3.6 Economic Impacts

This section evaluates the potential long-term effects of the No Build Alternative and the Build Alternative on economics, as detailed in **Appendix I** (Economic Impacts Report). Short-term construction effects are discussed in **Section 3.17** (Construction).

The assessment of reasonably foreseeable effects in this section is based upon the temporal proximity parameters detailed in **Chapter 3.0** (Introduction), and the geographic proximity parameters detailed in **Section 3.6.1** (Affected Environment).

3.6.1 Affected Environment

Economics Study Area

- **Corridor Jurisdictions:** Cities of Commerce and Montebello and Los Angeles County[11] considered in the larger regional context of the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area (Los Angeles and Orange Counties) and the Southern California Association of Governments 6-County Area
  - Captures the benefits and impacts of new transportation infrastructure
  - Identifies economic effects for the County of Los Angeles and the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area
  - Identifies fiscal effects for the corridor jurisdictions

Regulations associated with economic analysis for the Project are summarized in **Appendix S** (Regulatory Setting Summary) and detailed in **Appendix I**. A review of databases from federal, state, and local regulatory agencies was conducted for this evaluation. For additional information on the regulatory setting, see **Appendix I.**

3.6.1.1 Methodology

The Build Alternative would generate new jobs and associated earnings in the long-term. The potential economic effects of the Build Alternative when compared to the No Build Alternative are discussed quantitatively in **Section 3.6.3**. For the Build Alternative's mobility and connectivity effects, the analysis applies United States Department of Transportation guidance to calculate time value savings resulting from enhanced transit services. The amount of time saved due to the Build Alternative was estimated using Metro's travel demand model (refer to **Appendix O** [Transportation and Traffic Impacts Report]).

The construction analysis summarized in **Section 3.17** estimates the short-term economic effects resulting from construction jobs and earnings generated by each alternative based on the respective construction cost estimates. The short-term economic effects associated with construction expenditures were measured using the Regional Input-Output Modeling System II multipliers from the United States Department of Commerce Bureau of Economic Analysis. The number of jobs generated by the Build Alternative was then considered within the context of Metro's Pilot Local Hire Initiative (including the Project Labor Agreement and Construction Careers Policy) for consistency with Metro's construction employment policies. Potential construction-related effects on local businesses were assessed via a review of **Appendix H** (Community Impacts Assessment), **Appendix M** (Real Estate and Acquisition Impacts Report), **Appendix L** (Noise and Vibration Impacts Report), **Section 3.11** (Land Use and Development) of the EA, and **Appendix O**. The annual tax revenue associated with the loss of properties due to right-of-way purchase, displacement, and relocation was determined by first identifying the actual properties required for the Build Alternative as identified in the **Appendix M**. The short-term economic

[11] Los Angeles County encompasses the entire county area, including approximately 101 unincorporated areas, one of which is East Los Angeles.

effects of construction would be considered adverse if they would result in less spending, funding or a reduction in community services due to loss of local tax revenue.

For a full discussion of the methodologies used to calculate economic effects, refer to **Appendix I**.

3.6.1.2 Existing Conditions

The Economics Study Area is within the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area, which is one of the nation's largest and most diverse urban economies, serving as an international gateway to global commerce. However, without meaningful investment in transportation infrastructure to handle future growth, the existing comparative economic advantages would be eroded by rising travel times, congestion costs, increased emissions, and reduced travel reliability.

Table 3.6-1 summarizes employment and population trends for the areas that comprise the Economics Study Area, with the Southern California Association of Governments 6-County Area provided for comparison. **Table 3.6-2** summarizes unemployment trends for the areas that comprise the Economics Study Area, with the total for the United States provided for comparison. As **Table 3.6-3** shows, the unemployment rate increased in 2020 as a result of the Coronavirus disease 2019 (COVID-19) pandemic, but then decreased across all geographies to pre-pandemic levels by 2022. Also, unemployment rates are generally similar across jurisdictions in the Economics Study Area, but higher compared to the United States as whole.

Table 3.6-1 Employment and Population Forecasts

Jurisdiction	Employment 2025	Employment 2050	Percent Change (2025-2050)	Population 2025	Population 2050	Percent Change (2025-2050)
Commerce	62,079	63,442	2.2%	17,395	17,494	0.6%
Montebello	36,133	37,344	3.4%	69,710	71,925	3.2%
Los Angeles County	5,097,096	5,462,054	7.2%	10,057,369	10,799,700	7.4%
Southern California Association of Governments 6-County Area	9,221,080	10,276,319	**11.4%**	19,078,667	20,908,782	**9.6%**

*Source: CDM Smith/AECOM JV 2026, **Appendix I**.*
Key: % = percent; **bold text** = highest percentage

Table 3.6-2 Unemployment Rates for the Economics Study Area and Nationally

Economics Study Area	2018	2019	2020	2021	2022	2023
Commerce	**5.6%**	4.5%	10.7%	9.5%	**5.3%**	**5.4%**
Montebello	5.0%	**4.9%**	**13.2%**	**9.7%**	5.0%	5.0%
Los Angeles County	4.6%	4.5%	12.3%	8.9%	4.9%	5.0%
United States Total	3.9%	3.7%	8.0%	5.4%	3.6%	3.6%

*Source: CDM Smith/AECOM JV 2026, **Appendix I**.*
Key: % = percent; **bold text** = highest percentage

Table 3.6-3 summarizes housing and transportation costs for the jurisdictions that comprise the Economics Study Area. The data is sourced from the Center for Neighborhood Technologies' Housing and Transportation Affordability Index. The Center for Neighborhood Technologies defines affordability for combined housing and transportation costs as spending no more than 45 percent of household income. As the fourth column of **Table 3.6-3** indicates, every jurisdiction along the alignment exceeds this threshold. Commerce and Montebello both have higher than average transportation costs as demonstrated by the values exceeding 1.0 in the second to last column of the table. The table also shows that the average transportation costs in Montebello are currently offset to some degree by inexpensive housing, as indicated by the value of less than 1 in the fifth column.

Table 3.6-3 Housing and Transportation Costs for Economics Study Area Jurisdictions

Jurisdiction	Housing Cost as Share of Income (Percent)	Transportation Cost as Share of Income (Percent)	Housing and Transportation Cost as Share of Income (Percent)	Area Housing Cost Relative to County Average	Area Transportation Cost Relative to County Average	Area Housing + Transportation Cost Relative to County Average
Commerce	35	25	60	1.06	1.32	1.15
Montebello	32	28	60	0.97	1.47	1.15
Los Angeles County	33	19	52	1.00	1.00	1.00

Source: CDM Smith/AECOM JV 2026, ***Appendix I****.*

3.6.2 No Build Alternative

The No Build Alternative, as described in **Section 2.2** of the EA, would include already planned and funded roadway and transit projects but would not provide a rail transit option for communities in eastern Los Angeles County. The No Build Alternative would not result in economic or fiscal effects in addition to those attributed to already planned and funded projects.

Overall, as shown in **Table 3.6-4**, the No Build Alternative would not result in long-term economic effects, and would result in no adverse effect on economics.

Table 3.6-4 Economic and Fiscal Impact Summary – No Build Alternative

Topic	Impact	Rationale
Operation and Maintenance Expenditures	No Adverse Effect	▪ Would not generate additional light rail transit operation or maintenance expenditure.
Mobility	No Adverse Effect	▪ Would not improve mobility or result in mobility benefits (e.g., no travel time or cost savings) within the Economics Study Area.
Change to Tax Base	No Adverse Effect	▪ No additional light rail transit property acquisitions would be required.
Planned and Funded Transit	No Adverse Effect	▪ Includes existing and already planned transit projects, but not the addition of the LRT in the Economics Study Area.

Source: Metro; CDM *Smith/AECOM JV 2026.*

3.6.3 Build Alternative

Table 3.6-5 summarizes the reasonably foreseeable economic effects of the Build Alternative, organized as follows: (1) changes in taxation; (2) potential displacement of businesses and individuals; (3) disruptions to business activities; and (4) construction costs and associated economic impacts within the Economics Study Area.

Table 3.6-5 Summary of Economic Effects of the Build Alternative

Economic Effect
Changes in Taxation. Property acquisitions for the Build Alternative would remove an assessed property value of approximately $81.85 million from the tax base across the three jurisdictions. This would result in an estimated total annual tax revenue loss of $10,976,773 ($10,239,139 in the City of Montebello, $438,321 in the City of Commerce, and $299,313 in Los Angeles County). In each jurisdiction, these losses represent less than 1 percent of the total assessed property value and are not expected to measurably affect public services or fiscal stability (see **Appendix I**). Over the long term, transit oriented development near proposed stations and the return of surplus properties to the tax base through joint development could partially or fully offset these losses.
Displacement of Businesses and Individuals. Appendix M estimates that property acquisitions associated with the Build Alternative would displace or relocate approximately 637 employees. While permanent job loss is possible, multiple available sites within the Economics Study Area, which includes potential transit oriented development locations, could accommodate displaced businesses. Rail transit investment has historically catalyzed economic development in comparable communities, which suggests that net employment effect may ultimately be positive. At the same time, displaced businesses and individuals would be entitled to relocation assistance consistent with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the California Relocation Assistance Act. See **Appendix M** for parcel-level details and information about Build Alternative effects related to acquisition and displacement.
Disruptions to Business Activities. Construction of the Build Alternative is anticipated to last approximately 60 to 84 months and could cause temporary adverse effects on businesses near or adjacent to construction areas. Potential disruptions include; traffic delays, increased noise and vibration, reduced access and visibility, and utility interruptions. Retail and personal services businesses are most susceptible to short-term revenue impacts, while industrial businesses may face increased transportation costs due to detours. Although some individual businesses may experience temporary negative effects, these represent a small share of the economy and would be temporary in nature. Project-level measures such as outreach, signage, and access management would help minimize disruption. See **Section 3.17** for further discussion of construction effects. See **Appendices H, L, M**, and **O** for additional analysis.
Construction Costs and Economic Impacts. The Build Alternative has an estimated total capital cost of $5.889 billion (2022 dollars). Excluding Measure M funding ($3 billion) and line items with limited local economic impact (vehicle procurement and land acquisition), approximately $1.894 billion in construction and professional services expenditures would generate measurable regional economic activity in the Economics Study Area. Applying Bureau of Economic Analysis RIMS II multipliers, these expenditures are estimated to support approximately 11,679 person-year jobs and $895.7 million in earnings in Los Angeles County during the construction period of 2029 to 2034. Under Metro's Pilot Local Hire Initiative, hiring priority would be given to residents of zip codes within five miles of the Project (see **Appendix I**).

Source: Metro; CDM *Smith/AECOM JV 2026.*

Table 3.6-6 summarizes the operation and maintenance costs for the Build Alternative. The unit costs were developed based upon the previous report "Eastside Transit Corridor Phase 2 – Operating and Maintenance Cost Estimate Technical Memorandum" from 2011. In that report, unit costs were presented in Fiscal Year 2010 dollars. The same unit costs have been escalated to Fiscal Year 2022 dollars ($) using a 3.5 percent inflation rate. Total wages and benefits are estimated to be 44 to 48 percent of total operating expenses. Wages and benefits from operation of the Build Alternative would range between $19.78 and $21.58 million annually in 2022 dollars.

Table 3.6-6 Annual Operation and Maintenance Costs

—	Route Miles	Yards	Annual Platform Train Hours	Annual Platform Vehicle Miles	Number of Light Rail Vehicles in Peak Service
Units	4.57	1	17,710	1,732,167	9
Units Costs in 2022 dollars	$257,475	$12,269,943	$237	$14	$423,122
Costs by Variable in 2022 dollars	$1,176,662	$12,269,943	$4,190,022	$23,509,699	$3,808,099
Total Annual Costs in 2022 dollars	$44,954,426				

Source: CDM Smith/AECOM JV 2026, ***Appendix I****.*
Key: $ = dollars

Benefits would be greater for the jurisdictions served by the Build Alternative relative to the County as a whole as there would be less "leakage" (i.e., the amount of spending that takes place outside the reference economy) associated with project spending. The overall beneficial effect of the additional operation and maintenance jobs on the economy would depend on the source of funding for the workers. Funding from federal sources would generate greater effects than local funding sources as the federal funding would represent "new" money circulating into the economy. Therefore, the Build Alternative would result in a long-term beneficial economic effect.

In 2022, Metro received assistance from the federal government in the form of grants to fund 37.5 percent of total operations (Metro 2022b). However, some of this federal funding, such as the Congestion Mitigation and Air Quality Improvement formula funds, would be spent in the region regardless of the Build Alternative. It is assumed 10 percent of total operations would be project-specific, competitive funds from federal funding that are new to the Economics Study Area due to the Project; thus, the additional jobs created through operational activities would have a net benefit on economic activity, and would result in a long-term beneficial economic effect.

To estimate the beneficial effects associated with the Build Alternative, Regional Input-Output Modeling System II final demand multipliers were applied to the amount of new funding (10 percent) that would be used for operating expenses as shown in **Table 3.6-7**.

Table 3.6-7 Annual Operation and Maintenance Earnings and Employment Effects

Inputs	Los Angeles County	Los Angeles Metropolitan Statistical Area
Operating Expenditures (2022 dollars)	$44,954,426	$44,954,426
Percent of New Money[1]	10%	10%
Additional Operating Expenditure within Region funded by New Federal Money	$4,495,443	$4,495,443
Transit and Ground Passenger Transportation Final Demand Earnings Multiplier	0.4197	0.4777
Transit and Ground Passenger Transportation Final Demand Employment Multiplier	15.9026	17.6794
Earnings (in Thousands of 2022 Dollars)	$1,887	$2,147
Total Employment (Jobs per $1 Million Spent)[2]	71	79

Source: CDM Smith/AECOM JV 2026, ***Appendix I****.*
Notes:
[1] Percent of new money is the percent of total Operation and Maintenance expenses funded through federal funding sources that otherwise would not have been introduced into the regional economy.
[2] Components may not sum to totals due to rounding.
Key: $ = dollars; % = percent

Reasonably foreseeable effects include employment and income resulting from operation of the Build Alternative. Additional effects would include employment resulting from the purchase of goods and services by Metro employees, and employment resulting from Metro workers spending their income within the Economics Study Area. It is estimated that long-term operation-related spending would generate $2.2 million in additional wages and salaries for households and create 79 person-year jobs for all industries per year.[12] Based on the predicted economic benefits from the Build Alternative, the potential long-term effects would be beneficial, and would result in a beneficial economic effect.

When the Build Alternative becomes fully operational, it would improve mobility within the Economics Study Area relative to the No Build Alternative. The value of time saved, and the travel cost savings associated with diverting travelers from autos to transit for 2050 are shown in **Table 3.6-8** and **Table 3.6-9**. Therefore, the Build Alternative would result in a beneficial economic effect relative to time and cost savings.

Table 3.6-8 Project Annual Value of Travel Time Savings in 2050

Type of Travel	Share of Trips (percent)	Annual Time Savings (hours)[1]	Hourly Value of Travel Time Savings (2022 dollars)[2]	Annual Value of Time Saved (2022 dollars)[3]
Personal Travel	88.2	1,538,384.4	$19.40	$29,844,657
Business Travel	11.8	205,815.6	$33.50	$6,894,822
Total	100	1,744,200	—	$36,739,480

Source: CDM Smith/AECOM JV 2026, ***Appendix I***.

Notes:

[1] 2050 travel time savings from Travel Demand Model with FTA standard 95 percent ramp-up factor.

[2] Personal/Business split: 88.2 percent Personal, 11.8 percent Business (Table A-2).

[3] All monetary values in 2023 dollars per May 2025 United States Department of Transportation Benefit-Cost Analysis Guidance.

Key: — = Not Applicable

Table 3.6-9 Project Annual Travel Cost Savings in 2050

New Weekday Riders[1]	Vehicle Miles Traveled (VMT) Savings (Average weekday)[1]	Auto Operating Cost per Mile (Dollar per Mile)[2]	Auto Travel Cost Savings (2022 Dollars)[3]
1,598,850	73,910	$0.56	$10,554,348

Source: CDM Smith/AECOM JV 2026, ***Appendix I***.

Notes:

[1] 2050 Vehicle Miles Travelled (VMT) savings from Travel Demand Model with FTA standard 95 percent ramp-up factor.

[2] Auto Operating Cost of $0.56 per mile for Light Duty Vehicles (2023 dollars).

[3] Auto Travel Cost Savings = VMT Savings × Annualization Factor (255) × Operating Cost.

[12] A person-year job is defined as one job for one person for one year.

Long-term development effects of the Build Alternative include new development and/or redevelopment surrounding some of the proposed stations, which could potentially increase property tax revenues for the affected local jurisdictions within the Economics Study Area. Development of Metro-owned properties would be required to adhere to the Metro's Joint Development and Transit Oriented Communities Policy as set forth in NEPA Project Measure (NPM) EFI-1 (Metro Joint Development Program and Metro Pilot Local Hiring Initiative). By prioritizing joint development of surplus property and requiring local and apprentice hiring, adherence to these policies would minimize the effects of business acquisition and displacement, such as the loss of tax revenue, adverse displacement-related economic effects, and leakage of project-generated employment benefits outside the Economics Study Area. Metro would ensure joint development projects would be evaluated for possible housing development or other transit supportive land use, and align with housing and economic goals through standards planning reviews. Therefore, the Build Alternative would result in a long-term beneficial economic effect.

Construction activities would result in 123 acquisitions with tax implications (non-taxable properties are excluded from the analysis), which would potentially remove properties from the tax base and thereby reduce the tax revenue generated in the three jurisdictions where the acquisitions would occur—the Cities of Commerce and Montebello and Los Angeles County. The total assessed value of acquisitions would be $81,853,100 million (in 2022 dollars) for fiscal year 2022 to 2023, resulting in a tax loss of $10,976,773 annually across all jurisdictions, including $438,321 in the City of Commerce, $299,313 in Los Angeles County, and $10,239,139 in the City of Montebello annually. The total value of all assessed property being acquired is $41.14 million in the City of Commerce, $30.51 million in Los Angeles County, and $10.20 million in the City of Montebello. The total value of acquisitions in each jurisdiction is less than one percent in all jurisdictions. Properties that may be repurposed for joint development following construction would reduce negative effects on the tax base. Approximately 652 jobs would be potentially displaced or relocated; however, it also indicates that there would be no net loss of jobs overall (refer to **Appendix M** for additional details). Therefore, changes in the local tax base as a result of the Build Alternative would result in no long-term adverse effect.

3.6.4 Avoidance, Minimization, and Mitigation Measures for the Build Alternative

The measures identified in Table **3.6-10** would be implemented for operation of the Build Alternative. Construction measures are provided in **Section 3.17**.

Table 3.6-10 Long-term Avoidance, Minimization, and Mitigation Measures

Topic	Potential Effect	Proposed Measure	Measure Type	Effects After Implementation of Measure(s)
Operations and Maintenance Expenditures	Build Alternative-related spending would generate additional wages and salaries for households and create jobs for the region.	No avoidance, minimization, or mitigation measures needed	None	**Beneficial Effect**
Operations and Maintenance Funding Sources	Funding sources for the Build Alternative would flow new money into the regional economy.	No avoidance, minimization, or mitigation measures needed	None	**Beneficial Effect**
Operations and Maintenance Expenditure Effects on the Regional Economy	Operation of the Build Alternative would generate new economic activity and create 79 person-year jobs.	No avoidance, minimization, or mitigation measures needed	None	**Beneficial Effect**
Mobility (Travel Time and Cost Savings)	Operation of the Build Alternative would improve mobility within the Economics Study Area relative to the No Build Alternative	No avoidance, minimization, or mitigation measures needed	None	**Beneficial Effect**

Topic	Potential Effect	Proposed Measure	Measure Type	Effects After Implementation of Measure(s)
Long-term Development	Potential for new development and/or redevelopment around proposed stations	**NPM EFI-1 (Metro Joint Development Program and Metro Pilot Local Hiring Initiative).** Project measures to address fiscal and economic impacts include the following: ▪ Upon completion of construction, property needed for construction but not required to maintain the physical infrastructure or necessary for access shall be evaluated for inclusion in the Metro Joint Development Program for possible affordable housing development or other transit supportive land use, or included in a report to Metro Real Estate Asset Management for Surplus Land Act (SLA) requirements before sale. Any subsequent development shall be environmentally cleared separately from this Project and would undergo its own community input process. ▪ Project work shall comply with the Metro Pilot Local Hiring Initiative (effective May 21, 2021), which requires contractors working on Metro construction projects to comply with certain targeted hiring requirements, including prioritizing local workers from Los Angeles County.	Project Measure	**Beneficial Effect** – compliance with Metro Joint Development Program and Metro Pilot Local Hiring Initiative
Local Tax Base Changes	The Build Alternative would result in property acquisitions within the Economics Study Area	No avoidance, minimization, or mitigation measures needed	None	**No Adverse Effect**

Source: CDM Smith/AECOM JV 2026, ***Appendix I****.*