4.14 Economic and Fiscal Impacts

This section evaluates potential impacts to local and regional economies during construction and operation of each project alternative. The analysis for construction and property tax-related impacts focused on properties that would abut the proposed alignments. Information in this section is based on the Economic and Fiscal Impacts Technical Memorandum prepared for the project contained in Appendix BB, Economic and Fiscal Impacts Technical Memorandum, of this EIS/EIR.

This section has been updated since publication of the Draft EIS/EIR based on refinements to the Locally Preferred Alternative (LPA). A vertical line in the margin is used to show where revisions have occurred to this section since publication of the Draft EIS/EIR, excluding minor edits for consistency and correction of formatting and minor typographical errors.

Since publication of the Draft EIS/EIR, refinements to the LPA have reduced the significance of potentially adverse economic and fiscal impacts during construction in Little Tokyo. The refinements reduce the amount of cut and cover, the need for roadway and sidewalk closures, property acquisitions, and overall disruption to businesses during construction. The refinements to the LPA have reduced the number of privately-owned parcels that would be completely or partially acquired from 17 to 11 parcels. As a result, the property tax loss for the LPA has also been reduced since publication of the Draft EIS/EIR. Since designation of an LPA, mitigation measures have been refined and confirmed for the LPA, which are listed in Section 4.14.4.2 below, based on input received during the Draft EIS/EIR public review period. No changes to the NEPA impact findings or CEQA impact determinations were identified as a result of refinements to the LPA or other developments since publication of the Draft EIS/EIR. Mitigation measures listed for the LPA in this section have been carried forward and included in the Mitigation Monitoring and Reporting Program (MMRP) for the LPA, Chapter 8, of this Final EIS/EIR.

The analysis of potential economic and fiscal impacts associated with the LPA is detailed below in Section 4.14.3.5.

4.14.1 Regulatory Framework

NEPA does not include specific guidelines on measuring adverse economic impacts. Therefore, impacts were measured based on multipliers from the U.S. Department of Commerce (developed to estimate potential construction-related employment spending and economic impacts). The multipliers measure employment creation and total tax revenue generation.

The EIR process must adhere to CEQA guidelines which state that economic changes resulting from a project shall not be treated as significant effects on the environment. Economic effects of a physical change, however, may be used to determine that the physical change is a significant change to the environment (CEQA 15358b).

In the absence of specific thresholds of significance for economic impacts, CEQA guidelines encourage each public agency to develop its own set of thresholds. The following thresholds of significance for the purposes of CEQA were applied in the analysis of economic and fiscal impacts of the Regional Connector Transit Corridor project alternatives.

- The alternative would substantially reduce the amount or value of taxable property in the project area.
- Construction of the alternative would have substantial, adverse effects on businesses along the alignment.

4.14.2 Affected Environment

The project area, for purposes of evaluating economic and fiscal impacts, is generally the same as in Section 4.16, Growth-Inducing Impacts. The analysis for direct and indirect regional economic and fiscal impacts focused on downtown Los Angeles and areas served by the transit lines that would connect to the Regional Connector in Los Angeles County (Long Beach, Pasadena, Culver City, and East Los Angeles).

The project area lies within the geographic scope of the City of Los Angeles Council of Governments (CLACG), a subregion of the Southern California Association of Governments (SCAG), which includes Los Angeles, San Fernando, and portions of unincorporated areas of Los Angeles County. The analysis of potential property tax and construction-related impacts focuses on properties directly abutting the proposed alignments.

Table 4.14-1 shows employment growth for the project area, City of Los Angeles, and CLACG subregion. The table shows that the project area is expected to gain approximately 12,630 new jobs by 2035. This would be an increase in employment of approximately 0.28 percent per year between 2008 and 2035. The annual rate of growth for the project area would be similar to that in the City of Los Angeles, but lower than in the CLACG subregion.

Table 4.14-1. Local Area Employment Growth 2008-2035

Area	2008	2035	2008-2035 Employment Change	2008-2035 Annual Average % Change
CLACG	1,839,988	2,037,472	197,484	0.40
City of Los Angeles	1,879,666	1,994,134	114,468	0.23
Project Area	169,328	181,962	12,634	0.28

Source: Southern California Association of Governments 2008 Final Adopted Integrated Growth Forecast, May 2008

Windshield surveys were conducted to identify and categorize local businesses by use. Vehicular and pedestrian access was identified for each business along the proposed alignments. Properties adjacent to proposed alignments include high-density multi-family, commercial, industrial, and government-related uses. Approximately 112 businesses and commercial office buildings are in areas that could be impacted along the proposed alignments.

Under the At-Grade Emphasis LRT Alternative, 56 privately-owned properties would directly abut the alignment. Based on 2009 tax data, these businesses represent a total tax base of $21,867,759.

With the Underground Emphasis LRT Alternative, 82 privately-owned parcels would abut the alignment. Based on 2009 tax data, this represents a property tax base of $24,280,248.

With the LPA, 90 privately-owned properties would directly abut the alignment. Based on 2009 tax data, these properties represent a property tax base of $24,365,168.

4.14.3 Environmental Impacts/Environmental Consequences

The following sections summarize the evaluation of potential economic and fiscal impacts for each alternative. Impact conclusions for all of the alternatives are based on the thresholds identified above in Section 4.14.1. Table 4.14-2 summarizes the results of the analysis.

Table 4.14-2. Summary of Potential Economic and Fiscal Impacts

Alternative	Tax Revenues[1] (CEQA)[2]	Effects on Businesses (CEQA)[2]	Adverse NEPA Effects After Mitigation	Significant CEQA Impacts After Mitigation
No Build	None (No beneficial effects either)	None (No beneficial effects either)	None	None
TSM	None	Potential impact would be mitigated if occurs	None	None
At-Grade Emphasis LRT	Reduction in property tax base due to acquisition less than significant	Significant construction impacts not significant after mitigation Beneficial operational effects	None	None
Underground Emphasis LRT	Reduction in property tax base due to acquisition less than significant	Significant construction impacts not significant after mitigation Beneficial operational effects	None	None
LPA	Reduction in property tax base due to acquisition less than significant	Significant construction impacts not significant after mitigation Beneficial operational effects	None	None

Notes:
[1] Includes property values and economic activity which affect tax revenues.
[2] In the absence of specific thresholds of significance for economic impacts, CEQA guidelines encourage each public agency to develop its own set of thresholds. The thresholds of significance for the purposes of CEQA were applied in the analysis of economic and fiscal impacts.

Construction activities under the build alternatives could affect the mix of business and government-related uses along the alignment. Acquisitions of privately-owned properties would affect city, county, and state property tax generation in this area. Each build alternative would require some acquisitions with a potential impact on property tax revenues.

Property tax losses would not occur from acquisitions of government-owned parcels. Thus, only partial and full takes of privately-owned parcels are analyzed. Using Los Angeles County Tax Assessor 2009 data, property tax loss was calculated based on the amount of square feet to be acquired (the impact area). In addition, property tax losses from the acquisition of privately-owned properties would likely be offset by increases in property values.

4.14.3.1 No Build Alternative

The No Build Alternative would not involve property acquisitions and therefore, would not have property tax revenue impacts. This alternative would not substantially alter the physical environment and would not have significant, adverse economic impacts within the project area. Given that an LRT system through downtown Los Angeles would not be constructed under the No Build Alternative, there would be no economic benefits from direct and indirect job creation, investment, or spending by suppliers whose goods and services are used in a project. Since the No Build Alternative would forego beneficial economic impacts, the regional economy could be adversely affected.

4.14.3.1.1 NEPA Finding

The No Build Alternative would not have adverse effects to economic or fiscal resources because it does not involve construction of a new LRT system in the project area. However, this alternative would forego the beneficial economic effects that would occur with development of the build alternatives.

4.14.3.1.2 CEQA Determination

No construction is involved with the No Build Alternative and therefore, this alternative would not have a significant impact to economic or fiscal resources.

4.14.3.2 TSM Alternative

The TSM Alternative would not involve property acquisitions or have property tax revenue impacts. The TSM Alternative could permanently displace up to 24 on-street parking spaces along its alignment to make way for new bus stops. The loss of on-street parking spaces could impact some businesses. It is difficult to estimate the exact impact because the bus station locations have yet to be determined. Nonetheless, the mitigation measure, which involves development of a parking mitigation program, identified in Section 4.2.4 of the Draft EIS/EIR for the build alternatives would apply to the TSM alternative to address impacts related to the potential loss of on-street parking associated with this alternative. However, like the No Build Alternative, the TSM Alternative is not anticipated to have adverse economic or fiscal impacts. The TSM Alternative would not result in beneficial economic impacts associated with construction-related spending and construction-related job creation to the extent associated with the build alternatives.

4.14.3.2.1 NEPA Finding

The TSM Alternative would not involve substantial physical changes to the environment and therefore, would not have any adverse economic or fiscal effects. However, the TSM Alternative would not result in beneficial economic effects to the extent associated with the build alternatives.

4.14.3.2.2 CEQA Determination

The TSM Alternative would not involve substantial physical changes to the environment and therefore, would not result in a significant economic or fiscal impact.

4.14.3.3 At-Grade Emphasis LRT Alternative

The At-Grade Emphasis LRT Alternative would require partial takes of five privately-owned parcels for construction staging, new stations, a pedestrian overpass, and a traction power substation (TPSS) site. Total tax revenue loss due to land acquisitions with the At-Grade Emphasis LRT Alternative is estimated to be approximately $186,734. This loss would be approximately 0.85 percent of the total $21,867,759 property tax revenue from all privately-owned businesses that directly abut the proposed alignment. This loss in revenue could be offset by an increase in property values near station sites. Therefore, this alternative would not have an adverse impact to property tax revenues.

During construction, street closures would be implemented in phases. Construction effects that would disrupt business activities would be limited to areas of cut and cover construction. Typical impacts could include disruption of access for adjacent land uses, increased levels of noise, vibration and dust, utility disruptions, displacement of up to 80 on-street parking spaces, and a general disinterest in area businesses from potential customers due to construction. These impacts could have the secondary effect of reducing activity levels in the area and therefore, revenue for adjacent businesses.

Approximately 36 businesses along the At-Grade Emphasis LRT Alternative alignment could be significantly impacted by construction. Implementation of mitigation measures, such as compensation to property owners for acquisitions and assistance to business owners, would lessen construction impacts. Depending on the success of mitigation measures, some residual impacts could remain from construction.

During construction, the At-Grade Emphasis LRT Alternative is estimated to create approximately 13,800 direct and indirect employment opportunities and generate approximately $1.9 billion in direct and indirect revenues. Such employment projections are consistent with estimated levels of growth for the project area. This would represent a beneficial impact.

Once construction is complete and the LRT system is operational, transit usage would increase, enhancing accessibility and attractiveness of businesses surrounding station sites.

Related projects could be under construction during the same time as the proposed alternative. Therefore, construction of this alternative could result in a considerable contribution to cumulative impacts on activity levels and revenue of businesses along the alignment. Project operational impacts would be less than significant, so they would not contribute to cumulative, adverse, economic, or fiscal operational impacts.

4.14.3.3.1 NEPA Finding

Operation of the At-Grade Emphasis LRT Alternative would have beneficial economic and fiscal effects by improving transit accessibility and mobility and reducing travel time and costs in the region. This could increase economic activity and benefit businesses and employees traveling to and from work. This alternative would also result in an increase in employment and tax revenue, which would beneficially affect local and regional economies.

4.14.3.3.2 CEQA Determination

Construction of the At-Grade Emphasis LRT Alternative would have a significant economic and fiscal impact as it would affect activity levels and businesses along the alignment. The alternative would have less than significant impacts after implementation of proposed mitigation measures, although, if the mitigation is not effective there could be some residual impacts during construction.

Operation of the At-Grade Emphasis LRT Alternative would have beneficial economic and fiscal impacts by improving transit accessibility and mobility and reducing travel time and costs in the region. This could increase economic activity and benefit businesses and employees traveling to and from work. This alternative would also result in an increase in employment and tax revenue, which would beneficially impact local and regional economies.

4.14.3.4 Underground Emphasis LRT Alternative

The Underground Emphasis LRT Alternative would require the acquisition of more privately-owned parcels than the At-Grade Emphasis LRT Alternative. Acquisitions would be required for construction staging, new stations, portals, a bridge pier, and a pedestrian overpass. Both partial and full takes would be required. Twenty privately-owned parcels would be impacted under this alternative. Seven of these parcels are in the Little Tokyo area, on the block bounded by 1st, 2nd, and Alameda Streets, and Central Avenue.

Total tax revenue loss from property acquisitions under the Underground Emphasis LRT Alternative is estimated to be approximately $286,847. Losses to property tax revenues would be approximately 1.2 percent of the $24,280,248 total property tax base for properties that directly abut the proposed alignment. This would be a less than significant impact to revenues and offset by property value increases near stations.

The Underground Emphasis LRT Alternative would require acquisition of 20 privately-owned parcels for tunnel boring and station construction. Construction could significantly impact 38 businesses along the alignment due to street and sidewalk closures, the permanent displacement of up to 29 on-street parking spaces, dust, and noise.

Construction of the Underground Emphasis LRT Alternative could have significant construction impacts to businesses near station sites. Depending on tunneling and construction techniques used to construct the tunnel, phased street closures may be required. However, impacts would not be as significant as under the At-Grade Emphasis LRT Alternative. Economic impacts caused by the Underground Emphasis LRT Alternative would mostly be limited to businesses surrounding station sites and cut and cover construction areas. Cut and cover construction would generate temporary inconveniences such as increased noise, vibration, and dust, decreased views of signage, and limited access to businesses within close proximity of new station areas, and creating a general customer perception of disruption in the area.

Temporary and intermittent street closures for 1st and Alameda Streets throughout the 24- to 36-month construction process could significantly impact businesses in Little Tokyo. Implementation of mitigation measures (e.g., compensation to property owners for acquisitions and assistance to business owners) would lessen construction impacts. Depending on the success of mitigation measures, some residual impacts could remain during construction. However, once construction is complete and the LRT system is operational, transit usage would increase, enhancing accessibility and attractiveness of businesses surrounding stations sites.

During construction, this alternative would lead to a $2.8 billion increase in regional economic output and would create 20,700 direct and indirect employment opportunities. This increase in employment opportunities is within projected levels of growth for the project area and would be a beneficial impact. Additionally, new job growth and spending could increase income and sales tax revenues by $117 million.

Related projects would be under construction during the same time as the proposed alternative. Therefore, construction of this alternative could result in a considerable contribution to cumulative impacts on activity levels and revenue of businesses along the alignment. Project operational impacts would be less than significant, so they would not contribute to cumulative, adverse, economic, or fiscal operational impacts.

4.14.3.4.1 NEPA Finding

Operation of the Underground Emphasis LRT Alternative would have beneficial economic and fiscal effects by improving transit accessibility and mobility and reducing travel time and costs in the region. This could encourage greater economic activity and would benefit businesses and commuting employees. This alternative would also result in an increase in employment and tax revenue, which would benefit local and regional economies.

4.14.3.4.2 CEQA Determination

Construction of the Underground Emphasis LRT Alternative would have significant economic and fiscal impacts as it would affect activity levels and businesses along the alignment. Impacts associated with this alternative would be reduced to less than significant after implementation of proposed mitigation measures, although, if the mitigation is not effective there could be some residual impacts during construction.

Operation of the Underground Emphasis LRT Alternative would have beneficial economic and fiscal impacts by improving transit accessibility and mobility and reducing travel time and costs in the region. This could encourage greater economic activity and would benefit businesses and commuting employees. This alternative would also result in an increase in employment and tax revenue, which would benefit local and regional economies.

4.14.3.5 Locally Preferred Alternative

The LPA would have similar construction impacts to businesses as the Underground Emphasis LRT Alternative, except for businesses near the intersection of 1st and Alameda Streets. Neither a pedestrian overpass nor an automobile underpass would be built within the 1st and Alameda Streets intersection under this alternative. However, 1st Street would be relocated under the LPA, between Alameda and Garey Streets. Nonetheless, impacts to nearby businesses would be less than with the Underground Emphasis LRT Alternative.

Construction of the LPA could have significant construction impacts to businesses near station sites. Depending on tunneling and construction techniques used to construct the tunnel, phased street lane closures may be required. However, impacts would not be as significant as under the At-Grade Emphasis LRT Alternative. Economic impacts caused by the LPA would mostly be limited to businesses surrounding station sites and cut and cover and open cut construction areas. Cut and cover and open cut construction would generate temporary inconveniences such as increased noise, vibration, and dust, decreased views of signage, and limited access to businesses within close proximity of new station areas, and creating a general customer perception of disruption in the area.

During review of the Draft EIS/EIR the community expressed concerns regarding construction impacts to businesses. Based on comments received on the Draft EIS/EIR and input received from community meetings held during preparation of this Final EIS/EIR, refinements were made to the LPA. Overall, impacts to businesses during construction of the LPA would be less than the Underground Emphasis LRT Alternative due to the following: a station near 5th and Flower Streets is not proposed under the LPA and therefore construction associated with a station at this location would not occur; cut and cover on 2nd Street in Little Tokyo would not be required, which would result in less cut and cover overall during construction; and the majority of construction activities in Little Tokyo would be concentrated on the Mangrove property located northeast of the intersection of 1st and Alameda Streets, which is farther from the business areas of the community than the other potential construction sites studied. Refinements made to the LPA to reduce construction impacts are described in further detail in Chapter 2, Alternatives Considered.

Metro is committed to working with the community and businesses to ensure that the mitigation measures in the MMRP are effective. Implementation of mitigation measures identified in Section 4.14.4.2 below and Chapter 8, the MMRP for the LPA, of this Final EIS/EIR (e.g., compensation to property owners for acquisitions and assistance to business owners) would reduce construction impacts to less than significant. In addition, once construction is complete and the LRT system is operational, transit usage would increase, enhancing accessibility and attractiveness of businesses surrounding station sites.

The LPA would require removal of fewer on-street parking spaces than the At-Grade Emphasis LRT Alternative and the Underground Emphasis LRT Alternative. Approximately 13 on-street parking spaces would be displaced under this alternative. This would result in a less than significant impact to businesses.

Additionally, this alternative would necessitate complete or partial acquisition of 11 privately-owned parcels. Fewer parcels on the block bounded by 1st, 2nd, and Alameda Streets and Central Avenue would need to be fully acquired compared to the Underground Emphasis LRT Alternative. Only the parcels on the northern portion of the block, which includes the Señor Fish, Weiland Brewery, the former Café Cuba (The Spice Table) building, and associated parking, would need to be acquired for construction of the 1st/Central Avenue station. This acquisition is needed to stage construction and build a new underground station, station entrances, and ancillary facilities. The remaining businesses on that block would remain, including the Office Depot and associated parking. The property tax loss for the LPA would be less than the Underground Emphasis LRT Alternative. Property tax losses for the LPA would be approximately $179,692. Property tax revenue losses would equal approximately 0.74 percent of the $24,365,168 property tax base of properties that directly abut the proposed alignment. This loss would result in a less than significant impact and would be offset by increasing property values near stations.

Higher capital costs associated with this alternative could induce a total economic output of over $2.2 billion and create 16,469 direct and indirect jobs during construction with an increase in state and local tax revenues of over $93 million. The estimated increase in employment opportunities is within projected levels of growth for the project area and would result in a beneficial impact.

Related projects could be under construction during the same time as the proposed alternative and could result in cumulative economic or fiscal construction impacts. With implementation of mitigation, construction of the LPA would not result in a considerable contribution to cumulative economic or fiscal construction impacts. Project operational impacts would be less than significant, and would not contribute to cumulative, adverse, economic, or fiscal operational impacts.

4.14.3.5.1 NEPA Finding

Operation of the LPA would have beneficial economic and fiscal effects by improving accessibility and mobility and reducing travel time and costs in the region. This could encourage greater economic activity and would benefit businesses and commuters. This alternative would also increase employment and tax revenue; representing a beneficial effect to local and regional economies.

4.14.3.5.2 CEQA Determination

Construction of the LPA would have significant economic and fiscal impacts as it would affect activity levels and businesses along the alignment. The alternative would not have significant impacts after implementation of mitigation measures. With implementation of mitigation, construction of the LPA would not result in a considerable contribution to cumulative economic or fiscal construction impacts.

Operation of the LPA would have beneficial economic and fiscal impacts by improving accessibility and mobility and reducing travel time and costs in the region. This could encourage greater economic activity and would benefit businesses and commuters. This alternative would also increase employment and tax revenue; representing a beneficial impact to local and regional economies.

4.14.4 Mitigation Measures

4.14.4.1 Updates to the Candidate Mitigation Measures from the Draft EIS/EIR

The Draft EIS/EIR included candidate mitigation measures for review and comment by the public, agencies, and other stakeholders. Since publication of the Draft EIS/EIR, Metro has added specificity to the candidate mitigation measures for economic and fiscal impacts presented in the Draft EIS/EIR. The final LPA mitigation measures, shown in Section 4.14.4.2 below, are included in the MMRP for the LPA, Chapter 8, of this Final EIS/EIR, and supersede candidate mitigation measures identified in the Draft EIS/EIR. Updates to the mitigation measures made since publication of the Draft EIS/EIR include:

- Additional detail provided to mitigation measures which involve measures to assist businesses affected by construction, such as develop a parking mitigation program and a Construction Mitigation Program.
- Additional detail provided to mitigation measures for consistency with other sections.

4.14.4.2 Final Mitigation Measures for the Locally Preferred Alternative

Mitigation measures listed for the LPA in this section have been carried forward and included in the MMRP for the LPA, Chapter 8, of this Final EIS/EIR. They are the final committed mitigation measures for the LPA. MMRP index numbers are shown in parenthesis after each mitigation measure.

- Metro shall develop measures to assist business owners significantly impacted by construction. These shall include temporary parking, marketing programs, and other measures developed jointly between Metro and affected businesses. (EF-1)
- Metro shall work with the City to develop a parking mitigation program to mitigate the loss of public parking spaces during construction to the extent feasible. This could include, but is not limited to, restriping the existing street to allow for diagonal parking, reducing the number of inhibited parking areas, phasing construction activities in a way that minimizes parking disruption, and increasing the time limits for on-street parking. Restriping could occur where feasible on portions of Temple Street, Alameda Street, 1st Street, 2nd Street, Central Avenue, San Pedro Street, Judge John Aiso Street, 3rd Street, and Traction Avenue. Such parking mitigation shall be implemented on a temporary, tiered basis pending findings of the annual parking analysis described in Section 4.17, Environmental Justice. (DR-4)

- Metro shall not hinder access to other public parking lots during construction. (DR-5)
- Metro shall maintain access to the Little Tokyo Library and other community facilities at all times during construction. (DR-6)
- Metro shall develop a Construction Mitigation Program that includes protocol for community notification of construction activities, including traffic control measures, schedule of activities, and duration of operations, with written communications to the community translated into appropriate languages. (DR-7)
- Metro shall provide relocation assistance and compensation as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. (DR-8)