

**Metro**PLANNING & PROGRAMMING COMMITTEE
JULY 14, 2004

**SUBJECT: NEXUS STUDY TO DETERMINE FEASIBILITY
OF A CONGESTION MITIGATION FEE**

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file status report on nexus study to determine the feasibility of implementing a congestion mitigation fee.

ISSUE

Since 1992, MTA has implemented a Congestion Management Program for Los Angeles County that seeks to link transportation, land use, and air quality decision making. Under State statute, MTA partners with local jurisdictions to implement a Countywide Deficiency Plan to mitigate deficiencies on the transportation network caused by growth. Based on concerns regarding the current “debit/credit” approach to the Deficiency Plan, the MTA Board has directed staff to conduct a nexus study to assess the feasibility of implementing a congestion mitigation fee for new development. State law requires that a nexus study justify a link between an impact fee and the intended use of revenues.

DISCUSSION

Since the adoption of the first CMP in 1992, MTA has worked closely with Los Angeles County’s 89 local jurisdictions to ensure smooth implementation of CMP requirements. By complying with the CMP, cities receive \$93 million annually in state gas tax revenue. Over the last several years, some cities have raised concerns regarding the current debit/credit Deficiency Plan approach, with increasing numbers citing their difficulty in maintaining conformance. Under this approach, new development is assessed debits that must be balanced by credits from traffic relief strategies.

As part of its approval of the 2003 Short Range Transportation Plan (SRTP), the MTA Board has authorized work on a nexus study to explore the feasibility of implementing a congestion mitigation fee. The MTA Board also authorized the suspension of the credit/debit Countywide Deficiency Plan approach while the nexus study is underway. However, other reporting requirements remain unchanged.

The nexus study is evaluating how a congestion mitigation fee could help new growth directly mitigate its traffic impacts on the regional transportation system by helping fund needed local transportation improvements. This could mirror mitigation programs

implemented in Orange and Riverside counties and now being studied in San Diego and San Bernardino Counties. The nexus study is necessary to meet the requirements of CMP Deficiency Plan statute and California Mitigation Fee Act regulation (AB 1600). The findings of the nexus study will be presented to the MTA Board by June 2005. Any decision to implement a congestion mitigation fee would then require MTA Board approval.

To date, MTA staff has worked with key stakeholders to identify local issues and develop a technical approach for the nexus study. Staff has met with the CMP Policy Advisory Committee (PAC), which includes public and private sector interests; a PAC Working Group subcommittee that has studied technical concerns; and MTA's Technical Advisory Committee. In addition, staff has met with the subregional Councils of Government and Caltrans to identify a range of policy and technical issues for the study.

The California Mitigation Fee Act requires that a nexus study draw a reasonable connection between specific fee amounts and the cost of the public transportation facility the fee will be used to fund. As a result, the study process will include the following key steps:

- project the future residential and non-residential population countywide and by subregion;
- identify current and future congestion levels countywide and by subregion;
- determine additional transportation projects needed by mode and subregion to substantially reduce congestion and serve the projected population;
- estimate the projected costs of additional transportation projects or service capacity;
- distinguish the cost of additional transportation projects between the existing population and new residents and businesses, to ensure that identified mitigation fees address only the impact from new development;

The nexus study technical work effort requires continued collaboration with public and private sector stakeholders to resolve policy and technical issues. MTA staff will work with the range of interest groups to obtain consensus on the impact fee and the administrative procedures through which it can be implemented.

MTA staff is already incorporating recent public comments into the nexus study. On February 4, 2004, the MTA Technical Advisory Committee recommended that nexus study-related comments submitted as part of the 2003 SRTP be considered, and that staff brief Board staff as soon as possible. The comments contained in the SRTP letters raised issues that will be addressed through the nexus study. On May 19, 2004, the Planning and Programming Committee reaffirmed that staff should focus solely on exploring the congestion mitigation fee. In response to Committee concerns, the nexus study will address the merits of the current debit/credit approach, equity concerns for different types of cities, and impacts on disadvantaged communities. Furthermore, the nexus study will highlight and uphold the CMP's statutory requirement exempting low- and very low-income housing, along with transit-oriented development near rail stations.

NEXT STEPS

As the nexus study progresses, MTA will continue to coordinate with Board members, the CMP PAC, subregions, cities, the private sector, and other stakeholders to ensure the study addresses local transportation concerns and priorities. Staff will ensure the study also addresses the CMP's Deficiency Plan requirement to mitigate the transportation impact of growth on the regional transportation system. The findings of the nexus study will be presented to the MTA Board by June 2005. The MTA Board then has the authority to adopt and implement a congestion mitigation fee or other strategy as the CMP's Deficiency Plan.

Prepared by: Heather Hills, Transportation Funding Manager
Douglas Kim, Director, Long Range Planning

Bradford W. McAllister

for

James L. de la Loza
Executive Officer, Countywide Planning and Development

RS

Roger Snoble
Chief Executive Officer