

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.922.2000 TET
metro.net**2nd REVISED
AD HOC CONGESTION PRICING COMMITTEE
OCTOBER 16, 2013****SUBJECT: LA COUNTY CONGESTION REDUCTION DEMONSTRATION PROGRAM:
GUIDELINES FOR NET TOLL REVENUE ALLOCATION****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

Approve the guidelines for the allocation of net toll revenues generated for the pilot period from the Congestion Reduction Demonstration (CRD) project (Attachment A).

ISSUE

State law requires net toll revenues from the CRD project be reinvested for transportation improvements in the corridor where generated, pursuant to an expenditure plan adopted by the Metro Board. Borrowing or bonding against the toll revenue is prohibited by State law during the pilot program. As the end of the formal 12 month demonstration program nears, guidelines need to be adopted outlining the framework for developing an expenditure plan.

BACKGROUND

The CRD Program is designed to provide a safe, reliable, predictable commute on the Metro ExpressLanes; reinforce Metro's ongoing efforts to increase vehicle occupancy rates and transit ridership; optimize vehicle throughput at free flow speeds through dynamic pricing, and generate sufficient revenue to sustain the financial viability of the ExpressLanes.

Gross toll revenues generated from the pilot project are first used to cover the direct expenses related to the maintenance, administration, and operation, including marketing, toll collection, and enforcement. Per State law, administrative expenses shall not exceed three percent of the gross revenues. All remaining revenue produced during the pilot period must be used in the corridor from which the revenue was generated. Currently, staff estimates approximately \$16 million to \$19 million in net toll revenues will be available for reinvestment in the CRD corridors. The availability of net toll revenues from the pilot period offers a unique opportunity to advance Metro's goals for a more sustainable transportation system and the Long Range Transportation Plan (LRTP).

Reinvestment Guidelines for the Pilot Period

The guideline principles are summarized as follows:

1. Reinvestments in the transportation corridor provide a direct benefit to reducing congestion on the Metro ExpressLanes corridors (I-10 and I-110);
2. Establish a reserve fund of 3-5%, consistent with the Board Approved Toll Policy to ensure financial sustainability of the Metro ExpressLanes;
3. Direct allocation of revenue to fund the incremental transit service implemented to support the deployment of the Metro ExpressLanes. The incremental services include Metro Silver Line, Foothill Silver Streak, Foothill Route 699, Gardena Line 1, and Torrance Transit Line 4;
4. Net of set-asides identified in #2 & #3 above, establish allocation targets of 40% for other Transit Uses, 40% for System Connectivity/Active Transportation, and 20% for Highway Improvements to support sustainable transportation strategies; and,
5. Leverage net toll revenues with other funding sources ~~and require a Maintenance of Effort, consistent with Metro's other discretionary grant programs.~~ **Locally sponsored capital projects and operating programs are encouraged. The funding will be mutually determined by Metro and the lead agency, proportionate to the local and regional benefits of the project or program.**

Rationale for Reinvestments in the Corridor

The objective of the Program is to increase mobility and person throughput through a series of integrated strategies (transit operations, transportation demand management, transportation systems management, active transportation, and capital investments) in the I-10 and I-110 corridors. These combined strategies have consistently shown to result in more reliable and consistent outcomes and greater magnitude of positive change than a single strategy scenario. This rationale is consistent with actual usage on the ExpressLanes. Specifically, customer account activity demonstrates that the majority (78.3%) of account trips are a combination of SOV & HOV on a monthly basis. Only 5.59% of account trips are strictly SOV. The primary payers of the toll benefit 100% from the propose allocation since mode shift through alternative transportation choices reduces congestion and as a result, reduces travel time and the toll amount for solo drivers. An expenditure plan that retains this focus on integrated strategies and multi-modalism would advance Metro's LRTP and sustainability goals as outlined in Metro's Countywide Sustainability Planning Policy (CSPP).

Reserve Fund

A reserve fund is recommended to ensure that monies are set aside to cover unexpected costs so that these expenses do not require use of general funds. This is consistent with the Board approved Toll Policy to ensure financial sustainability of the Metro ExpressLanes. **This is also consistent with the other toll facilities in the State that generate net toll revenues. Reserves are set aside for operations as well as to meet debt service obligations.**

Direct Allocation to Support Existing Metro ExpressLanes Transit Service

A direct allocation is recommended to subsidize the incremental operating costs of the transit service deployed to support the Metro ExpressLanes. The incremental service is provided by the purchase of 59 clean fuel buses funded by the CRD grant. Currently, the related transit operating subsidy during the one-year pilot period is also funded by the CRD grant. The value of these transit enhancements are a key finding of positive net benefit for low income commuters in the ExpressLane corridors.¹ Concerns about the impact of ExpressLanes on low-

¹ "Metro ExpressLanes Project: Low Income Commuter Assessment", April 2010

income drivers decrease when toll revenues are used to enhance transit services along the same routes or corridors, thus providing more choices for low-income travelers (and others).

The incremental transit services include Metro Silver Line, Foothill Silver Streak, Foothill Route 699, Gardena Line 1X, and Torrance Transit Line 4. A direct allocation is recommended to continue to provide an operating subsidy to support the incremental service for approximately an additional 12 months.

Allocation Targets Application Categories

~~Allocation targets~~ **Projects and programs** are recommended for three categories to promote the L RTP and sustainable transportation strategies as an integral enhancement to the Metro ExpressLanes. A category for Transit Use is recommended because operation of high frequency transit and feeder service as well as transit capital improvements have proven to be effective in creating mode shift and reducing congestion on the Metro ExpressLanes. A category for System Connectivity/Active Transportation is recommended to build upon the \$1 million pedestrian and bicycle investments funded by the CRD grant and to improve system connectivity between transit and the state highway. The category also demonstrates Metro’s commitment to advance sustainable community strategies since Metro currently does not have a discretionary fund source eligible to fund operations activity for Active Transportation. A category for highway improvements is recommended to build upon the \$10 million highway improvements funded by the CRD grant.

Leverage Net Toll Revenues

Consistent with Metro’s other discretionary grant programs, matching funds ~~and a Maintenance of Effort requirement is~~ **are** also recommended.

Funding Target Estimate Goals

If the recommended guidelines are approved by the Metro Board as outlined above, the expenditure plan could provide the following:

Draft Reinvestment Principles	Estimated Net Toll Revenues	Allocation Target Estimate per Corridor for P/E February 2014	
Period Ending February 2014	\$16,000,000 - \$19,000,000		
Set-Aside (Reserve Fund – 3 to 5%)	(\$480,000 - \$950,000)		
Set-Aside (Direct Allocation – Transit Ops)	(\$5,000,000)	I-110	I-10
Subtotal Net Set-Asides	\$10,520,000 - \$13,050,000	\$7,484,400-	\$3,471,600-
Allocation Target (40% - Transit Uses)*	\$4,208,000-\$5,220,000	\$8,743,500	\$4,306,500
Allocation Target (40% - System Connectivity)*	\$4,208,000-\$5,220,000	\$2,819,360-	\$1,388,640-
Allocation Target (20% - Hwy Improvements)*	\$2,104,000-\$2,610,000	\$3,497,400	\$1,722,600
		\$1,409,680-	\$694,320-
		\$1,748,700	\$861,300

* NOTE: **Baseline targets of 40% for Transit Uses, 40% for System Connectivity/Active Transportation, and 20% for Highway Improvements are identified as goals, however the actual allocation of the funding will be based on the merits of the proposed projects and programs.** ~~Available funds may be reallocated to an oversubscribed category if sub-standard applications are received. “Sub-standard”~~

~~includes incomplete or non-responsive applications, including applications that do not receive a recommendation for funding.~~

The program guidelines (Attachment A) define the congestion reduction strategies eligible for funding under this Program.

ALTERNATIVES CONSIDERED

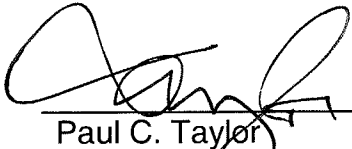
The Board may choose not to approve or defer approval of the net toll revenue guidelines for the pilot period. Staff does not recommend this option as the program as designed furthers the Board objectives with regard to the LRTP, congestion reduction and sustainability.

NEXT STEPS

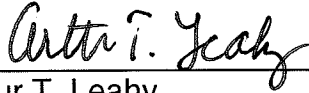
Upon adoption of the guidelines, staff will develop a grant application package, solicit and evaluate proposals, and bring recommendations for grant award by July 2014. **Guidelines would be amended by the Board to address changed circumstances such as the ability to bond against the toll revenues or any subsequent policy changes adopted by the Board.**

ATTACHMENT A) Congestion Reduction Demonstration Program Net Toll Revenue Reinvestment Guidelines for the Pilot Period

Prepared by: Stephanie Wiggins, Executive Officer (213) 922-1023
 Kathleen McCune, Director (213) 922-7241



Paul C. Taylor
Deputy Chief Executive Officer



Arthur T. Leahy
Chief Executive Officer

Congestion Reduction Demonstration Program Net Toll Revenue Reinvestment Guidelines for the Pilot Period

The generation of net toll revenues from the Congestion Reduction Demonstration project offers a unique opportunity to advance the Long Range Transit Plan (LRTP) and Los Angeles County Metropolitan Transportation Authority's (LACMTA) goals for a more sustainable countywide transportation system.

The objective of the Program is to increase mobility and person throughput through a series of integrated strategies (transit operations, transportation demand management, transportation systems management, active transportation, and capital investments) in the I-10 and I-110 corridors. These combined strategies have been consistently shown to result in more reliable and stable outcomes and greater magnitude of positive change than a single strategy scenario. An expenditure plan that retains this focus on integrated strategies and multi-modalism would advance Metro's LRTP and sustainability goals as outlined in Metro's Countywide Sustainability Planning Policy (CSPP).

The guideline principles are summarized as follows:

1. Reinvestments in the transportation corridor provide a direct benefit to reducing congestion on the Metro ExpressLanes (I-10 and I-110);
2. Establish a reserve fund of 3-5%, consistent with the Board Approved Toll Policy to ensure financial sustainability of the Metro ExpressLanes;
3. Direct allocation of revenue to support the incremental transit service implemented to support the deployment of the Metro ExpressLanes. The incremental services include Metro Silver Line, Foothill Silver Streak, Foothill Route 699, Gardena Line 1, and Torrance Transit Line 4;
4. Net of set-asides identified in #2 & #3 above, establish allocation targets of 40% for Transit Uses, 40% for Active Transportation, and 20% for Highway Improvements to support sustainable transportation strategies; and
5. Leverage net toll revenues with other funding sources. ~~and require a Maintenance of Effort, consistent with Metro's other discretionary grant programs.~~ **Locally sponsored capital projects and operating programs are encouraged. The funding will be mutually determined by Metro and the lead agency, proportionate to the local and regional benefits of the project or program.**

Note: Guidelines would be amended by the Board to address changed circumstances such as the ability to bond against the toll revenues or any subsequent policy changes adopted by the Board.

Sustainability

The LRTP and the CSPP identify principles and priorities to be advanced through a broad range of activities across all modes. The principles/priorities include:

- **Connect People and Places**
 - Access – Better integrating land-use and transportation planning to reduce trip lengths and increase travel choices
 - Prosperity – Reduce transportation costs for residents and provide the mobility necessary to increase economic competitiveness
 - Green Modes – Promote clean mobility options to reduce criteria pollutants, greenhouse gas emissions, and dependence on foreign oil
- **Create Community Value**
 - Community Development – Design and build transportation facilities that promote infill development, build community identity, and support social and economic activity
 - Urban Greening – Enhance and restore natural systems to mitigate the impacts of transportation projects on communities and wildlife, and ecosystems
- **Conserve Resources**
 - Context Sensitivity – Build upon the unique strengths of Los Angeles County’s communities through strategies that match local and regional context and support investment in existing communities
 - System Productivity – Increase the efficiency and ensure the long-term viability of the multimodal transportation system
 - Environmental Stewardship – Plan and support transportation improvements that minimize material and resource use through conservation, re-use, re-cycling, and re-purposing

Eligible Uses

The LRTP and CSPP identify a number of key concepts which will help outline eligible uses to reduce congestion on the I-10 and I-110 corridors:

- **Green Modes**

Green modes include active transportation, rideshare, and transit. Given that all three of these modes operate along the I-10 and I-110 corridors, this key concept would make expanded use of the above modes consistent with the Plan. Such projects include the addition of bicycle and pedestrian facilities, expanded park-n-ride facilities, expanded service span and/or increased levels of service.

- **Bundling Strategies for Greatest Impact**
The Metro ExpressLanes, as designed, seeks to increase mobility and person throughput through a series of integrated strategies (transportation demand management, transportation systems management, and multimodal capital investments) in specific corridors. This “bundling of strategies” as referred to in the CSPP has been consistently shown to result in more reliable outcomes and greater magnitude of positive change than a single strategy scenario. An expenditure plan that retains this focus on integrated strategies and multimodalism would exemplify guidance from the CSPP. Projects that demonstrate the ability to further link or expand the use of existing facilities such as complete streets improvements and first mile/last mile improvements are recommended.

- **Network Optimization**
One of the primary objectives of the ExpressLanes project is to better utilize existing capacity within a corridor by using dynamic pricing. This approach of network optimization through the use of data represents the future of transportation policy and planning. To that end, the Policy also identified the concept of network optimization as a key component of sustainability. Projects falling under this concept include complete streets, signal prioritization, real-time ride share matching, and other smart technology improvements.

- **Act Regionally and Locally**
The I-10 and I-110 are two of the busiest corridors in Los Angeles County. Given the regional significance of these corridors, improvements to these facilities as well as additional services utilizing these corridors should emphasize the varying needs of the corridors as well as needs of adjacent communities. Projects which can improve the connection of the local communities to the regional network will be essential to improving the quality of life in those neighborhoods as well as maximizing the potential of the corridors. Projects falling under this concept include first mile/last mile improvements, expanded park-n-ride facilities, expanded service span and/or increased levels of service, and urban greening initiatives which reduce pollution and improve the quality of life for residents.

Based on the key concepts, three project categories are recommended for the allocation of net toll revenues (excluding set-asides):

1. Transit Uses (40% of funds)
 - Increased levels of service and/or increased service span
 - Fare subsidy programs
 - Purchase of new bus and commuter rail vehicles
 - Station enhancements and capacity improvements, including intelligent transportation system improvements
 - Metro transit corridor projects serving ExpressLane corridors

2. System Connectivity/Active Transportation (40% of Funds)

- First mile/last mile connections to transit facilities, focusing on multimodal elements recommended as part of the First/Last Mile Strategic Plan including investments that might support 3rd party mobility solutions (car-share, bike-share)
- Complete streets projects which emphasize multi-modalism
- Bicycle infrastructure including bicycle lanes and secured bicycle parking facilities
- Pedestrian enhancements including on/off-ramp safety improvements, street crossings, and ADA-compliance improvements
- Infrastructure and programs to support the use of electric vehicles.
- Bus station improvements including enhanced bus shelters, real-time arrival information, and other related improvements
- El Monte Bus Maintenance facility
- Rideshare/Vanpool programs
- Park-n-Ride facility improvements including restrooms, **lighting, and security.**
- Landscaping suited to the Southern California ecology. For example, vegetation that does not contribute to smog and requires little or no irrigation. Additionally, landscaping with a high carbon sequestration factor and/ or provides habitat to environmentally sensitive species is favorable.

3. Highway Improvements (20% of funds)

- Intelligent transportation system improvements to manage demand
- Deck rehabilitation and maintenance above the required Caltrans maintenance for the facility
- On/off ramp improvements which reduce the incidents of bicycle and pedestrian collisions with vehicles
- Expanded freeway service patrol
- Graffiti removal and landscaping suited to the Southern California ecology. For example, vegetation that does not contribute to smog and requires little or no irrigation. Additionally, landscaping with a high carbon sequestration factor and/ or provides habitat to environmentally sensitive species is favorable
- Subject to Metro Board approval, extension of the ExpressLane corridors

NOTE: Baseline targets of 40% for Transit Uses, 40% for System Connectivity/Active Transportation, and 20% for Highway Improvements are identified as goals, however the actual allocation of the funding will be based on the merits of the proposed projects and programs. Available funds may be reallocated to an oversubscribed category if sub-standard applications are received. "Sub-standard" includes incomplete or non-responsive applications, including applications that do not receive a recommendation for funding.

Project Evaluation Criteria

Implementation of Regional and Local Sustainability Plans and Policies

- The extent to which the project, program, or enhanced transit service supports the recommendations and goals for each transportation mode as stated in the LACMTA's adopted Long Range Transportation Plan and SCAG's Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS)
- Extent to which the project, program, or enhanced transit service conforms to local plans to support the implementation of sustainable projects, including transit-oriented development and bicycle and pedestrian master plans

Matching Funds/Leveraging Funds

- Extent to which project, program, or enhanced transit service uses ExpressLanes funds to leverage additional local, state, and/or federal funds

Innovative Transportation Technology

- Extent to which the project, program, or enhanced transit service facilitates the adoption of zero and near-zero emission vehicles
- The degree to which the project, program, or enhanced transit service supports improved transportation systems management strategies

Sustainable Transportation

- Extent to which the project, program, or enhanced transit service increases mobility options to support car-free and/or one-car living
- Extent to which project, program, or enhanced transit service enhances transit coverage, frequency, and reliability within the corridor
- The project, program, or enhanced transit service's connectivity with and ability to complement nearby transit projects
- The degree to which the project, program, or enhanced transit service provides access to regional trip generators, regional activity centers, fixed guideway, and Metrolink, and improves access between jurisdictional or community plan area boundaries
- Extent to which project, program, or enhanced transit service gives priority to transit and active transportation modes
- Extent to which the project, program, or enhanced transit service increases the mode share of transit services operating within the corridor
- The degree to which the project, program, or enhanced transit service provides additional resources for transportation demand management strategies to reduce solo driving
- **The degree to which the project, program, or enhanced transit service promote the Metro ExpressLanes.**

Cost Effectiveness

- The project, program, or enhanced transit service's cost effectiveness in relationship to the total project cost
- The applicant's demonstrated commitment to covering life-cycle operational and maintenance expenses

Recommended Standard Project Requirements

- Project, program, or enhanced transit service must operate along or within three miles of either the I-110 Corridor (defined as Adams Boulevard to the north and the Harbor Gateway Transit Center to the south) or the I-10 Corridor (between the Alameda Street on the West and the El Monte Transit Center to the east) **or provide regionally significant improvements for the 110 or 10 Corridor.**
- Project, program, or enhanced transit service must provide direct operational benefits to the operation of the ExpressLanes and/or transit service within the corridors.
- Project, program, or enhanced transit must incorporate, to the extent possible, utilize green design techniques that minimize the environmental impact of transportation projects and/or support local urban greening initiatives.
- Eligible applicants include public agencies that provide transportation facilities or services within Los Angeles County. These include cities, transit operators, the County of Los Angeles, Caltrans, and Metro. Transportation-related public joint powers authorities must be sponsored by one of the above public agencies. All applicants must be in compliance with Maintenance of Effort requirements.
- If applicant is seeking funding for transit operations or highway maintenance, the service/maintenance must either be new service/maintenance meeting a previously unmet need in the corridor or must increase service for existing lines in the corridor.
- Applicants must maintain their existing commitment of local, discretionary funds for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair in order to remain eligible for Net Toll Revenue funds to be expended for streets and roads.
- Monies cannot be used to supplant, replace, or reduce the project sponsor's **previously** required match in Metro's Call for Projects.
- **Applicants shall ensure that all Communication Materials contain the recognition of Metro's contribution to the project, program, or service. Sponsor shall ensure that at a minimum, all Communication Materials include the phrase "This project/program/service was partially funded by Metro ExpressLanes."**