



WESTSIDE SUBWAY EXTENSION PROJECT

Economic and Fiscal Impacts Analysis and Mitigation Memorandum

Metro

August 2011

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1.0 INTRODUCTION

This memorandum supplements the *Westside Subway Extension Project Economic and Fiscal Impacts Analysis and Mitigation Report* (the Report) dated August 2010 and supports the Final EIS/EIR. This memorandum updates the analysis in the Environmental Impact/Environmental Consequences Section of the Report to incorporate modifications to the LPA (Alternative 2) since the release of the Draft EIS/EIR. The analysis has been revised to reflect the LPA's right-of-way as described in the *Westside Subway Extension Acquisitions and Displacement Supplemental Report*. The analysis was also revised to reflect modified construction and operations and maintenance cost estimates as detailed in Chapter 6 of the Final EIS/EIR and the *Westside Subway Extension Draft Financial Plan* (October 2010). Only the LPA (Alternative 2) is included in this memorandum.

Information on regulatory framework, analysis methodology and existing conditions/affected environment can be found in the *Westside Subway Extension Project Economic and Fiscal Impacts Analysis and Mitigation Report*.

2.0 PROJECT DESCRIPTION

On October 28, 2010, the Metro Board selected the Westwood/VA Hospital Extension (Alternative 2 in the Draft EIS/EIR) as the Locally Preferred Alternative (LPA) and authorized the preparation of the *Westside Subway Extension Final EIS/EIR* (the Final EIS/EIR) to analyze the LPA. This alternative would extend HRT, in subway, approximately nine-miles from the existing Metro Purple Line Wilshire/Western Station to a Westwood/VA Hospital Station. The extension would include a total of seven new stations:

- Wilshire/La Brea
- Wilshire/Fairfax
- Wilshire/La Cienega
- Wilshire/Rodeo
- Century City (Century City Santa Monica or Century City Constellation)
- Westwood/UCLA (Westwood/UCLA On-Street or Westwood/UCLA Off-Street)
- Westwood/VA Hospital (Westwood/VA Hospital South or Westwood/VA Hospital North)

The estimated one-way running time for the project would be approximately 15 minutes from the Wilshire/Western Station to the Westwood/VA Hospital Station. The extension would operate at headways of 4 minutes during peak periods and 10 minutes during off-peak periods. As part of the project, Metro is also planning several enhancements to the Division 20 Maintenance and Storage Facility.

The construction schedule for the Project is partially dependent on the timing of Federal funding availability. Two LPA construction scenarios are considered. Both scenarios will contain the same elements with differences only in the timing of when they are built and operational. The first construction scenario assumes that under the America Fast

Forward (30/10) Scenario (Concurrent Construction), the LPA would open in its entirety to the Westwood/VA Hospital Station in 2022 with the three construction segments built concurrently (Wilshire/Western to Wilshire/La Cienega, Wilshire/La Cienega to Century City and Century City to Westwood/VA Hospital). The second construction scenario assumes that under the Metro Long Range Transportation Plan (LRTP) Scenario (Phased Construction), the LPA would open in three consecutive phases (Phase 1 to Wilshire/La Cienega, Phase 2 to Century City, and Phase 3 to Westwood/VA Hospital), with the entire LPA operational to the Westwood/VA Hospital Station in 2036.

A detailed description of the LPA is provided in Chapter 2 of the Final EIS/EIR.

3.0 ENVIRONMENTAL IMPACT/ENVIRONMENTAL CONSEQUENCES

3.1 Direct Impacts from Property Acquisition and Business Displacements

Property acquisitions for right-of-way and construction staging areas could result in two major long-term impacts. First, the acquisition will lead to property tax revenue losses to the County and local jurisdictions in which the land parcels are located. Second, job losses may be incurred within the project Study Area as businesses on the acquired parcels are required to close-down permanently or relocate to beyond the local jurisdictions.

This section describes the potential impact of the LPA property acquisitions on the fiscal conditions and employment of the County, cities (Los Angeles and Beverly Hills) and other jurisdictions (including special district, school district and redevelopment agencies). Methodology and assumptions are discussed in the *Westside Subway Extension Project Economic and Fiscal Impacts Analysis and Mitigation Report.*

3.1.1 Tax Revenue Impacts

Results of the fiscal impact analysis show that the LPA will not lead to property tax losses in excess of one percent of the project Study Area tax base, and thus are not expected to have an adverse effect under NEPA (not a significant effect under CEQA).

The fiscal impact was evaluated based on the land acquisitions required by the project. For each LPA acquisition scenario, the parcels that are slated for "fee simple" acquisition were identified and their assessed values were obtained from the LA County Assessor database. The taxable value was then multiplied by the corresponding FY 2009-2010 tax rate to obtain the tax revenue of the parcel. Partial acquisitions were treated as full acquisitions for the purpose of computing tax revenue of each parcel. Tax revenue for all the "fee simple" parcels were then summed for each LPA acquisition scenario.

There are a total of six acquisition scenarios for the LPA based on the combinations of potential station locations, entrance locations, and construction staging sites (Table 3-1). These acquisition scenarios only take into account fee simple acquisitions from private owners and do not include permanent easements, temporary construction easements or government-owned parcels. The Wilshire/Western construction staging site could either be located on the north side of Wilshire Boulevard (one parcel) or the south side of Wilshire Boulevard (three parcels). The Century City Station would either be located along Santa Monica Boulevard or along Constellation Boulevard. Although there are two construction staging scenarios for each Century City Station location, only the Century City Santa Monica Scenario A, Century City Constellation Scenario A and Century City Constellation Scenario B would require fee acquisitions that would affect this analysis. Century City Santa Monica Scenario A would result in the acquisition of 19 parcels, Century City Constellation Scenario A would result in the acquisition of one parcel and Century City Constellation Scenario B would result in the acquisition of four parcels. The remaining station locations, entrance location and construction staging site options would not affect the location of fee acquisitions, but may result in various permanent easements or temporary construction easements.

The LPA would require the full or partial acquisition of between 35 and 57 parcels from private owners, with the majority being of commercial use. Refer to the *Westside Subway Extension Acquisitions and Displacement Supplemental Report* for a detailed description of acquisitions. See Table 3-2 for the property taxes levied associated with each parcel to be acquired for the LPA.

In FY 2009-2010, the property taxes levied on these parcels amount to between $740,000 and $1 million. Jurisdictions would expect to lose tax revenue from these parcels, which represents approximately .01% of total property taxes ($12.6 billion) levied in the project Study Area.

Since the fiscal impact of the LPA is less than 1%, this alternative is not considered to have an adverse effect under NEPA (not significant effect under CEQA).

Table 3-1. LPA Acquisition Scenarios

LPA Acquisition Scenario	Wilshire/ Western North	Wilshire/ Western South	Century City Santa Monica Scenario A	Century City Constellation Scenario A	Century City Constellation Scenario B
1	✓		✓		
2	✓			✓	
3	✓				✓
4		✓	✓		
5		✓		✓	
6		✓			✓

3.1.2 Estimated Property Tax Revenue Losses by Jurisdiction

Prior to Proposition 13, jurisdictions established their tax rates independently and property tax revenues depended only on the rate levied and the assessed value of the land within the agency's boundaries. However, the enactment of Proposition 13 means that property tax revenues are now collected by the Auditor-Controller, which then allocates the revenue to the local jurisdictions.

Presented in Table 3-3 are the tax revenues allocated to all jurisdictions (within the project Study Area) in the No Build scenario and the estimated property tax losses associated with each acquisition scenario in FY 2009-2010 terms. The property tax revenue loss figures include both the one percent general property tax and the debt service tax revenue of all the parcels in each alternative.

No tax district, under all acquisition scenarios, is expected to experience a loss of over 0.01% in property tax revenue in FY 2009-2010 terms as a result of the right-of-way acquisitions.

Table 3-2. Estimated Property Tax Losses for LPA Acquisition Scenarios

Property to be Acquired			Property Taxes Levied FY 2009-2010 for LPA Acquisition Scenarios in US dollars					
Station/Location	Address	City	1	2	3	4	5	6
Wilshire/Western – North of Wilshire	3839 Wilshire Boulevard	Los Angeles	22,867	22,867	22,867	N/A	N/A	N/A
Wilshire/Western – South of Wilshire	3818 Wilshire Boulevard	Los Angeles	N/A	N/A	N/A	3,094	3,094	3,094
Wilshire/Western – South of Wilshire	3820 Wilshire Boulevard	Los Angeles	N/A	N/A	N/A	3,453	3,453	3,453
Wilshire/Western – South of Wilshire	3828 Wilshire Boulevard	Los Angeles	N/A	N/A	N/A	2,943	2,943	2,943
Wilshire/Crenshaw	675 Crenshaw Boulevard	Los Angeles	11,226	11,226	11,226	11,226	11,226	11,226
Wilshire/La Brea	726 S. Detroit Street	Los Angeles	1,857	1,857	1,857	1,857	1,857	1,857
Wilshire/La Brea	722 S. Detroit Street	Los Angeles	1,857	1,857	1,857	1,857	1,857	1,857
Wilshire/La Brea	718 S. Detroit Street	Los Angeles	2,377	2,377	2,377	2,377	2,377	2,377
Wilshire/La Brea	5318 Wilshire Boulevard	Los Angeles	11,966	11,966	11,966	11,966	11,966	11,966
Wilshire/La Brea	711 S. La Brea Avenue	Los Angeles	33,415	33,415	33,415	33,415	33,415	33,415
Wilshire/La Brea	665 La Brea Avenue	Los Angeles	30,453	30,453	30,453	30,453	30,453	30,453
Wilshire/La Brea	AIN 5089001025*	Los Angeles	2,986	2,986	2,986	2,986	2,986	2,986
Wilshire/Fairfax	6030 Wilshire Boulevard	Los Angeles	74,915	74,915	74,915	74,915	74,915	74,915
Wilshire/Fairfax	6018 Wilshire Boulevard	Los Angeles	14,960	14,960	14,960	14,960	14,960	14,960
Wilshire/Fairfax	6111 Wilshire Boulevard	Los Angeles	13,110	13,110	13,110	13,110	13,110	13,110
Wilshire/Fairfax	6010 Wilshire Boulevard	Los Angeles	9,062	9,062	9,062	9,062	9,062	9,062
Wilshire/Fairfax	6000 Wilshire Boulevard	Los Angeles	240	240	240	240	240	240
Wilshire/Fairfax	716 Orange Grove Avenue	Los Angeles	3,162	3,162	3,162	3,162	3,162	3,162
Wilshire/Fairfax	720 Orange Grove Avenue	Los Angeles	2,620	2,620	2,620	2,620	2,620	2,620
Wilshire/Fairfax	6101 Wilshire Boulevard	Los Angeles	20,420	20,420	20,420	20,420	20,420	20,420
Wilshire/La Cienega	8471 Wilshire Boulevard	Beverly Hills	21,956	21,956	21,956	21,956	21,956	21,956

Property to be Acquired			Property Taxes Levied FY 2009-2010 for LPA Acquisition Scenarios in US dollars					
Station/Location	Address	City	1	2	3	4	5	6
Wilshire/La Cienega	14 N. La Cienega Boulevard	Beverly Hills	14,065	14,065	14,065	14,065	14,065	14,065
Wilshire/La Cienega	8401 Wilshire Boulevard	Beverly Hills	35,450	35,450	35,450	35,450	35,450	35,450
Wilshire/La Cienega	8421 Wilshire Boulevard	Beverly Hills	41,191	41,191	41,191	41,191	41,191	41,191
Wilshire/La Cienega	111 Gale Drive	Beverly Hills	7,822	7,822	7,822	7,822	7,822	7,822
Wilshire/Rodeo	9430 Wilshire Boulevard	Beverly Hills	135,762	135,762	135,762	135,762	135,762	135,762
Wilshire/Rodeo	9385 Wilshire Boulevard	Beverly Hills	14,508	14,508	14,508	14,508	14,508	14,508
Wilshire/Rodeo	9393 Wilshire Boulevard	Beverly Hills	16,816	16,816	16,816	16,816	16,816	16,816
Wilshire/Rodeo	9397 Wilshire Boulevard	Beverly Hills	114,799	114,799	114,799	114,799	114,799	114,799
Century City Santa Monica Boulevard A	9844 Wilshire Boulevard	Beverly Hills	6,004	N/A	N/A	6,004	N/A	N/A
Century City Santa Monica Boulevard A	9849 Santa Monica Boulevard	Beverly Hills	3,354	N/A	N/A	3,354	N/A	N/A
Century City Santa Monica Boulevard A	9855 Santa Monica Boulevard	Beverly Hills	3,059	N/A	N/A	3,059	N/A	N/A
Century City Santa Monica Boulevard A	9859 Santa Monica Boulevard	Beverly Hills	10,562	N/A	N/A	10,562	N/A	N/A
Century City Santa Monica Boulevard A	9869 Santa Monica Boulevard	Beverly Hills	22,070	N/A	N/A	22,070	N/A	N/A
Century City Santa Monica Boulevard A	9879 Santa Monica Boulevard	Beverly Hills	14,407	N/A	N/A	14,407	N/A	N/A
Century City Santa Monica Boulevard A	9885 Santa Monica Boulevard	Beverly Hills	6,656	N/A	N/A	6,656	N/A	N/A

Property to be Acquired			Property Taxes Levied FY 2009-2010 for LPA Acquisition Scenarios in US dollars					
Station/Location	Address	City	1	2	3	4	5	6
Century City Santa Monica Boulevard A	9889 Santa Monica Boulevard	Beverly Hills	15,129	N/A	N/A	15,129	N/A	N/A
Century City Santa Monica Boulevard A	9901 Santa Monica Boulevard	Beverly Hills	10,212	N/A	N/A	10,212	N/A	N/A
Century City Santa Monica Boulevard A	9907 Santa Monica Boulevard	Beverly Hills	9,815	N/A	N/A	9,815	N/A	N/A
Century City Santa Monica Boulevard A	9915 Santa Monica Boulevard	Beverly Hills	26,715	N/A	N/A	26,715	N/A	N/A
Century City Santa Monica Boulevard A	9919 Santa Monica Boulevard	Beverly Hills	2,422	N/A	N/A	2,422	N/A	N/A
Century City Santa Monica Boulevard A	9935 Santa Monica Boulevard	Beverly Hills	4,776	N/A	N/A	4,776	N/A	N/A
Century City Santa Monica Boulevard A	AIN 4328001015*	Beverly Hills	2,388	N/A	N/A	2,388	N/A	N/A
Century City Santa Monica Boulevard A	AIN 4328001016*	Beverly Hills	1,378	N/A	N/A	1,378	N/A	N/A
Century City Santa Monica Boulevard A	AIN 4328001017*	Beverly Hills	7,341	N/A	N/A	7,341	N/A	N/A
Century City Santa Monica Boulevard A	9949 Santa Monica Boulevard	Beverly Hills	7,890	N/A	N/A	7,890	N/A	N/A
Century City Santa Monica Boulevard A	9953 Santa Monica Boulevard	Beverly Hills	1,966	N/A	N/A	1,966	N/A	N/A

Property to be Acquired			Property Taxes Levied FY 2009-2010 for LPA Acquisition Scenarios in US dollars					
Station/Location	Address	City	1	2	3	4	5	6
Century City Santa Monica Boulevard A	9975 Santa Monica Boulevard	Beverly Hills	50,425	N/A	N/A	50,425	N/A	N/A
Century City Constellation Boulevard A&B	1950 Century Park East	Los Angeles	N/A	29,510	29,510	N/A	29,510	29,510
Century City Constellation Boulevard B	1940 Century Park East	Los Angeles	N/A	N/A	291,407	N/A	N/A	291,407
Century City Constellation Boulevard B	AIN 4319001009*	Los Angeles	N/A	N/A	6,994	N/A	N/A	6,994
Century City Constellation Boulevard B	2010 Century Park East	Los Angeles	N/A	N/A	24,421	N/A	N/A	24,421
Div 20 Yard Expansion	AIN 5164005001*	Los Angeles	1,385	1,385	1,385	1,385	1,385	1,385
Div 20 Yard Expansion	AIN 5163017001*	Los Angeles	-	-	-	-	-	-
Div 20 Yard Expansion	AIN 5164005002*	Los Angeles	22,226	22,226	22,226	22,226	22,226	22,226
Div 20 Yard Expansion	AIN 5164005003*	Los Angeles	-	-	-	-	-	-
Div 20 Yard Expansion	AIN 5164004007*	Los Angeles	6,390	6,390	6,390	6,390	6,390	6,390
Div 20 Yard Expansion	AIN 5164004008*	Los Angeles	23,850	23,850	23,850	23,850	23,850	23,850
Div 20 Yard Expansion	AIN 5164016803*	Los Angeles	-	-	-	-	-	-
Div 20 Yard Expansion	AIN 5164004002*	Los Angeles	11,527	11,527	11,527	11,527	11,527	11,527
Total			931,808	754,750	1,077,572	918,432	741,373	1,064,195

Source: Los Angeles County Assessor

* Denotes parcels that do not have a recorded address in the county database

AIN=Assessor Identification Number

Table 3-3: Estimated Tax Revenues/Losses by Tax District for the LPA

Tax District	2009 Property Tax Revenue Allocation (No Build) in thousand US dollars	Acquisition Scenario	Estimated 2009 Property Tax Revenue Loss by Jurisdiction in US dollars	Loss as % of Property Tax Revenues
Los Angeles County	$2,599,631	1	199,069	0.01%
		2	159,149	0.01%
		3	222,843	0.01%
		4	196,430	0.01%
		5	156,509	0.01%
		6	220,204	0.01%
Cities	$1,864,208	1	141,765	0.01%
		2	115,218	0.01%
		3	165,613	0.01%
		4	139,677	0.01%
		5	113,130	0.01%
		6	163,525	0.01%
School Districts	$5,788,533	1	421,170	0.01%
		2	344,631	0.01%
		3	499,032	0.01%
		4	414,772	0.01%
		5	338,233	0.01%
		6	492,634	0.01%
Special Districts	$851,615	1	62,085	0.01%
		2	49,635	0.01%
		3	69,500	0.01%
		4	61,262	0.01%
		5	48,812	0.01%
		6	68,677	0.01%
Redevelopment agencies	$1,487,376	1	107,719	0.01%
		2	86,117	0.01%
		3	120,583	0.01%
		4	106,291	0.01%
		5	84,689	0.01%
		6	119,155	0.01%
Total	$12,588,364	1	931,808	0.01%
		2	754,750	0.01%
		3	1,077,572	0.01%
		4	918,431	0.01%
		5	741,373	0.01%
		6	1,064,195	0.01%

Source: Los Angeles County Assessor, Los Angeles County Auditor-Controller

3.1.3 Job Losses

Employment loss as a result of property acquisition is insignificant for the LPA in each of the jurisdictions within the project Study Area. The total estimated employment loss as a result of property acquisition is estimated to fall between the range of 231 to 279 jobs or 0.05% to 0.06% of total estimated 2009 employment in the project Study Area and is summarized in Table 3-4.

Methodology and assumptions are described in Section 6.2.1.1 of the *Westside Subway Extension Project Economic and Fiscal Impacts Analysis and Mitigation Report.*

Table 3-4. Employment Loss Due to Property Acquisition

Jurisdiction	Project Study Area Totals		Job Losses from Property Acquisitions			
					Job Loss as Percentage of Total Jobs in Jurisdiction	
	Estimated 2009 Employment	Estimated 2035 Employment	Acquisition Scenario	Number of Jobs	2009	2035
Los Angeles	345,338	426,560	1	185	0.05%	0.04%
			2	185	0.05%	0.04%
			3	185	0.05%	0.04%
			4	187	0.05%	0.04%
			5	187	0.05%	0.04%
			6	187	0.05%	0.04%
Santa Monica	51,600	60,185	1	-	0.00%	0.00%
			2	-	0.00%	0.00%
			3	-	0.00%	0.00%
			4	-	0.00%	0.00%
			5	-	0.00%	0.00%
			6	-	0.00%	0.00%
West Hollywood	24,300	27,843	1	-	0.00%	0.00%
			2	-	0.00%	0.00%
			3	-	0.00%	0.00%
			4	-	0.00%	0.00%
			5	-	0.00%	0.00%
			6	-	0.00%	0.00%
Beverly Hills	15,719	22,252	1	92	0.59%	0.41%
			2	46	0.29%	0.21%
			3	46	0.29%	0.21%
			4	92	0.59%	0.41%
			5	46	0.29%	0.21%
			6	46	0.29%	0.21%
Project Study Area Total	436,957	536,840	1	277	0.06%	0.05%
			2	231	0.05%	0.04%
			3	231	0.05%	0.04%
			4	279	0.06%	0.05%
			5	233	0.05%	0.04%
			6	233	0.05%	0.04%

Source: Los Angeles Metro; Station of California Employment Development Department, Labor Market Information Division
* Due to lack of 2009 employment data, please note that 2009 Employment Totals in the third column was estimated based on 2006 project Study Area employment data provided by LA Metro and on the 2006-2009 growth rate of employment in the LA County from the State of California Employment Development Department

3.2 Construction Impacts

The economic effects of the project's construction phase include both impacts and benefits. The impacts arise from temporary re-routing of pedestrian and vehicular traffic and other disruptions, while the benefits analyzed here are a result of the construction expenditures on material and labor, leading to increases in earnings, jobs and economic output.

3.2.1 Construction-Related Economic Losses

Construction would have temporary impacts on commercial and industrial businesses, particularly those near or adjacent to construction sites. Although specific impacts cannot be known until construction plans and traffic routing patterns are finalized, potential impacts include: traffic disruption, increased noise, vibration and dust, modified vehicular and pedestrian traffic patterns, and utility disruptions. Sidewalk space may be obstructed temporarily for station and alignment construction, thereby reducing business access. Business impacts also could include reduced visibility of commercial signs and business locations. These construction impacts could in turn produce economic impacts to commercial establishments.

Both standard and site-specific mitigation measures will be developed to minimize disruption of pedestrian access to businesses and disruption of general vehicular traffic flow or access to specific businesses.

3.2.2 Construction-Related Employment

Construction would have a substantial beneficial effect on the regional and local economy due to new direct and indirect employment. Direct employment is construction-related employment in industries which jobs and services are purchased to build the project. Indirect employment benefits are created by the secondary demand for goods and services across a broader spectrum of industrial sectors as a result of the economic multiplier effect of construction.

3.2.2.1 Methodology and Assumptions

To quantify the near-term economic benefits of this project an analysis was conducted utilizing Bureau of Economic Analysis (BEA) Regional Input-Output Modeling System (RIMS II) multipliers. RIMS II multipliers classify each capital cost category according to industrial sectors, using North American Industry Classification System (NAICS) industry codes, and can vary widely depending on the geographic region being analyzed. This particular analysis utilizes RIMS II data for the State of California and Los Angeles County. The multipliers were used to determine the quantity and industry composition of benefits generated by the project resulting in estimations of short-term job creation, earnings, and economic output. The multipliers estimate two types of impacts:

- Direct Impacts: Direct impacts represent new spending, hiring, and production by civil engineering construction and transit manufacturing companies to accommodate the demand for resources in order to complete the project.
- Indirect/Induced Impacts: Indirect impacts result from the quantity of inter-industry purchases necessary to support the increase in production from the

construction industry experiencing new demand for its goods and services. All industries that produce goods and services consumed by the construction industry will also increase production and help preserve or create new jobs to meet the additional demand. The level of inter-industry trade within the area will determine the size of the indirect impact. Induced impacts stem from the re-spending of wages earned by workers benefitting from the direct and indirect activity within area. For example, if an increase in demand leads to new employment and earnings in a set of industries, workers in these industries will spend some proportion of their increased earnings at local retail shops, restaurants, and other places of commerce, further stimulating economic activity.

In addition to measuring the effects of the project on the Los Angeles regional economy, the economic impacts of the project that will be realized in other areas were also quantified. These impacts, referred to as "spillover" benefits, reflect the inter-county trade that occurs with supply industries.

This analysis utilizes the project's capital cost estimate produced in the FTA's Standard Cost Category (SCC) format. For the analysis, it was assumed that SCCs 10 (Guideway and Track Elements), 20 (Stations, Stops, Terminals, Intermodal), 30 (Support Facilities), and 40 (Sitework and Special Conditions) contributed directly to RIMS II industry code 7 (Construction). Further, SCCs 50 (Systems) and 70 (Vehicles) were assumed to contribute directly to RIMS II industry code 16 (Other Transportation Equipment Manufacturing), while SCC 60 (ROW, Land, Existing Improvements) was assumed to contribute to RIMS II industry code 45 (Real Estate) and SCC 80 (Professional Services) was assumed to contribute to RIMS II industry code 47 (Professional, Scientific, and Technical Services). SCC 90 (Unallocated Contingency) was distributed proportionately amongst SCCs 10 through 80.

3.2.2.2 Construction Related Employment

Capital expenditures resulting from the project are expected to have a significant impact on the Los Angeles region. Projected construction related employment is directly proportional to the magnitude of capital expenditures. It should be noted that the number of jobs produced is given in person years, which is equivalent to the full-time employment of one person for one year.

Table 3-5: Estimated Full Time Employment Generated by Construction Spending

	Direct Employment (Person Years)	Indirect/Induced Employment (Person Years)	Total Employment (Person Years)
LPA	35,699	27,567	63,266

Table 3-5 demonstrates that projected construction related employment is expected to be 63,266 person years. Approximately 56% of the jobs expected to be produced are direct jobs.

Figure 3-1provides a breakdown of jobs created by industry for the LPA. As expected, construction, professional services, and manufacturing are three of the top four

industries impacted by the construction spending. Other industries that will see significant job impacts from the project include retail trade, manufacturing, health care, food services, administration and waste management, and real estate.

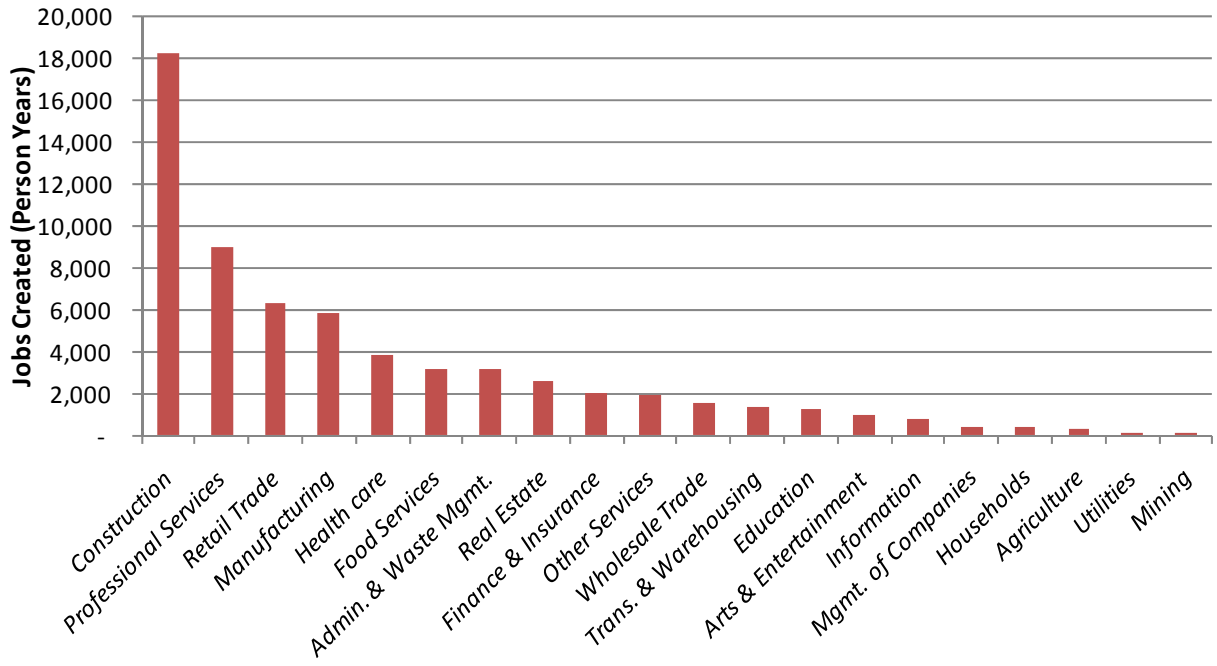

Figure 3-1: Breakdown of Construction Related Job Creation by Industry

It is also important to consider the quality of the jobs that would be created by the project, which can be most easily measured by the number of jobs created at various levels of compensation. Figure 3-2 shows that the majority of jobs generated by the project would receive compensation above $40,000 per year. This indicates that the project will help to stimulate the local economy.

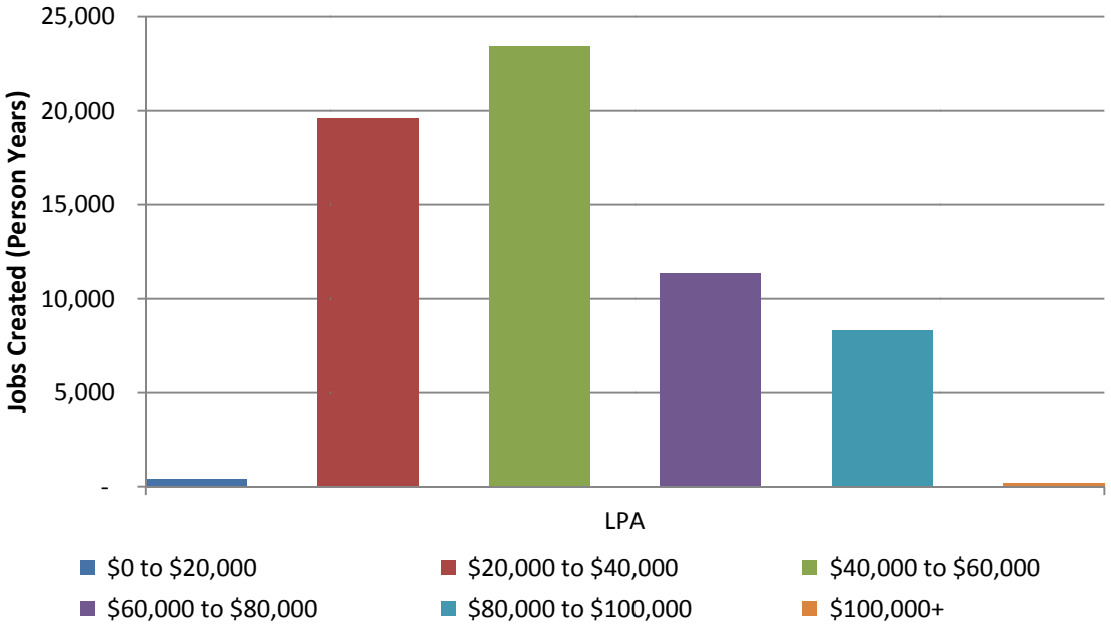

Figure 3-2 Breakdown of Construction Related Job Creation by Earnings Range

3.2.3 Construction Spending on the Regional Economy

The jobs created as a result of construction spending on the project will result in both direct and indirect economic impacts on the Los Angeles region. This can be quantified as the overall output for the Los Angeles region. Output can be defined as the total value of sales made for all intermediate and final purchases within a region resulting from increased demand for an industry's goods or services. It should not be confused with Gross Regional Product (similar to Gross Domestic Product), which is the sum of value added for all industries; value added is an economic concept which nets out the cost of intermediate purchases for materials and labor. The overall output generated for the LPA as a result of construction spending for the project is provided in Table 3-6.

Table 3-6: Estimated Construction Related Economic Output

	Direct Output (2010 $ millions)	Indirect/Induced Output (2010 $ millions)	Total Output (2010 $ millions)
LPA	$4,749	$5,369	$10,118

As is shown in Table 3-6, projected economic output is expected to be approximately $10.1 billion. Approximately 47% of the projected output is directly related to the construction of the project, while the remaining is expected to result from indirect and induced spending.

3.3 Employment Gains from Operating and Maintenance Expenditures – Impacts on the Regional Economy

Similar to construction spending, projected Operating and Maintenance (O&M) expenditures can be expected to have a significant economic beneficial effect on the Los Angeles region. The effect will be in the form of direct and indirect jobs generated by the O&M spending, which will then result in increased economic output for the region.

3.3.1 Methodology and Assumptions

O&M related economic impacts were quantified utilizing the same Bureau of Economic Analysis (BEA) Regional Input-Output Modeling System (RIMS II) multipliers that were used to determine the direct and indirect economic impacts of the construction expenditures.

In addition to measuring the effects of the project on the Los Angeles regional economy, the economic effects of the project that will be realized in other areas were also quantified. These effects, referred to as "spillover" benefits, reflect the inter-county trade that occurs with supply industries.

This analysis utilizes the annual O&M cost estimate for the project in 2035, which is approximately $62.94 million in year of expenditure dollars. It assumes that RIMS II industry code 30 (Rail Transportation) can be directly attributed to each 2030 design year O&M cost estimate.

3.3.2 Operating and Maintenance Related Employment

Table 3-7 provides the O&M related employment for the project. As is shown, O&M related employment is expected to be 344 person years for the project. Approximately 37% of the jobs produced are expected to be direct.

Table 3-7: Full-Time Employment Generated by Annual Operations and Maintenance Expenditure

	Direct On-Site Employment (Person Years)	Direct Off-Site Employment (Person Years)	Indirect/Induced Employment (Person Years)	Total Employment (Person Years)
LPA	88	38	218	344

Figure 3-3 shows the industries that will benefit the most from the projected annual O&M expenditures. As expected, the transportation and warehousing category will see the most job creation; these can be considered direct jobs. Other industries that will experience significant indirect job creation include retail trade, health care, administration and waste management, professional services, food services, and real estate.

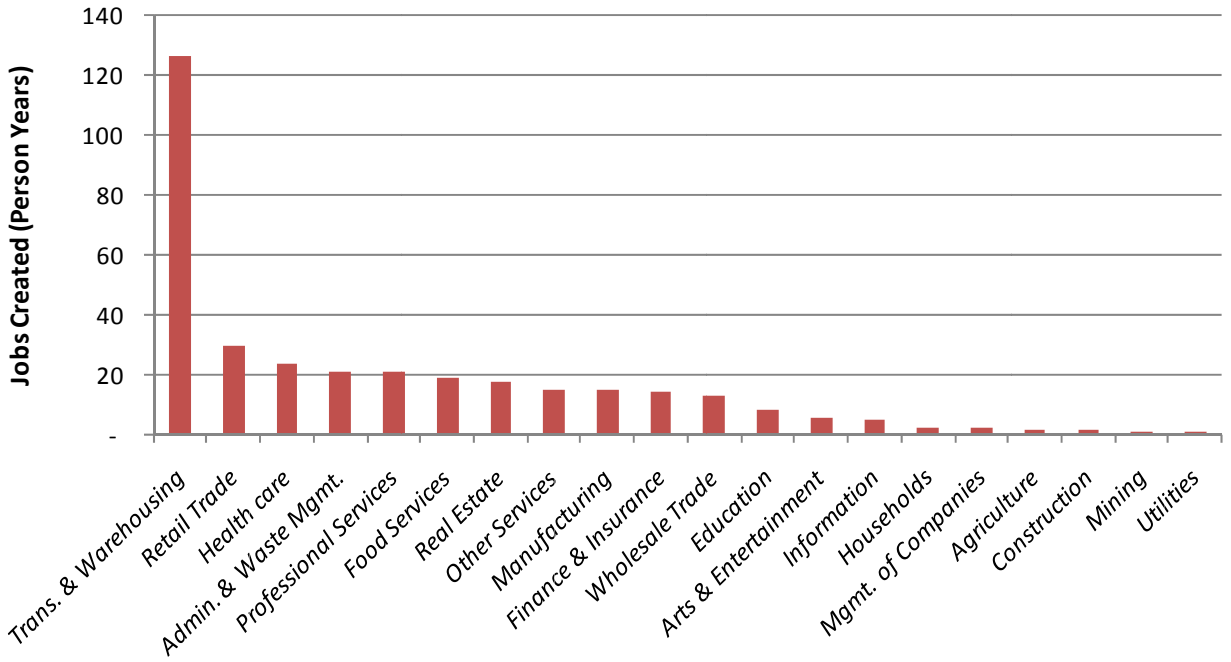

Figure 3-3 Breakdown of O&M Related Job Creation by Industry

It is also important to consider the quality of the jobs that would be created, which can be most easily measured by the number of jobs created at various levels of compensation. Figure 3-4 shows that the majority of jobs generated by the project's O&M expenditures would receive compensation above $40,000 per year. This indicates that the project will help to stimulate the local economy.

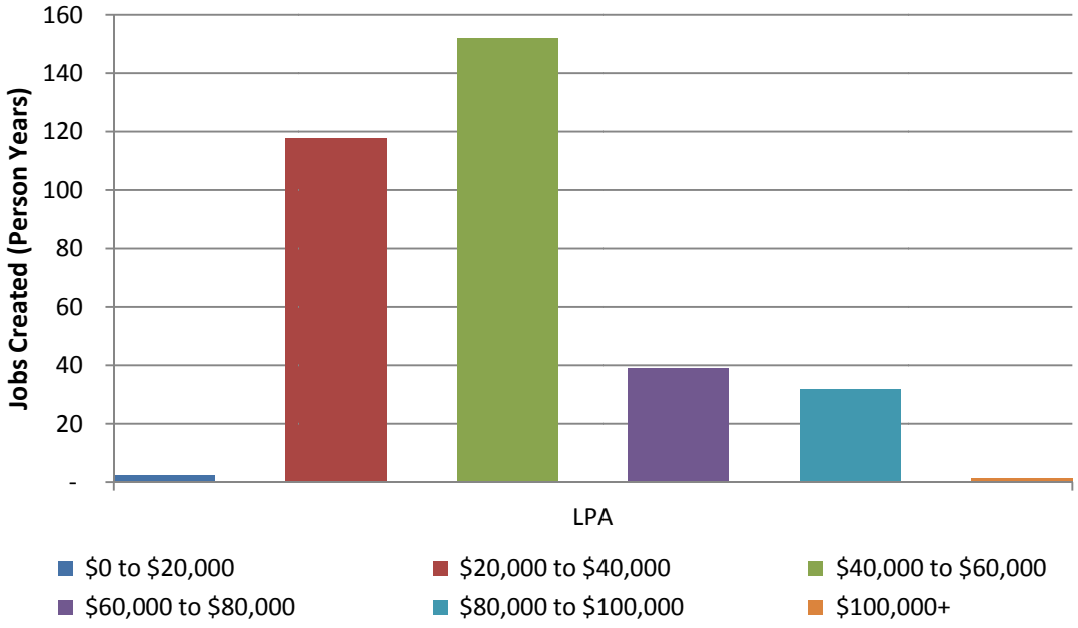

Figure 3-4 Breakdown of O&M Related Job Creation by Earnings Range

3.3.3 Operating and Maintenance Spending on the Regional Economy

The jobs created as a result of O&M spending will result in both direct and indirect economic impacts on the Los Angeles region. This can be quantified as the overall output for the Los Angeles region. Output can be defined as the total value of sales made for all intermediate and final purchases within a region resulting from increased demand for an industry's goods or services. It should not be confused with Gross Regional Product (similar to Gross Domestic Product), which is the sum of value added for all industries; value added is an economic concept which nets out the cost of intermediate purchases for materials and labor. The overall output generated for the LPA as a result of projected 2035 design year O&M spending is provided in Table 3-8.

Table 3-8: Estimated O&M Related Economic Output

	Direct Output (2010 $ millions)	Indirect/Induced Output (2010 $ millions)	Total Output (2010 $ millions)
LPA	$36	$45	$80

As demonstrated in Table 3-8, O&M related economic output for the project is expected to be $80 million per year. Approximately 45% of the projected O&M related economic output can be directly related to actual O&M expenditures. The remaining output is indirect/induced.

3.4 Fiscal and Long Term Economic and Real Property Development Impacts

The fiscal and long term economic and real property development impacts of the Project are discussed in Section 6.6 of the *Westside Subway Extension Project Economic and Fiscal Impacts Analysis and Mitigation Report.*

4.0 CEQA DETERMINATION

Property tax losses in excess of one percent of the area tax base would be considered a significant effect under CEQA. No impacts above this threshold were determined in the foregoing analysis.