32 Capital (Facilities and Rolling Stock). The sum of one hundred fifty million dollars
33 (\$150,000,000).

20

ATTACHMENT A

Proposed One-Half Cent Sales Tax for Transportation

Outline of Expenditure Categories

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

(millions)

Subfund	Program	% of Sales Tax (net of administration)	First Year Amount	10-Year Amount	30-Year 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. (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
TOTAL PROGRAMS		100%	\$ 689	\$ 8,373	\$ 39,400
1.5% for Administration			\$ 11	\$ 127	\$ 600
GRAND TOTAL			\$ 700	\$ 8,500	\$ 40,000

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)

(\$ in millions)

Subfund	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)			
Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.											
		Escalated \$									
	Eastside Light Rail Access (Gold Line)	\$ 30	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013	
	Exposition Boulevard Light Rail Transit	\$ 1,632 ^a	\$ 925	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15	
	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	
	Regional Connector (links local rail lines)	\$ 1,320	\$ 160	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 ^b	FY 2014-16	FY 2023-25	
Transit Capital Projects											
	Crenshaw Transit Corridor - project acceleration	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	To be determined					FY 2016-18
	Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271						FY 2033-35
	Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735						FY 2015-17
	Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200						FY 2015-28 ^d
	Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272						FY 2033-35
	San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000	To be determined					FY 2038-39
	San Fernando Valley North-South Rapidways (Canoga Corridor) - project acceleration	\$ 188	\$ 32 ^e	\$ 150	\$ 182						FY 2014-16
	San Fernando Valley East North-South Rapidways - project acceleration	\$ 70	\$ 68.5 ^e	\$ -	\$ 68.5						FY 2016-18
	West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240						FY 2015-17*
	Westside Subway Extension - to be opened in segments	\$ 4,200 ^f	\$ 900	\$ 3,174	\$ 4,074						FY 2013-15
	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 ^g	FY 2010	FY 2039	
Total New Rail and/or Bus Rapid Transit Capital Projects		\$ 18,939 ^h	\$ 3,408.5	\$ 10,381.5	\$ 13,790	\$ 2,908	\$ 1,554	\$ 1,965	FY 2010	FY 2039	

ATTACHMENT A

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)

Proposed One-Half Cent Sales Tax for 2010 - 2039 30 Years, Fiscal Year (FY) 2010 - 2039 As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors											
Subfund	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)			
Highway Projects: Capital Projects - Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls											
	Escalated \$		\$	\$	\$	\$	\$	\$			
20		\$ 1,123	\$ 200	\$ 200	\$ 400	\$ 200	\$ 336	\$ 187		As funds become available	
21	Alameda Corridor East Grade Separations Phase II	\$ 35	\$ -	\$ 35	\$ 35	\$ -	\$ -	\$ -		As funds become available	
22	BNSF Grade Separations in Gateway Cities	\$ 250	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ -	FY 2010	FY 2039	
23	Countywide Soundwall Construction (Metro regional list and Monterey Park/SR-60)	\$ 33	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ -		As funds become available	
24	High Desert Corridor (environmental)	\$ 161	\$ 90.8	\$ -	\$ 90.8	\$ 15	\$ 41	\$ 14	FY 2010	FY 2013-15	
25	Interstate 5 / St. Route 14 Capacity Enhancement	\$ 1,240	\$ 264.8	\$ -	\$ 264.8	\$ 78	\$ 834	\$ 63	FY 2010	FY 2016-17	
26	Interstate 5 Capacity Enhancement from I-605 to Orange County Line	\$ 610	\$ 271.5	\$ -	\$ 271.5	\$ 50	\$ 264	\$ 24	FY 2010	FY 2013	
27	I-5 Capacity Enhancement from SR-134 to SR-170	\$ 389	\$ 138	\$ -	\$ 138	\$ 97	\$ 154	\$ -	FY 2010	FY 2015	
28	I-5 Carmenita Road Interchange Improvement										
29		Current 2008 \$									
30	Highway Operational Improvements in Arroyo	\$ 170	\$ -	\$ 170	\$ 170				To be determined As funds become available		
31	Verdugo subregion	\$ 175	\$ -	\$ 175	\$ 175						
32	Highway Operational Improvements in Las Virgenes/Malibu subregion	\$ 906	\$ -	\$ 906	\$ 906						
33	Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)	\$ 2,800	\$ -	\$ 410	\$ 410						
34	Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	\$ 2,410	\$ -	\$ 590	\$ 590						
35	Interstate 605 Corridor "Hot Spot" Interchanges	\$ 3,730	\$ -	\$ 780	\$ 780						
36	Interstate 710 North Gap Closure (tunnel)	\$ 5,460	\$ -	\$ 590	\$ 590						
37	Interstate 710 South and/or Early Action Projects	\$ 270	\$ -	\$ 200	\$ 200						
38	State Route 138 Capacity Enhancements	\$ 2,575	\$ -	\$ 2,575.9	\$ 2,576						FY 2010
39	Capital Project Contingency (Highway)-Escalation Allowance for lines 31-38 to be based on year of construction	\$ 22,337	\$ 1,215.1	\$ 6,664.9	\$ 7,880						
40	Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls										

**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)

Subfund	Operating and Capital Programs	Percent of New Sales Tax Net Revenues	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
			Minimum	Additional	Total Escalated	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
41	Ops	20%	\$ -	\$ 7,880	\$ 7,880 ^k				FY 2010	FY 2039
42	Ops	5%	\$ -	\$ 1,970	\$ 1,970 ^k				FY 2010	FY 2039
43	Ops	15% ^l	\$ 250	\$ 5,660	\$ 5,910 ^k				FY 2010	FY 2039
44	Tran. Cap.	2%	\$ -	\$ 788	\$ 788 ^k				FY 2010	FY 2039
45	Tran. Cap.	3%	\$ 70	\$ 1,112	\$ 1,182 ^k				FY 2010	FY 2039
46	Subtotal Transit and Highway Capital Projects	\$ 41,276^m	\$ 4,623.6	\$ 17,046	\$ 21,670	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039
47	Subtotal page 4		\$ 320.0	\$ 17,410	\$ 17,730	Not Applicable			FY 2010	FY 2039
48	1.5% for Administration	N/A	\$ 10	\$ 590	\$ 600				FY 2010	FY 2039
49	Total		\$ 4,953.6	\$ 35,046	\$ 40,000	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039

Notes:

- a. The Exposition Blvd Light Rail Transit project includes the following funds: Prop 1B Transit Modernization funds (\$250 M).
- b. State Transportation Improvement Program funds (\$103 M), Metro Propositions A and C funds (\$354 M).
- c. 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.
- d. Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
- e. Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
- f. The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
- g. Unescalated cost estimate to Westwood.
- h. 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).
- i. 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).
- j. The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
- k. 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).
- l. Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
- m. 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.
- n. The total project 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).

23