

# Congestion Mitigation Fee Study

A Self-Help Proposal for Congestion Relief in Los Angeles County

MTA Streets and Freeways Sub-Committee

Pilot Nexus Study Results

April 18, 2013



**Metro**

# What is the background of the Mitigation Fee Study?

- Congestion Management Program – 1991
  - Prop 111 passed by voters in 1990
  - State mandate to jurisdictions to mitigate congestion
- MTA is Congestion Management Agency
- Jurisdictions must comply with CMP to:
  - Receive gas tax funds
  - Participate in Call-for-Projects
- L.A. County transportation found to be deficient
  - Countywide Deficiency Plan developed
  - Early CMP compliance: Debit-Credit Approach



# What is the Debit/Credit Approach?

- Jurisdictions were required to report their new development, which are assigned debits.
- Jurisdictions then had to offset new development with mitigation strategies, which were assigned credits.
- To stay in CMP conformance, jurisdictions had to maintain a positive credit balance.
- After a decade, jurisdictions expressed concerns
  - CMP not fulfilling intent of legislation: reduce congestion
  - 25% of cities at risk of non-compliance with debit-credit
  - Not a level playing field – small/built-out cities disadvantaged
  - Compliance method (Debit-Credit) seen as paper exercise



# Why explore a Congestion Mitigation Fee?

- Policy Committee formed to explore options
  - Policy Committee consisted of representatives from cities, COGS, environmental and development stakeholders
  - 14 CMP compliance options considered: sales tax, project specific analysis, LRTP, and Call-for-Projects, mitigation fee
  - Suggested solution: establish a mitigation fee
- Mitigation fee would fund transportation projects to reduce congestion
- MTA Board directed staff to explore congestion mitigation fee through the 2003 SRTP



# What is the Congestion Mitigation Fee?

- Fund transportation projects to reduce congestion impacts from future growth and development
- One-time fee on all new development – all land uses
- Local Control - each jurisdiction would:
  - Collect fee & control fee revenue
  - Select & build capital transportation projects (bike & ped projects, signal synch, roadway expansion)
  - Adopt fee ordinance
- Fee could serve as local match for Call-For-Projects
- No funds to MTA - MTA's role is to comply with CMP
- Cities receive credit for existing fee programs

# What is a Nexus Analysis?

- Required by state law (AB 1600)
- Determines “reasonable link between the fee, transportation projects, and congestion reduction
- Cannot mitigate existing deficiencies – only future



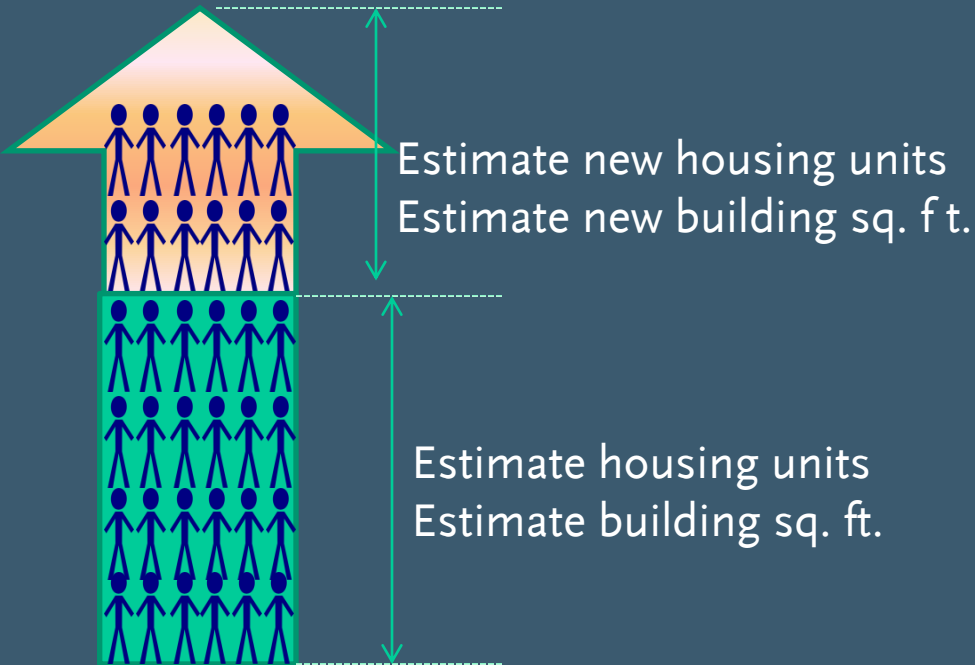
# How is a mitigation fee calculated?

## Four steps

### Step 1:

Verify 20 year growth forecast

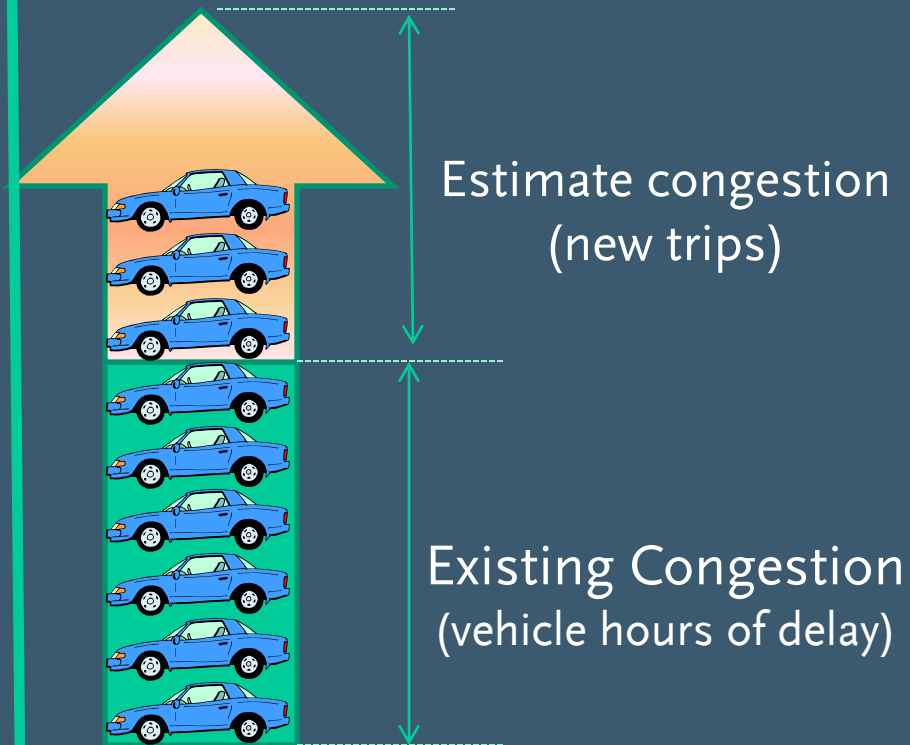
- a) Verify population & employment forecast
- b) Convert forecast to land use growth



### Step 2:

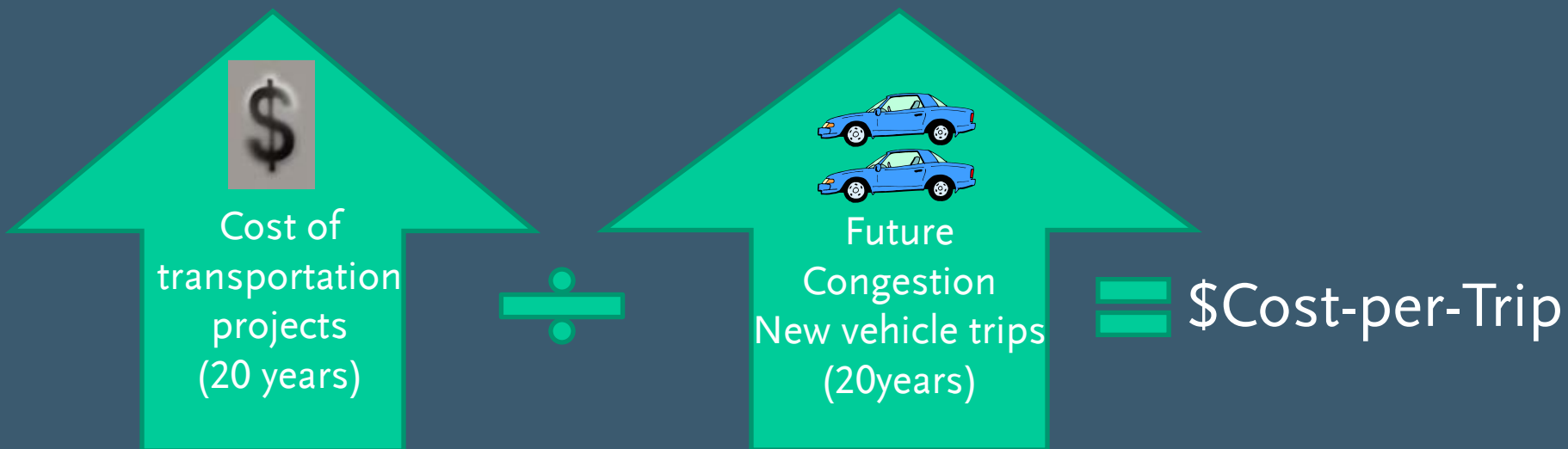
Estimate congestion over 20 yrs

- a) Estimate future congestion: new trips



# How is a mitigation fee calculated? (cont...)

Step 3: Select transportation projects & estimate cost-per-trip:





# How is a mitigation fee calculated? (cont...)

Step 4: Generate a fee amount by:

- multiplying land use trip generation rate & cost-per-trip

$$\begin{array}{ccccc} \text{Land Use} & & \text{Cost-per-} & & \text{Fee} \\ \text{Trip Rate} & \times & \text{Trip} & = & \text{Amount} \end{array}$$

- Residential: Trips/Unit
- Retail: Trips/Sq. Ft.
- Office: Trips/Sq. Ft.
- Industrial: Trips/Sq. Ft.
- Hotel/Motel: Trips/Room
- Hi-Cube Whse.: Trips/ Sq. Ft.

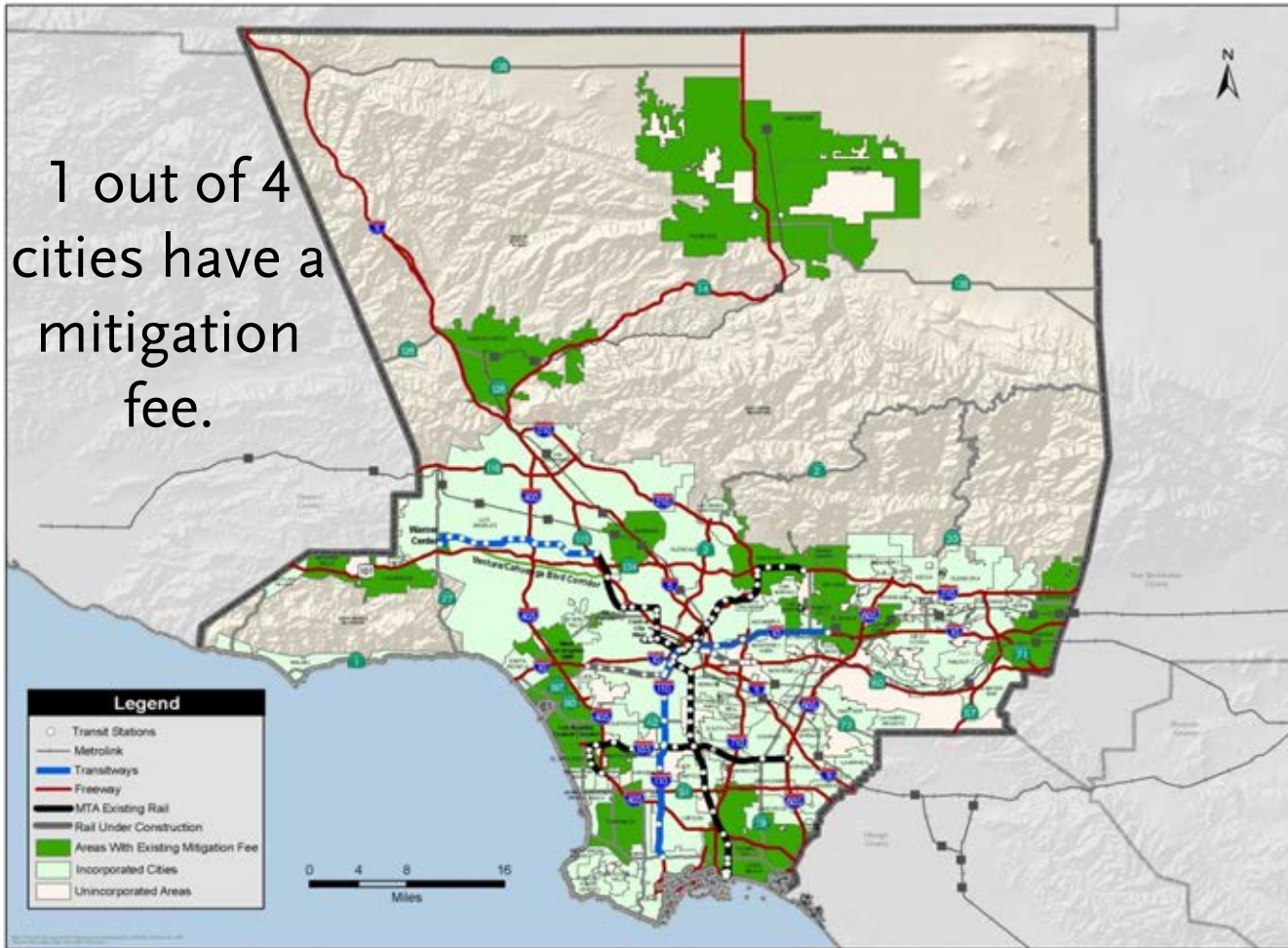
# Do other counties have fee programs?...Yes...

14 counties  
Others in process



# Are there fee programs in L. A County?...Yes...

1 out of 4 cities have a mitigation fee.

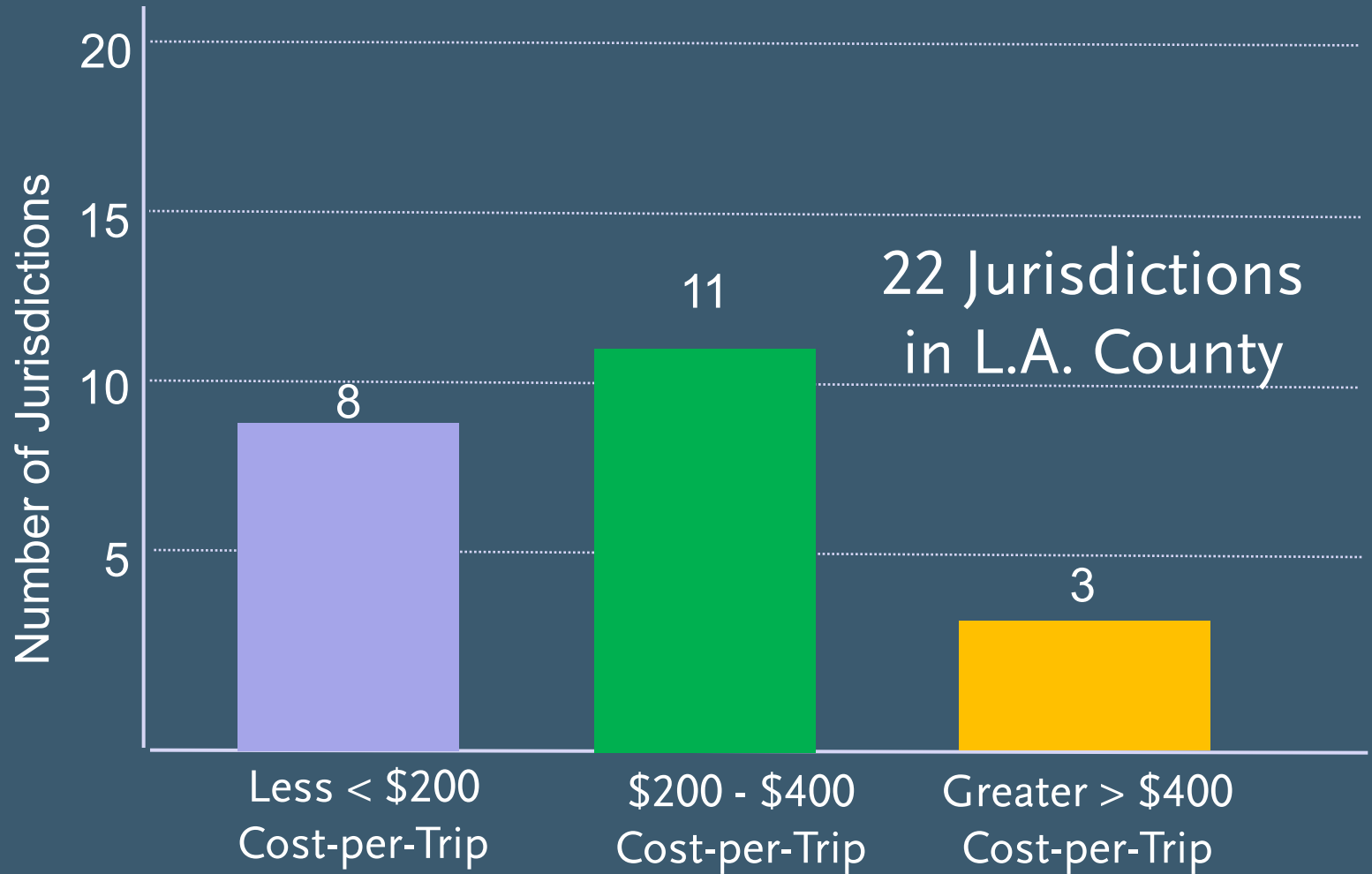


1. Agoura Hills
2. Arcadia
3. Burbank
4. Baldwin Park
5. Calabasas
6. Claremont
7. El Monte
8. El Segundo
9. Lancaster
10. Long Beach
11. Los Angeles\*
12. L. A. County
13. Palmdale
14. Pasadena
15. Rolling Hills Est.
16. San Gabriel
17. Santa Clarita
18. Santa Monica
19. Signal Hill
20. Torrance
21. West Hollywood
22. Westlake Village



\*City of Los Angeles existing fee programs are not city wide.

# What is the range of existing city fee programs?



# What have we done?

- Completed 8 Sub-Regional Pilot Nexus Studies
- Economic/jobs analysis of 8 Pilot Nexus Studies
- 300+ meetings with 88 cities, L.A. County, COGs, MTA TAC, business and development community
- Web-based mitigation fee planning tool
  - Analyze SB 375 transportation projects for GhG benefit
- Systemic planning across jurisdictions & COGs

# What are the results?

- The Pilot Nexus Studies
  - Meet the nexus test of the Mitigation Fee Act
  - Comply with CMP Deficiency Plan
- Maximum justified cost-per-trip to build all projects:

Sub-Region	Maximum Justified Cost-per-Trip
Arroyo Verdugo	\$590
City of Los Angeles	\$1,322
Gateway Cities	\$1,113
Las Virgenes Malibu	\$1,200
North L.A. County	\$1,238
San Gabriel Valley	\$1,048
South Bay Cities	\$1,649
Westside Cities	\$2,243

Cost-per-trip amount to build all the projects, if fee is the only revenue

# What are the benefits countywide?

- Build 1,700 transport projects: \$5.1 billion / 20 years
- Generate up to \$2.9 billion in new transportation funding over 20 years to leverage other funding
- Congestion reduction: 25.3 million hours/20 years
- Create 60,200 Jobs / 20 years
- Generate \$11.2 billion economic activity / 20 years
- CMP compliance: Over \$83 million gas tax / year
- Fee program can work for all jurisdiction



# What is the minimum level of compliance amount?

Based on the Pilot Nexus Studies, the minimum compliance cost-per-trip range for sub-regions are:

Sub-Region	Sub-regional Minimum Cost-per-trip
Arroyo Verdugo	\$400
City of Los Angeles	\$400
Gateway Cities	\$200
Las Virgenes Malibu	\$1,000
North L.A. County	\$500
San Gabriel Valley	\$200
South Bay Cities	\$300
Westside Cities	\$400

\$???

countywide  
minimum  
compliance  
cost-per-trip



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# What would it cost? *Illustrative Example*

Land Use Category	Trip Generation Rate	Minimum Level of Compliance Cost-per-Trip	Mitigation Fee Amount
Single Family Home	9.38	\$300	\$2,814 / home
Multi-Family Unit	5.75	\$300	\$1,725 / unit
Retail Center (per 1,000 sq. ft.)	14.58	\$300	\$4.37 / sq. ft.
Office (per 1,000 sq. ft.)	11.32	\$300	\$3.40 / sq. ft.
Industrial (per 1,000 sq. ft.)	7.16	\$300	\$2.15 / sq. ft.
High Cube Warehouse (per 1,000 sq. ft.)	1.48	\$300	\$4.44 / sq. ft.
Hotel/Motel (per room)	12.32	\$300	\$3,696 / room

# What's next?

- Report to MTA Board in Late Spring 2013 on:
- Whether to adopt the Congestion Mitigation Fee Program
- Establish a minimum level of compliance cost-per-trip amount
- Implementation period