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**PLANNING & PROGRAMMING COMMITTEE**  
**June 15, 2005**

**SUBJECT: PHASE I REPORT ON CONGESTION MITIGATION FEE NEXUS STUDY**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file Phase I report on the Congestion Mitigation Fee Nexus Study (Nexus Study) to determine the feasibility of implementing a congestion mitigation fee program in Los Angeles County.

**ISSUE**

Based on on-going growth challenges and funding shortfalls, 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 congestion mitigation fee would generate new revenue to address unmet transportation needs countywide and meet local responsibilities to implement a Deficiency Plan under the Congestion Management Program.

Phase I of the two-phase Nexus Study has been completed. The attached status report (**Attachment A**) includes a framework for how a fee program could work, including the guiding principles for the development of the countywide program. The Phase I report also forecasts potential revenue scenarios and summarizes the issues and concerns raised by stakeholders through the public outreach process. Phase II of the Nexus Study will focus on working with cities to develop technical consensus, building local support for the program, addressing technical issues, and developing an implementation 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 for needed transportation improvements. The fee could ultimately generate new revenue for unmet transportation needs countywide and helping cities leverage local fee revenue with regional funds. Based on expected growth trends, it is forecasted that a countywide Congestion Mitigation Fee could generate from \$2 billion to nearly \$15 billion over 25 years.

## **DISCUSSION**

### **Overview of the Congestion Mitigation Fee Program Framework**

The proposed framework for a Congestion Mitigation Fee Program serves as a guideline for developing the ultimate program and centers around the following key principles, which are discussed in more detail in **Attachment A**.

#### State Legal Requirements for Nexus Study

The Nexus Study and the proposed fee program will meet legal requirements and draw a reasonable connection between proposed fees, the cost of the public transportation facilities, and the intended use of the fee revenue.

#### Program Authority

As the Congestion Management Agency for the County, Metro would authorize a fee as the Deficiency Plan for the CMP after conducting the legally required nexus study. The fee would apply to all new development. After the fee program is established, local governments would implement the fee program by adopting a local ordinance.

#### Countywide Program

A congestion mitigation fee strategy will be developed as a countywide program. However, the collection of fees and administration of the program will be done at the local or sub-regional level.

#### Local Development and Implementation

The fee would fund a long-term program of transportation improvements that are defined by cities and/or sub-regional organizations, ensuring they have complete control over the program's development.

#### Potential to Leverage Regional Funds

Staff will work with cities to provide opportunities to leverage congestion mitigation fees with regional dollars to pay for needed transportation improvements.

#### Credit for Existing Fee Programs

Cities would be given full credit for any regional transportation projects that are funded through local fee programs and are also identified in the Congestion Mitigation Fee program.

### **Work to Date and Local Reaction**

The technical groundwork for the Nexus Study has been laid through initial development of population, employment and land-use growth projections that will drive potential revenue.

Further, surveys of local and countywide fee programs were completed. Revenue forecasts were done utilizing a fee calculator planning tool developed for conducting “what-if” scenarios of varying fee levels. (**Attachment A**)

Staff has conducted a sub-regional stakeholder outreach program engaging each of the Councils of Governments, local governments, the building industry, and other stakeholders. This outreach program was done in a collaborative manner to seek their input on how best to craft a Congestion Mitigation Fee program framework that would address stakeholder needs and concerns.

Stakeholders have raised comments and concerns including, but not limited to, local control of fee revenue, incentives for local governments, credit for existing mitigation fee programs, housing affordability and others outlined in the attached framework report. To date, a number of stakeholders including the San Gabriel Valley Council of Governments, the City of El Monte, and Metro’s Technical Advisory Committee have formally supported efforts to work closely with Metro in Phase II of the Nexus Study.

### **FINANCIAL IMPACT**

With approval of the FY 2006 Metro Budget, the Board has authorized local funding of \$300,000 for carrying out Phase II of the Congestion Mitigation Fee Nexus Study. Staff does not anticipate any additional funding needs for in FY 2006. Therefore, there is no financial impact to the FY 2006 Metro Budget.

### **NEXT STEPS**

As the Nexus Study progresses into Phase II, staff will work extensively with subregions, cities, the private sector, and other key stakeholders to ensure the study addresses local concerns and issues as well as the technical analysis that needs to be done. Staff will also ensure the study addresses the CMP’s Countywide Deficiency Plan requirement to mitigate the transportation impact of growth on the regional transportation system.

Building consensus among the county’s sub-regions and cities is a key element of Phase II of the Nexus Study to move toward the implementation phase. For example, staff will also work concurrently through a Policy Advisory Committee and Metro’s Technical Advisory Committee to resolve policy and technical related issues, respectively. In addition, staff will work with local governments to develop administrative procedures, implementation guidelines for cities, and a phase-in process.

Staff will keep the Board updated on the progress of Phase II work activities and a complete Nexus Study Congestion Mitigation Fee Program will be presented to the Board by June 2006.

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Enclosures: **ATTACHMENT A – Nexus Feasibility Study – Phase I**



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# ATTACHMENT A

## NEXUS FEASIBILITY STUDY – PHASE I CONGESTION MITIGATION FEE PROGRAM FRAMEWORK

### STUDY OVERVIEW

Pursuant to Board direction, the Los Angeles County Metropolitan Transportation Authority (Metro) is conducting a Nexus Study to determine the feasibility of implementing a countywide Congestion Mitigation Fee to address the regional impacts of new development. A Congestion Mitigation Fee is a one-time impact fee applied to all types of new development to fund transportation improvements that will mitigate the impacts to the regional transportation network resulting from new development.

The Congestion Mitigation Fee Nexus Feasibility Study is being conducted in two phases. Phase I consists of developing the framework of how a Congestion Mitigation Fee could work and a report on stakeholder reaction, which will be presented to the Metro Board in June 2005. Phase II would complete the State-mandated Nexus Study and finalize a proposed fee program that will be presented to the Board by June 2006.

### THE NEED FOR A CONGESTION MITIGATION FEE

As our region continues to grow, so do the challenges to developing a transportation system that can keep Los Angeles County moving. Without proper mitigation, traffic from new growth could choke our regional roads and transit systems. Three issues have converged that highlight our transportation challenges:

#### Los Angeles County Keeps Growing

Over two million more residents are expected in our county by 2030, a 25 percent growth in population. Studies project 257,000 new homes; 382 million square feet of new retail, office, industrial or other non-residential development; almost 9 million new auto trips on the county's congested roadways, and additional strain on the transit system. With new roadways growing by less than 1 percent during that time, keeping our county moving will get tougher.

#### An Uncertain Transportation Funding Environment

The recent State budget crisis and uncertainty regarding the federal reauthorization of TEA-21 show how volatile funding is today. As we advocate for Los Angeles' share of state and federal funding, we also must look to ourselves for local funding solutions which ensure that our future transportation needs are met.

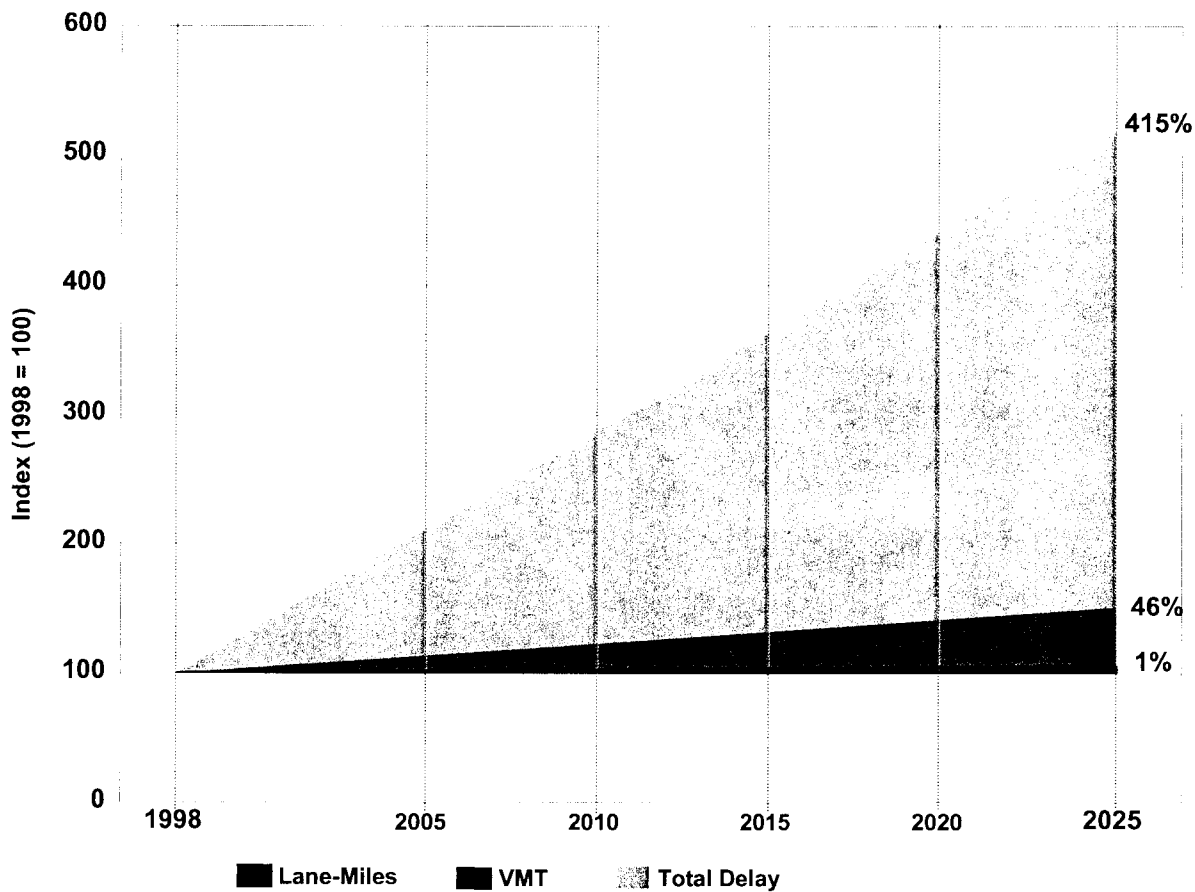
#### Concerns with the Congestion Management Program's (CMP) Debit and Credit approach

Many cities have raised concerns about whether the debit and credit approach is the best way to mitigate regional traffic impacts from growth. As the State-mandated Congestion Management Agency for Los Angeles County, Metro needs to develop a countywide program to meet its regional congestion mitigation requirements rather than have them imposed by the State.

As a result, the Metro Board directed staff to explore whether a Congestion Mitigation Fee could help new growth pay its fair share for future transportation improvements. This report summarizes the results of the first of two phases for the Nexus Study.

Failure to secure a new stable funding source for transportation needs such as the Congestion Mitigation Fee could jeopardize the region’s ability to maintain acceptable mobility levels. Unless new sources of funding are secured, the additional sales tax and gas tax that can be attributed to each new resident or employee will be insufficient to maintain the existing transportation infrastructure, let alone expand it. As shown in Figure 1.1, our roadway system is expected to only grow by one percent (increased new lane miles) from 1998 to 2025, while vehicle miles of travel and delay are projected to grow by 46% and 415%, respectively.

**Figure 1.1 Increase in Countywide Lane Miles, Vehicle Miles Traveled and Delay Indexed From 1998 to 2025 (1998 = 100)**



## CONGESTION MITIGATION FEE FRAMEWORK

### Guiding Principles

While the specific elements of the Congestion Mitigation Fee will be developed over Phase II of this effort, the following key principles are the foundation of that effort:

- The Congestion Mitigation Fee Will be Based on a Nexus Study That Meets All Legal Requirements
- The Fee Would be Implemented as a Countywide Program
- Fees Would Be Collected and Administered Locally
- Fee Revenue Would Go Directly to Transportation Projects
- Potential to Leverage Regional Funds
- Cities Would Be Given Full Credit for Regional Transportation Fee Projects Funded Through Local Programs

### How The Congestion Mitigation Fee Works

#### **Program Complies with State Law**

Any mitigation fee will comply with State law (Government Code 66000 *et. seq.*), which 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. Local governments must not charge new development for more than the cost of the facilities needed to serve it and use those funds exclusively for the capital facilities for which it was specifically earmarked. They also are prohibited from requiring new development to fund transportation improvements that remedies existing deficiencies or improves pre-existing traffic conditions. The final Nexus Study will meet and exceed all these legal requirements and support local fee programs.

#### **Countywide Program**

As the Congestion Management Agency for Los Angeles County, Metro is designing the Congestion Mitigation Fee to be developed as a countywide program. Local jurisdictions have the latitude to determine how implementation and administration of the program should occur, whether at the local or sub-regional level. Ultimately, local jurisdictions are the entities that can implement the fee program by adopting local ordinances.

#### **Roles and Responsibilities**

With its State-mandated authority as the Congestion Management Agency, Metro would authorize a fee as the Deficiency Plan for the CMP. This program would replace the existing “debit-credit” approach to implementing a Deficiency Plan and would apply to all new development. Metro also will develop the legally-required nexus study that allows local fee programs to be implemented. Once the fee program is established, local governments would implement the program by adopting an ordinance that lays out impact fee levels, administrative processes, and an implementation plan for funding capital improvements.

#### **Transportation Improvement Program Developed Locally**

The fee would fund a long-term program of transportation improvements that are defined by cities and/or sub-regional organizations. These local jurisdictions would have complete

control over the program's development and the strategy for funding improvements on the regional freeway, arterial, or transit system. Ultimately, projects will be identified within each sub-region to ensure that there is a nexus between where funds are collected and where they are spent.

### **Program Administered Sub-Regionally or Locally**

The program will be administered locally or sub-regionally in a manner agreed to by the cities that are collecting the funds. The fee could be assessed when construction plans are filed and paid when permits are issued, or when a certificate of occupancy is issued by the building department. This uses the same local processes that cities use to collect other impact fees and minimizes the administrative burden to staff. This also streamlines the cities' compliance with the Congestion Management Program.

### **Fee Sized by Land Use Type and Trip Generation**

Since traffic impacts our regional transportation system regardless of origin, fees would be applied to all types of development across several land use categories (e.g., single family dwelling unit, retail floor area). Once the Nexus Study justifies the impact fee for each new trip on the regional system, fees for each type of land use will be set based on trip generation characteristics. Cities will be able to rely on Metro's Nexus Study to justify their fee programs, thereby eliminating the need and cost of conducting these legally-required studies themselves.

### **Potential to Leverage Regional Funds**

Other jurisdictions that have adopted a Congestion Mitigation Fee have developed a program where fee revenue is leveraged with regional funds to pay for needed transportation improvements. Metro and its sub-regional and local partners could do the same with their fee revenue. The details of this funding plan would be addressed in Phase II of the Nexus Study.

### **Credit for Existing Fee Programs**

Cities that have existing local mitigation fees will receive full credit for regional transportation improvements that are also part of this regional mitigation program. This will ensure no double counting. Funds collected by local fee programs will not be impacted.

## **THE BENEFITS OF A CONGESTION MITIGATION FEE PROGRAM**

There are a number of benefits for levying a Congestion Mitigation Fee, summarized below:

- **Pay As You Grow:** New development pays for the projects needed to mitigate its impact.
- **Controlling Financial Destiny Locally:** Each city or sub-region will control this new funding source. Phase II will examine incentives for cities and the county to leverage local dollars with regional dollars.
- **Provides Predictability and Certainty to Developers and Cities Alike:** Addresses regional mitigation through a consistent countywide approach rather than on an *ad hoc* basis.



- **Level Playing Field:** Since all cities will be asked to participate, nobody gains advantage in attracting new development and most of the adjacent counties have adopted or are intending to adopt a similar regional fee program.

Perhaps the most significant benefit is the revenue potential for local governments, sub-regions, and the region to implement needed transportation improvements. A fee calculator planning tool was developed to allow “what if” scenarios that estimate how much revenue could be generated with a Congestion Mitigation Fee. For illustrative purposes, the table below provides a range of scenarios using fee amounts presently being used in the City of Santa Clarita, Western Riverside County, and San Diego County. Thus, the following application of the three fee scenarios countywide is intended only to demonstrate the amount of revenue such a uniform, but hypothetical, fee program could generate. These fee amounts are represented in terms of a residential fee, but the fee is calculated across all land uses in Los Angeles County. The following chart indicates that a Countywide Congestion Mitigation Fee could generate \$80 million to \$600 million annually in new revenue countywide, or \$2 billion to \$15 billion over a 25-year period.

Fee Ranges	Los Angeles County Fee Revenue Annually	Los Angeles County Fee Revenue 2005-2030
Higher End Scenario \$16,000	\$600 Million	\$15 Billion
Mid-Range Scenario \$6,650	\$280 Million	\$7 Billion
Lower End Scenario \$2,000	\$80 Million	\$2 Billion

Santa Clarita spent almost three years preparing and adopting a bridge and thoroughfare district largely devoted to funding regional improvements and functions similarly to a regional transportation impact fee. The fee ranges from approximately \$11,000 to \$16,000 for a single-family dwelling unit (or \$1,100 to \$1,600 per average daily trip end). Using the \$16,000 fee amount, the fee would generate approximately \$15 billion countywide over 25 years.

Western Riverside County adopted the Transportation Uniform Mitigation Fee in Spring 2003. Proposed fees will average \$7,248 per single-family dwelling unit (or \$757 per average daily trip end). This rate also is slightly higher than the average amount likely to be adopted in San Bernardino County in November 2006. This rate would generate over \$7 billion for Los Angeles County over 25 years.

San Diego Association of Governments is exploring a regional fee amount of about \$2,000 per single family home (or \$201 per average daily trip end). This rate would generate approximately \$2 billion for Los Angeles County over 25 years.

During the outreach in Phase I of the Nexus Study, Metro discussed the merits of a regional, sub-regional, or local jurisdiction-level fee approach with local jurisdictions and stakeholders. Some cities have voiced a strong desire to seeing similar fee amounts adopted by adjacent jurisdictions within a sub-region. Fee structures will be further examined in Phase II.

As a practical matter, a variety of considerations would be considered in establishing the amount of a fee, including: 1) the cost of regional projects jurisdictions want to fund with regional fees; 2) jurisdictions' determination to obtain matching funds from regional, state and federal sources; the level of local fees local jurisdictions are currently charging new development and the additional "head room" left to add a regional mitigation fee to the existing burden on new development to fund municipal, utility, and county infrastructure; 3) sensitivity to the effect of a regional fee on the cost of affordable housing; and 4) the effect of a regional fee on relative competitiveness of the local jurisdiction as a location for nonresidential development: both retail development that generates local sales tax revenues and office or industrial development that will add jobs.

### **Technical Process For Calculating a Fee**

These revenue projections are based on a five-step process used to calculate a fee:

1. Forecast population and employment growth over a time horizon and convert them into land use growth forecasts across a variety of land use designations such as single family and multi-family residential dwelling units, office, retail, industrial and warehousing.
2. Convert the projected land use growth or development and estimate the number of new trips this new development will create.
3. Forecast the impact of the number of trips this new development will have on the regional transportation system and use a travel demand model to determine which improvements are needed to mitigate this impact and maintain the current traffic conditions, or level of service.
4. Estimate the cost of these transportation improvements or projects and divide this cost by the number of new trip-ends forecast resulting from new development to determine a cost per average daily trip.
5. Prepare a fee schedule based on each land use category's trip generation rate of average daily trips. The actual fee amount is the appropriate trip generation rate for the land use multiplied by the cost per trip end.

### **SUMMARY OF WORK TO DATE**

Phase I of the Nexus Study was structured as a well-defined scope of work that focuses on developing a framework on how a fee would work and conduct outreach with the sub-regions and their cities to seek their input on crafting the fee framework. Cambridge Systematics consultant team was selected to conduct the Phase I Nexus Study effort.

#### **Stakeholder Outreach**

Cambridge Systematics' consultant team and Metro staff worked together to develop and implement an outreach plan to engage stakeholders throughout the County in thoughtful discussions on the merits of a Congestion Mitigation Fee. Outreach activities included presentations to all eight sub-regional councils of governments, as well as to various cities, the development community, and Caltrans.

## **Growth Forecasts**

For purposes of the Nexus Study, Cambridge Systematics developed a methodology to forecast land-use growth by converting the population and employment forecasts provided by SCAG. Cambridge Systematics slightly modified the data to reflect city level growth. This information is critical for determining the mitigation improvements, the cost associated with the improvement, and the fee that would need to be assessed to generate the funds to pay for the improvement. This task has yielded valuable information for developing a fee calculator tool for conducting “what-if” fee revenue scenarios.

## **Fee Calculator for Analyzing Growth Forecasts**

A fee calculator was developed to provide forecasts on population, employment, and land use growth information over a 25-year period, namely Year 2005 through Year 2030. The fee calculator also answers the fundamental question of how much revenue could be generated over a long-term horizon to fund improvements to mitigate the transportation impacts from new development. This fee calculator provides fee revenue estimates at the countywide level, sub-regional level, city level, and unincorporated county level. In addition, the fee calculator enables cities and sub-regions to observe how much their jurisdiction would be contributing to the overall countywide total revenue.

## **Fee Framework**

Based on the growth trends, the consultant’s expertise on developing congestion fee programs in other counties, and input from stakeholder outreach, a framework for Congestion Mitigation Fee was developed.

## **REACTION FROM STAKEHOLDERS: COG, CITIES, BUSINESS, AND DEVELOPMENT COMMUNITY**

During Phase I of the Nexus Study, extensive outreach has been conducted with local jurisdictions, sub-regional COGs, Caltrans, the development community, and other stakeholders. This effort has netted a number of comments, reactions, and questions that will be further explored in Phase II. The issues and concerns raised by stakeholders are grouped into ten general topic areas:

### **Local Control vs. Regional Control of Fee Revenue**

This issue has generated discussion with stakeholders expressing views supporting both local control and countywide control of fee revenue. However, the preponderance has been towards local control of fee revenue by cities and/or sub-regions.

### **Predictability of Fee Revenue**

There is concern that fee revenue would be an erratic flow of funds. This is a legitimate concern. However, there are ways to work through this challenge. For example, the State Infrastructure Bank and other state bonding authorities have financed public facilities and accepted repayment with fee revenues. This may serve as a model for Los Angeles County to follow. In addition, the pooling of fee revenues by cities and COGs can also work to their advantage by funding larger projects that benefits a larger geographic area. Furthermore, jurisdictions want assurances from Metro that if there is an incentive program that provides a

regional match to their local mitigation funds that these funds be made available when jurisdictions are ready to move forward with their projects.

### **Project Selection Criteria**

Questions were raised regarding what would constitute a regional project, whether transit projects could be funded by a fee, and could fee revenue be used to fund highways and interchanges. The answer is a fee could fund a variety of regional transportation improvements (e.g., major arterial, highway, or transit capital projects) provided a nexus could be made between the new development, demand for transportation services and the transportation improvement.

### **Use of Fee Revenue for Transportation Projects**

The building industry and cities expressed concern that fee revenue not be used for transportation projects in other areas that do not provide direct benefits to the development. Because State law requires that new development can only pay for its fair share costs of an improvement that is needed because of the project, the program is designed to ensure that local governments define and build those local projects that will mitigate the regional impacts of their development decisions.

### **Economic and Land Use Issues**

Concerns were raised regarding levying a fee on new development and what this would do to cities' ability to attract economic development in areas where redevelopment subsidies are central to attracting investors to economically challenged cities. Others had concerns over the projected residential development growth, how this will further contribute to the housing-jobs imbalance that exists in the county, and how this can be addressed through this Congestion Mitigation Fee process. These challenges will be addressed more fully in Phase II.

### **Regional Relationship of Regional Funds to Mitigation Fee Funds**

Some concerns were raised that the fee program not replace regional Metro funds and shift responsibility for funding regional projects to cities. The intent of the Congestion Mitigation Fee program is not to shift regional resources or regional responsibility, but rather to help cities mitigate the regional impacts of new development by increasing funding options that can generate needed revenue. Through its regional programming authority, MTA is exploring how it can help cities leverage Mitigation Fee revenue with regional funds to accomplish that goal.

### **Housing Affordability Issues**

Questions were raised regarding whether Congestion Mitigation Fees would increase the cost of housing. The impact that fees have on housing cost is often complex. The additional cost of the regional fee on housing prices depends on many market factors and will be different in the short and long term. The burden of who pays the fee will be absorbed at different stages of the development process, depending on market conditions. As for low-income housing, the burden of affordability can be reduced through some type of exemptions for this category of development as discussed in the CMP regulations.

### **Credit for Local Mitigation Fee Programs**

Jurisdictions with existing fee programs expressed concern about how their local city mitigation fee programs would be handled. The proposed mitigation fee program is being developed to provide dollar-for-dollar credit to those programs that are already funding regional mitigation improvements. This will ensure there is no double counting. Thus, funds that are collected locally from current fee programs will not be affected.

### **Meeting Environmental Requirements**

Cities and developers want to know if their regional mitigation requirements (through California Environmental Quality Act, development agreements, subdivision maps, or other negotiations) will be replaced with the regional fee program. The proposed regional fee program would represent a floor for developer mitigation of their impacts on regional growth. It is anticipated that this will help identify regional mitigation needs and facilitate regional CEQA mitigation for cities and developers alike. However, cities do retain the authority to request additional mitigation necessary to address regional impacts.

### **Benefit for Local Governments**

Some cities note that they could already adopt a regional mitigation fee and question whether the fee proposal offers any benefit to cities. However, city-level programs are often unable to address the regional impacts of new development that are not localized in any one city. The fee program is designed to promote a regional approach to resolving regional transportation concerns. A city working with surrounding cities can do more to address regional needs than it can on its own. Finally, a countywide program will assist cities that do not have sufficient resources to do a Nexus Study of their own, while allowing cities to replace the administrative burden of the debit-credit Deficiency Plan process with a more streamlined strategy for complying with CMP requirements.

## **NEXT STEPS**

### **Policy Issues for Phase II of Nexus Study**

Phase II will address the complex technical nexus requirements of State law as well as address technical implementation and administration issues that were raised in meetings with various stakeholders. The following summarizes some of the policy issues that will need to be addressed during Phase II:

- Identifying Regional Projects and Definition of What Constitutes a Regional System
- Determining the Fee Amount
- Leveraging the Fee Revenue with Other Funding Sources
- Incentives for Implementing Fee
- Credit for Existing Local Congestion Mitigation Fees, Low Income Housing, and Economic Development Areas
- Local Fee Administrative Compliance Responsibilities

### **Finalize Phase II Nexus Study**

Phase II consists of completing the Nexus Study by identifying sub-regional and local project priorities, fee structure, implementation guidance for cities, and establishing administrative

procedures. This phase also will implement pilot projects with interested cities to demonstrate how the Congestion Mitigation Fee can work.

### **Phase II Stakeholder Outreach**

A key element of the next phase of the Nexus Study is to build consensus among local governments and other key stakeholders and move toward the implementation phase. To that end, several efforts are planned for the period that runs through June 2006:

#### Resolve Policy Issues Through Establishment of a Policy Advisory Committee

Staff will resume regional dialogue through the re-establishment of a Policy Advisory Committee (PAC) to help guide the policy issues that need to be resolved. The committee membership will ensure representation from each sub-region, the City and County of Los Angeles, Caltrans, the development community, and other interested parties.

#### Resolve Technical and Implementation Issues with Metro's Technical Advisory Committee

Staff will continue to consult with the Technical Advisory Committee as the Congestion Mitigation Fee is developed.

#### Coordinate with COGs to Build Broad-Based consensus

Staff will continue to work with sub-regions to build support to implement the fee program countywide and within each sub-region.

#### Test and Validate the Program with Local Governments

Current outreach efforts will be further focused on those jurisdictions that express interest in implementing a non-binding pilot project that can validate the viability of the program's goals.

#### Explore Regional Incentives to Leverage Local Revenue

Staff will work with key stakeholders to explore various strategies to create incentives for cities that implement the Congestion Mitigation Fees. Such incentives could include priority in the allocation of funds through the Call-For-Projects process, or other options for incentivizing regional dollars to encourage local implementation of the fee program.

The results of this outreach will be presented along with the results of the Phase II analysis to the Board by June 2006. Should the Board approve the Congestion Mitigation Fee program, the CMP could be amended to replace the debit-credit system with the Congestion Mitigation Fee as the new Deficiency Plan process. Staff would work with local cities to transition to the implementation phase.

### **Phase II Technical Analysis**

#### Refinement of Program Policies and Procedures

Work will continue in refining the Congestion Mitigation Program Framework into specific implementation procedures and policies.

#### Identify Projects

Work with sub-regions and local jurisdictions in defining specific projects that are proposed for funding through the Congestion Mitigation Fee.

#### Estimate Costs of Projects

Work with sub-regions and local jurisdictions in determining the estimated cost of projects recommended for funding through the Congestion Mitigation Fee.

#### Calculate Fee Amount

Work with local jurisdictions in determining fee amount necessary to fund projects recommended for Congestion Mitigation Fee.

#### Conduct Modeling Analysis

Travel demand modeling will be conducted, as follows: 1) Establish the existing roadway and travel network for a base year; 2) Set up a future (2030), financially constrained system defined by the LRTP; and, 3) Define an improved future system that includes transportation projects proposed for funding through the Congestion Mitigation Fee to assess the regional benefit of the program.

#### Administrative Guidelines

Work with sub-regions and cities in developing administrative guidelines for local implementation responsibilities for the fee program.

#### Complete Countywide Nexus Study

Compile all steps described above into a full Nexus Study that would be presented to the Board for action in June 2006. If approved by the Board at that time, work would begin on consulting with local jurisdictions regarding actions necessary to implement the fee.

As the Nexus Study progresses, staff will keep the Board updated on developments and continue to consult with sub-regions, cities, the private sector, and other key stakeholders to ensure the study addresses local issues and concerns.

