



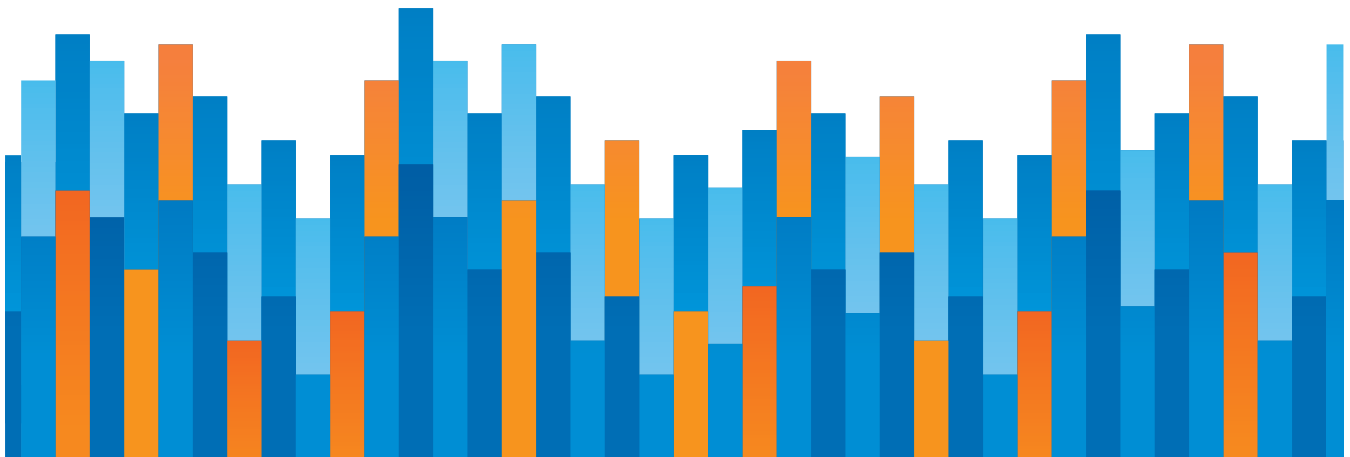
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# **METRO'S 28 BY 2028 PLAN: A CRITICAL REVIEW**

## **II. THE RISE OF LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO)**

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## II. THE RISE OF LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO)

In 1964, after the Los Angeles Metropolitan Transit Authority ((LAMTA), not the contemporary agency Metro, the Los Angeles County Metropolitan Transportation Authority) failed to make any substantial progress toward a regional rail transit network, the state established the Southern California Rapid Transit District (SCRTD), which took over all of LAMTA's transit operators, plus 11 other failing bus transit operators, serving Los Angeles, Orange, Riverside, San Bernardino, and (to a limited extent) Ventura Counties. The operations in the other counties were almost entirely spun off, leaving SCRTD to operate the Los Angeles County bus transit system, and plan for the desired rail system.

Local changes were influenced by international events and their impact on the national economy. Following the Yom Kippur War of 1973, which pitted Israel against Egypt and Syria, supported by expeditionary forces from other mainly Arab nations, the Arab members of the Organization of Petroleum Exporting Countries (OPEC) imposed a significant reduction of oil sales to the Western world, particularly the United States, and also imposed a major price increase. This led to both widespread oil shortages and major price increases at the pump. From 1972 to 1981, the average inflation-adjusted price of a gallon of gasoline increased 117%.<sup>1</sup> In many locations gasoline was often difficult to find at any price.

During this same period, Los Angeles County demographics changed dramatically.<sup>2</sup> Table 1 shows the shift in the racial and ethnic composition of the county between 1970 and 1990. This massive demographic change has continued, accompanied by population growth. By 2017, the county Hispanic population reached 48.6% of the total population of 10.16 million.<sup>3</sup>

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<sup>1</sup> State of California, Energy Commission. Energy Almanac. "California Gasoline Prices Adjusted for Inflation." [https://listserv.arb.ca.gov/msprog/clean\\_cars/clean\\_cars\\_ab1085/cec%20almanac%20gasoline%20prices.pdf](https://listserv.arb.ca.gov/msprog/clean_cars/clean_cars_ab1085/cec%20almanac%20gasoline%20prices.pdf)

<sup>2</sup> State of California, Department of Finance, Demographic Research Unit. "E-3: Race/Ethnic Population Estimates, Components of Change for California Counties, 1970-1990:" <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>

<sup>3</sup> U.S. Census Bureau. 2017 American Community Survey (1-year estimates)—Race and Hispanic/Latino—California, Counties and Places with 65,000+ Population. [http://www.dof.ca.gov/Reports/Demographic\\_Reports/American\\_Community\\_Survey/#ACS2017x1](http://www.dof.ca.gov/Reports/Demographic_Reports/American_Community_Survey/#ACS2017x1)

**TABLE 1: Los Angeles County Population by Race and Ethnicity, 1970 and 1990**

Component	1970		1990	
	Count	Percentage	Count	Percentage
Asian/Pacific	231,676	3.3%	914,361	10.3%
Black	752,169	10.7%	933,356	10.6%
Hispanic	1,079,453	15.3%	3,367,875	38.0%
Native American	22,915	.3%	28,997	.3%
White	4,969,587	70.4%	3,615,611	40.8%
Totals	7,055,800	100.0%	8,860,200	100.0%

The combination of very rapid growth (212% over two decades) of a demographic component with relatively low household income, together with the rapid increase in the price of gasoline and other factors, produced the SCRTD<sup>4</sup> ridership changes shown in Table 2. Boardings increased by 101.9% in the decade between 1970 and 1980. This rate of increase is over six times the 16.8% increase for the U.S. transit industry in total, and the 16.0% increase for bus boardings over this same period.<sup>5</sup> Indeed, the SCRTD increase accounted for one-fourth of the national increase in bus ridership, and almost one-sixth of the national increase in total transit ridership.

**TABLE 2: Southern California Rapid Transit District—Boardings by Fiscal Year**

Fiscal Year	Boardings	Change from Prior Year	Change from FY1970
1970	196,621,000	N/A	N/A
1971	190,290,000	(3.2)%	(3.2)%
1972	198,934,000	4.5%	1.2%
1973	204,843,000	3.0%	4.2%
1974	217,700,000	6.3%	10.1%
1975	309,800,000	42.3%	57.6%
1976	282,100,000	(8.9)%	43.5%
1977	315,900,000	12.0%	60.7%
1978	344,700,000	9.1%	75.3%
1979	352,600,000	2.3%	79.3%
1980	397,000,000	12.6%	101.9%

Fortunately, a combination of funding sources made it possible for Los Angeles to expand bus service and keep up with demand. The California Transportation Development Act of 1971 created a state-mandated quarter-cent sales tax, primarily for transit, that was collected in and returned to each

<sup>4</sup> SCRTD, “Total Annual Boardings.”

<sup>5</sup> American Public Transportation (*nee* Transit) Association. *2017 Public Transportation Data Book*. Appendix A. Table 1. “Unlinked Passenger Trips by Mode.”

county. The Urban Mass Transportation Act of 1964 created the first major federal transit grants for capital projects. And, finally, the National Mass Transportation Assistance Act of 1974 provided the first federal funds for transit operating subsidies.

Table 3 shows the pattern of full-adult cash fares by fiscal year during this period, which was one of high inflation. The nominal fare almost doubled in this interval, but after adjusting for inflation the real fares were remarkably constant, with the exception of the two-year period, FY75-FY76, when there was a substantial fare reduction.

<b>TABLE 3: SCRTD Current-Year and Inflation Adjusted Full Adult Cash Fares, FY74-FY80</b>			
<b>Fiscal Year</b>	<b>Nominal Fare</b>	<b>Consumer Price Index<sup>6</sup></b>	<b>FY74 Constant-Dollar Fare</b>
FY 74	30.0¢	48.2	30.0¢
FY 75	25.0¢	53.3	22.6¢
FY 76	25.0¢	56.9	21.2¢
FY 77	35.0¢	60.8	27.7¢
FY 78	40.0¢	65.3	29.7¢
FY 79	45.0¢	72.3	30.0¢
FY 80	55.0¢	83.7	31.7¢

However, SCRTD was unsuccessful in securing approval for a rail system. In 1976, California created county transportation commissions for each county, including the Los Angeles County Transportation Commission (LACTC), which was legislated powers that SCRTD did not have. The most important of these was the ability to place a transit sales tax on the ballot for the county electorate to approve funding transit, including rail transit.

The first LACTC ballot issue in 1978 failed by a 2:1 margin, but the second, Proposition A in 1980, received majority approval: 54% to 46%. However, California State Proposition 13 had passed in 1978, and it appeared that a simple majority would not suffice for passage, and a two-thirds majority would be required. LACTC decided not to begin collections until the courts had determined whether a simple majority was sufficient to pass the new tax. The California Supreme Court ruled in May 1982 that, for this specific fact set, a 50% +1 majority was sufficient.<sup>7</sup> Almost every large population county in California quickly placed a similar half-cent sales tax on the ballot in the hope that a 50% +1 majority vote would secure approval. But when this question again reached the California Supreme Court in 1995, the Court effectively reversed itself and declared that a two-thirds majority would be

<sup>6</sup> U.S. Department of Labor, Bureau of Labor Statistics. CPI-All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA. <https://data.bls.gov/pdq/SurveyOutputServlet>

Values shown are for the calendar years.

<sup>7</sup> Cox, Wendell. “Background on the Proposition A Rail Amendment (1980).” <http://www.demographia.com/db-propa.pdf>

required.<sup>8</sup> This ruling affected new votes only, and the taxes previously approved by majorities of at least 50%+1 were allowed to remain in place.

Proposition A was the first of what eventually became four Los Angeles County half-cent transportation sales taxes, on top of the original, state-initiated, quarter-cent transportation sales tax. All are perpetual, they never expire, except as noted otherwise:

- 1971—(State) Transportation Development Act of 1971—quarter cent
- 1980—Proposition A—half cent
- 1990—Proposition C—half cent
- 2008—Measure R—half cent for 30 years
- 2012—Measure J—to extend the 30-year term Measure R another 30 years (failed)
- 2016—Measure M—new half cent and to make Measure R perpetual

Strong conflicts developed between SCRTD and LACTC for many political reasons, despite the fact that the governing boards of the two agencies were appointed, to a large degree, by the same people and governmental units. In many cases, the same people sat on both boards. After the California Supreme Court approval of Proposition A, SCRTD moved heavily into the planning, design, and construction of what was originally known as the Red Line, which now includes the Purple Line, the heavy rail/subway system for Los Angeles. LACTC began planning for regional rail transit, including the planning, design, and construction of light rail lines, beginning with what became the Long Beach-Los Angeles Blue Line. The Green Line followed quickly. Due to state statutory requirements, LACTC was required to fund the Red Line, a circumstance that LACTC used to exercise oversight over SCRTD. At the same time, SCRTD was not allowed much of a role in the design of the light rail lines that, by statute, it would operate when completed.

Additional conflicts between the SCRTD and the LACTC emerged. This was in part because the powerful, conservative county supervisor representing the San Gabriel Valley, Peter Schabarum, was a political opponent of SCRTD, particularly its unions, which he believed (with some justification) to be operating relatively expensive transit service. LACTC implemented a practice of shifting funding away from SCRTD to smaller municipal and included transit operators and penalizing SCRTD (and only SCRTD) for failing to meet service metrics imposed by LACTC. Supervisor Schabarum was also the chief sponsor of the Foothill Transit Zone, which was formed to take over most of the former SCRTD bus lines in his San Gabriel Valley district.

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<sup>8</sup> *Santa Clara County Local Transportation Authority v. Guardino* (no. S036269. Sep. 28, 1995). <https://law.justia.com/cases/california/supreme-court/4th/11/220.html>

Eventually, this conflict became so heated that a political compromise was enacted in the form of a state statute merging SCRTD and LACTC, effective April 1, 1993, into the agency that became Metro. The merger was challenging for political and operational reasons.

## CONCLUSIONS

1. SCRTD was created in 1964 to address the intensifying demand for transit services, a demand the agency met successfully with bus services.
2. LACTC was formed in 1976 with new authority to pursue creation of a Los Angeles rail system, and to finance the system with local sales taxes, something SCRTD could not do.
3. LACTC's fiscal role positioned it to exercise oversight over SCRTD, which SCRTD resisted. The two agencies were merged to form Metro in 1993 to diminish squabbling and improve coordination.
4. Metro is well funded by four local half-cent sales tax measures, and a quarter cent state sales tax measure.