

Motion by Director Molina

Each month Metro is charged \$3 per account by the ExpressLanes operator regardless of the frequency of use. All toll facilities in Southern California assess a monthly account maintenance fee. For example, the Toll Roads in Orange County began assessing a \$1 maintenance fee per transponder and in 2009 increased the fee to \$2 per transponder. Since the Board approved waiver of the monthly account maintenance fee for LA County residents:

- The number of LA County accounts with infrequent trips grows each month;
- The number of LA County accounts with zero trips has increased by 116%, from 22,053 to 47,542.

Toll revenue from LA County infrequent users averages less than \$1 per month, with the most recent month average toll at \$0.91. The amount of annualized net revenue loss as a result of the policy waiver is currently projected to be \$1.6 million, roughly 10 percent of the total net annual revenue of \$16 million.

The Metro Congestion Reduction Demonstration project provides a rare opportunity to invest in some of our most heavily congested corridors. State legislation and Metro's own policy require that net toll revenue generated by the ExpressLanes be reinvested in the corridor from which they were derived for the establishment of a reserve fund, transit uses and operations, system connectivity/active transportation, and highway improvements. Metro's account maintenance fee waiver means that \$1.6 million is not available for reinvestment in the communities along the ExpressLanes because Los Angeles County account holders with frequent trips are subsidizing Los Angeles County account holders with infrequent trips.

While the revenue generated from the Metro ExpressLanes may appear to be substantial at an estimated \$16 million per year, when you consider the cost of providing enhancements in the corridors such as increased transit opportunities, alternative modes of transportation via improved and increased bike lanes and pedestrian improvements as well as highway improvements, it is clear that \$16 million will not go very far.

I THEREFORE MOVE that the board eliminate the waiver of the monthly maintenance fee for LA County residents at the end of the pilot period and implement a flat monthly maintenance fee of \$1 per account. Metro estimates that a \$1 monthly fee per account would generate approximately \$2.3 million annually.