

**Metro**Los Angeles County
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metro.net**PLANNING AND PROGRAMMING COMMITTEE
MAY 14, 2014****SUBJECT: CONGESTION MANAGEMENT PROGRAM – CONGESTION
MITIGATION FEE STUDY****ACTION: RECEIVE AND FILE****RECOMMENDATION**

Receive and file report on the Congestion Management Program Stakeholder Workshop and next steps in meeting with stakeholders over the next several months.

ISSUE

Upon completion of the Congestion Mitigation Fee Study, we prepared a report to the Board for their consideration in Spring 2013. In June 2013, the Board passed a motion (Attachment A) directing the CEO to work with our Sacramento legislative delegation to conduct a hearing as to whether the “the CMP is still an appropriate, useful and consistent tool aligned with our state and regional objectives.” The Board also directed us to report back regarding any State findings and legislative changes to CMP statute, in consultation with the business and environmental communities, local jurisdictions and the Southern California Association of Governments (SCAG), and report with a recommendation on meeting CMP requirements. This report responds to that motion.

DISCUSSION

The Congestion Management Program was approved by the legislature in 1990 to link land use and transportation as part of the State sales tax increase approved by the voters. One of the most challenging parts of this program, is that cities must mitigate the impact of growth when there are high levels of congestion. In 2003, the Board directed staff to explore a countywide congestion mitigation fee to meet CMP requirements. Staff have completed their work on the Congestion Mitigation Fee Study (Attachment B), but before the Board considers the mitigation fee, they requested staff convene a workshop of various private, public and environmental sector stakeholders to discuss the relevancy of the CMP.

In Summer 2013, MTA Government Relations staff approached the State Transportation Committee to explore whether a state hearing would be an appropriate

venue to pursue the direction of the motion. It was determined there was no interest in a statewide hearing, as this was viewed as a local issue specific to Los Angeles County. Upon further consultation with Board offices, it was decided a local County Workshop would be an appropriate venue to engage the stakeholders to discuss both their views and the opinions of others about the proposed congestion mitigation fee, as well as other potential options for jurisdictions to meet the statutory requirements of the CMP.

CMP Stakeholder Workshop

The local CMP Stakeholder Workshop was held on March 4, 2014. Metro Board Chair Diane DuBois, and Board Directors Pam O'Connor and Jacquelyn Dupont-Walker were present and provided welcoming remarks. SCAG Executive Director Hasan Ikhata also provided introductory comments on the relationship of the CMP to SCAG's 2012 Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS) effort. Approximately 95 people were in attendance (Attachment C) including representatives of the business and development community, jurisdictions, Councils of Governments, active transportation representatives, SCAG, and others.

A thought provoking discussion was conducted by a professional facilitator whereby many points of view were expressed and several points of agreement were reached. The discussion promptly pointed out some points of disagreement with a focus on how to pay for new transportation projects. Businesses believe they are over-taxed and burdened with additional fees and over-regulation, which is why they have opposed the Congestion Mitigation Fee proposal. One business representative illustrated this point by stating that this over-taxation and over-regulation is one reason residents and businesses are leaving California. Meanwhile, some jurisdictions and a COG representative stated that businesses (developers) are not paying their fair share to mitigate their development impacts on the transportation network. In addition, those jurisdictions with existing mitigation fee programs described how their mitigation fee programs have been successful and how the developers in their community worked with them on their list of transportation projects and mitigation fee amounts.

A question was raised regarding whether our County could opt-out of the CMP just as San Diego County has done. CMP statute allows a county to opt-out of the CMP altogether when a majority of its jurisdictions, comprising a majority of the county's population each adopt resolutions electing to be exempt from the CMP. After more discussion, however, those who had expressed an interest in opting-out reconsidered and decided that working together on managing our County's congestion would be a better step forward.

The primary point of agreement revolved around the topic of congestion and the relevant importance of working together to address congestion at the local, sub-regional, and countywide level. When the question was posed whether the CMP is still

relevant, no one expressed that the CMP should be voided or that our County opt-out of the state CMP.

A number of stakeholders proposed that MTA should be using new metrics such as those proposed by SB 743 to measure the performance of transportation investment. They stated that for the CMP to be relevant to present and future needs, the CMP needs to evolve to include these emerging metrics such as throughput and vehicles-miles-traveled. This would encourage multi-modal mitigation strategies that include bicycling and walking. After some debate, several stakeholders suggested we needed more discussion to assess the merits of the metrics proposed by legislation. Another major point of agreement was the need for new funding to build transportation projects that not only would benefit new development but also mitigate the impacts of new development on the transportation network. This led to a discussion of the type of transportation projects that should be built whether they are active transportation, transit, or highway projects.

At the conclusion of the workshop, the consensus was that MTA should have more discussion by hosting more meetings or workshops on the issue of congestion management and how to identify performance measures consistent with those proposed in SB 743, as well as discuss funding sources to build transportation projects.

NEXT STEPS

We will create a forum of interested stakeholders consisting of jurisdictions, businesses, developers, environmental groups, and others to explore the potential for a new framework for the Countywide Deficiency Plan that could also meet CMP statute. We will conduct a thorough evaluation of options, with a special focus on the emerging multi-modal performance measures proposed under SB 743. In addition, this would allow us time to receive the new SB 743 performance measure guidelines that are expected to be released by the Governor's Office of Planning and Research (OPR) in early July 2014. Upon completion of these stakeholder forum efforts, we will report back to the Board in the Fall of 2014 with a recommendation for a proposal of how the Countywide Deficiency Plan could be evolved.

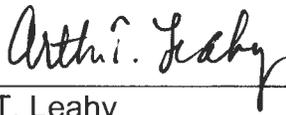
ATTACHMENTS

- A. Board Motion #71
- B. Congestion Mitigation Fee Study Overview
- C. CMP Stakeholder Workshop Participants

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**MOTION BY
DIRECTOR RICHARD KATZ**

MTA Executive Management Committee

June 20, 2013

Congestion Mitigation Program

The Congestion Management Program (CMP) was enacted in 1990 as a companion to the increase in the State gas tax, enacted by voters through their approval of Proposition 111 and Proposition 108.

The Los Angeles County Metropolitan Transportation Authority (MTA) is the designated Congestion Management Agency, as authorized by State statute to develop a Congestion Management Program for Los Angeles County, which is required to allow State gas tax funds to flow to local jurisdictions.

The Los Angeles County CMP is also used by the Southern California Association of Governments to meet federal Congestion Management System requirements for the region, necessary for federal transportation funding approval.

The CMP statute also requires local jurisdictions to monitor CMP arterial and transit networks, to implement TDM and land use ordinances, and mitigate the impact of land use decisions through a Deficiency Plan.

While the Los Angeles CMP includes various performance standards including highway levels of service, transit through-put, person miles traveled for the existing "debit-credit" Deficiency Plan and Annual Vehicle Hours of Delay for the Congestion Mitigation Fee Nexus Studies, the statutory Deficiency Plan mitigation requirements are triggered by not attaining highway level of service standards on the CMP system.

The MTA Board of Directors in 2003 directed staff to consider the feasibility of implementing a Congestion Mitigation Fee to meet local mitigation responsibilities of the Deficiency Plan to replace the current "debit-credit" approach.

CONTINUED

It's MTA's responsibility to verify compliance with the CMP each February. MTA certified the county and all local jurisdictions as being in compliance with the CMP on February 28, 2013.

Much has changed since 1990 in the interrelationship between land use and transportation, with performance metrics, and, significantly, with regard to transportation funding, such as:

- The adoption of AB 32 greenhouse gas requirements and SB 375 regional Sustainable Community Strategies requirements.
- Opportunities for additional transportation resources through state Cap and Trade auction proceeds.
- Opportunities to incentivize transit oriented development.
- Consideration of new performance measures currently under study for MAP-21.
- The adoption of Proposition A, Proposition C, and Measure R which have created significant transportation investments in Los Angeles County.

All these changes raise the question as to how helpful, relevant, and consistent the 1990 CMP statute is with 21st Century programs like AB 32, SB 375, and America Fast Forward.

1. I THEREFORE MOVE THAT the MTA Board of Directors direct the CEO to work with our Sacramento delegation to investigate, hold hearings and ascertain whether, in light of the above, the CMP is still an appropriate, useful and consistent tool aligned with our state and regional objectives.

2. I FURTHER MOVE to direct the CEO to report to the Board regarding any State findings and legislative changes to CMP statute, and in consultation with the business and environmental communities, local jurisdictions and the Southern California Association of Governments, return to the Board with a recommendation on meeting CMP requirements no later than the February 2014 Board meeting, when the Board must determine local jurisdiction conformity with CMP statute.

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CONGESTION MITIGATION FEE STUDY - OVERVIEW

Since 1992, MTA has been designated as the Congestion Management Agency (CMA) for Los Angeles County, which makes us responsible for determining whether local jurisdictions are in conformance with CMP statute. The initial CMP was developed in consultation with a Policy Advisory Committee (PAC) representing local jurisdictions, regional agencies, and the environmental and business community. The tradition of broad consultation with all interested stakeholders continues to this day. We also use the CMP to meet federal Congestion Management System requirements, thereby eliminating potential conflicts or duplicating requirements. Local jurisdictions are required by law to monitor arterial congestion levels, transit services along certain corridors, and implement adopted transportation demand management and land use analysis program ordinances.

Given the significant level of congestion experienced on our highways and roadways, the Deficiency Plan was a focal point of our CMP development. Also, given the complex travel patterns both between cities and across the county, a countywide Deficiency Plan approach was necessary. This avoided the impossibility of a jurisdiction needing to prepare local Deficiency Plans and negotiating mitigation projects with all other jurisdictions across the county.

Debit-Credit Deficiency Plan

The initial Countywide Deficiency Plan approach developed for the Los Angeles County CMP was the “Debit-Credit” approach. MTA, in consultation with the CMP PAC, developed guidelines for all 89 local jurisdictions to quantify the impacts of their new development across different land uses (debits) and to quantify the mobility benefit of a transportation project from a menu of multi-modal mitigation strategies (credits). The value of the mitigation credits (points) were defined as person-miles of travel demand accommodated, or reduced, by the mitigation project on a typical weekday. Eligible mitigation strategies were similar to the current Call for Projects categories (arterials, system management, transit, TDM) and could be implemented either on or off the designated CMP highway system.

Debit-Credit Reconsidered

After a decade, a number of jurisdictions began to express concerns with the effectiveness and fairness of the Debit-Credit approach. In fact, we found that about 25% of Los Angeles jurisdictions were at risk of not being able to maintain a positive credit balance over the next several years, which would result in non-compliance and the loss of State gas tax funds. This raised an equity issue, as small, built out cities were the most at-risk of non-compliance and had less opportunity to generate credits than larger, high growth cities. Given that the Debit-Credit approach did not generate new project revenue, many cities also considered the approach a paper exercise that did not lead to meaningful mitigation.

After reconvening the CMP PAC and considering 14 Deficiency Plan alternatives, the Board directed staff to conduct a feasibility study to evaluate a countywide Congestion Mitigation Fee program as a replacement to the Debit-Credit approach. The Board also suspended the Deficiency Plan requirements for jurisdictions to maintain a positive credit balance while the Congestion Mitigation Fee Study was underway.

Congestion Mitigation Fee Program Proposal

The Congestion Mitigation Fee is proposed as a one-time fee generally applied to all new development across all land uses and is paid at the time a local jurisdiction issues a building permit. The proposed mitigation fee program establishes a countywide minimum fee-per-trip based on trip generation rates for different land uses. Each local jurisdiction may then determine its specific fee-per-trip by developing its transportation project list that addresses expected growth and then determine the amount of the transportation project cost that must be funded with its mitigation fee revenue. This process would provide a fee amount at or above the countywide minimum sufficient to generate revenue needed to fund the portion of the local jurisdiction's project costs.

At the core of the proposed Congestion Mitigation Fee Program is local control, which means the fee revenue collected by a jurisdiction would not go to the MTA. Jurisdictions would be responsible for collecting the mitigation fee, selecting the projects, and building them. Eligible projects are local projects with a regional benefit, similar to our Call for Projects. Presently, 22 jurisdictions have an existing mitigation fee program, and they would receive credit against the minimum Congestion Mitigation Fee for eligible projects. If the credits that jurisdictions receive meet or exceed the minimum Congestion Mitigation Fee level, those jurisdictions may have met their Congestion Mitigation Fee responsibility through their local fee program. For the remaining jurisdictions, the Congestion Mitigation Fee Program would create a new source of revenue for capital funding of new transportation capacity, and this new source of local funds would provide leverage for regional, state, and federal matching funds.

Overall, more than 300 meetings were conducted with jurisdictions, COGs, the business community, and other stakeholders providing the opportunity to explore the feasibility of a Congestion Mitigation Fee Program. For a period of over three years, we worked with these stakeholders on eight Subregional Pilot Nexus Studies, which were completed in Spring 2013. These Pilot Nexus Studies demonstrate that growth in our county over the next 20 years would result in a two-fold increase in vehicle-hours-of-delay (VHD) or congestion, on a roadway network that is already operating near or at capacity. To address this projected impact, jurisdictions identified 1,700 transportation projects with a cost of \$5.1 billion. The Pilot Nexus Studies resulted in minimum subregional fee-per-trip levels ranging from \$200 - \$1,000. Based on these results in Spring 2013, we were recommending a countywide minimum fee-per-trip of \$200, as this level could be implemented by all subregions.

As part of the Pilot Nexus Study process, jurisdictions and the business community requested that an Economic Analysis Study be completed for each nexus study to determine the economic impact of their respective fee program. If all the projects from the Pilot Nexus Studies were built, the Congestion Mitigation Fee Program could generate a countywide net economic benefit of about 60,200 jobs, \$11.2 billion in economic output, and more than \$3.7 billion in disposable income. These Pilot Nexus Studies showed that the Congestion Mitigation Fee would provide a mobility benefit in each subregion, as well as a positive impact on the economy and jobs in each subregion.

CMP Stakeholder Workshop Participants

<p>Metro Board Members and Board Staff Diane Dubois Karen Heit Chelsea Simandle Pam O'Connor Mike Bohlke Jaquelyn Dupont-Walker Michael Cano Jennifer Brogin Julie Moore</p>	<p>Business Organizations BizFed Building Industry Ass. of So. California Central Cities Association Los Angeles Area Chamber of Commerce National Ass. of Ind.I & Office Properties Port of Los Angeles San Fernando Valley Economic Alliance Valley Industry and Commerce Ass.</p>
<p>Public Entities Air Quality Management District California Highway Patrol Caltrans, District 7 County of Los Angeles Los Angeles County DPW Metro Southern Calif. Assoc. of Governments</p>	<p>Developer Organizations Majestic Realty Co. Newhall Land Watson Land Co</p>
<p>Councils of Governments Arroyo Verdugo Gateway Cities San Gabriel Valley South Bay Cities</p>	<p>Advocacy Groups Fixing Angelenos Stuck in Traffic Los Angeles County Bicycle Coalition Safe Routes to School</p>
<p>Jurisdictions Arcadia Carson County of Los Angeles Culver City Diamond Bar Downey Glendale La Canada Flintridge Los Angeles Malibu Pasadena Redondo Beach Rolling Hills Estates San Dimas Santa Clarita Signal Hill Torrance West Hollywood Whittier</p>	<p>Other Entities Cambridge Systematics Latham & Watkins Nossaman LLP Parsons Brinkerhoff</p>