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**PLANNING & PROGRAMMING COMMITTEE**

**February 16, 2005**

**SUBJECT: STATUS REPORT ON CONGESTION MITIGATION FEE NEXUS STUDY**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file status report on nexus study to determine the feasibility of implementing a congestion mitigation fee program in Los Angeles County.

**ISSUE**

As part of its approval of the 2003 Short Range Transportation Plan, the Board authorized work on a nexus study to explore the feasibility of working with local jurisdictions to implement a congestion mitigation fee. If enacted, a mitigation fee would generate new revenue to address unmet transportation needs countywide and meet local responsibilities under the Congestion Management Program's Deficiency Plan.

**BACKGROUND**

Since 1992, the Los Angeles County Metropolitan Transportation Authority has implemented a Congestion Management Program (CMP) for Los Angeles County that seeks to link transportation, land use, and air quality decision-making. By complying with the CMP, cities receive \$93 million annually in State gas tax revenue. As part of this program, Metro partners with local governments to implement a Countywide Deficiency Plan to mitigate congestion hot spots that are caused by growth. Based on concerns with the current "debit/credit" approach to the Countywide Deficiency Plan, the Board directed staff to conduct a nexus study to assess the feasibility of implementing a mitigation fee for new development that would fund needed improvements to the regional transportation system.

State law requires that a nexus study draw a reasonable connection between proposed fees, the cost of the public transportation facilities, and the intended use of the fee revenue. As a result, the nexus study is evaluating how a congestion mitigation fee could help new development pay its fair share by helping fund needed transportation improvements that directly mitigate its traffic impacts on the regional system. The fee could ultimately generate new revenue for unmet transportation needs countywide by helping cities leverage local fee revenue with regional funds.

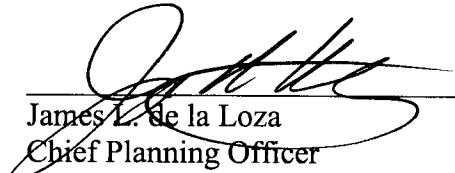
The nexus study is being carried out in two phases. The first phase consists of conducting the legally required technical analyses needed to establish a fee program framework. This includes growth forecast analysis, modeling, and identifying local and subregional transportation needs. This will be done concurrently with outreach activities that seek local support from cities and subregions. A proposed fee framework and assessment of local support will be presented to the Board in June 2005. The second phase consists of completing the nexus study by finalizing project priorities, fee structure, implementation guidance for cities, and establishing administrative procedures. The centerpiece of this phase will be to implement pilot projects with volunteer cities to demonstrate how the congestion mitigation fee can work. To accomplish this, additional outreach activities will occur through FY 2007 to garner support from cities that are interested in demonstrating the ability of this program to address their unmet transportation needs. A final nexus study and fee program would be presented to the Board by June 2006.

Ultimately, the nexus study is an important link between the 2005 Long Range Transportation Plan (LRTP) and the 2007 Call for Projects. On the one hand, the nexus study, which relies on the same modeling analyses as the LRTP, will identify unfunded local priorities that will be identified in the 2005 LRTP. On the other hand, any locally-approved congestion mitigation fees provide volunteer cities with the opportunity to leverage these new local revenues in the 2007 Call for Projects. To that end, the nexus study is looking at ways that local fee revenue can provide incentives for the Call for Projects program.

### **NEXT STEPS**


As the nexus study progresses, staff will keep the Board updated on developments and consult with subregions, cities, the private sector, and other key stakeholders to ensure the study addresses local concerns and issues. Staff will also ensure the study addresses the CMP's County Deficiency Plan requirement to mitigate the transportation impact of growth on the regional transportation system. A framework for a potential congestion mitigation fee and all analyses from Phase 1 of this nexus study will be presented to the Board in June 2005.

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