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PLANNING & PROGRAMMING COMMITTEE
April 18, 2007

SUBJECT: COUNTYWIDE CONGESTION MITIGATION FEE FEASIBILITY STUDY

ACTION: ADOPT GUIDING PRINCIPLES TO METRO'S CONGESTION MITIGATION FEE FEASIBILITY STUDY

RECOMMENDATION

Adopt a set of Guiding Principles (Attachment A) to frame Metro's outreach effort currently underway for the Countywide Congestion Mitigation Fee Feasibility Study.

ISSUE

The Metro Board has authorized staff to work on a study to explore the possibility of implementing a countywide congestion mitigation fee on new development. If implemented, this program could generate new revenue for local jurisdictions to build transportation projects on the regional transportation system as well as meet local responsibilities under the State-mandated Congestion Management Program (CMP). While the countywide fee program would be developed by Metro under the auspices of a Nexus Study, it is local jurisdictions that would have local control to implement the program, identify transportation priorities, collect and control developer fees, and ultimately build the projects (or if desired, contribute to regional transportation projects constructed by others).

Staff has been meeting with subregional Councils of Governments, local jurisdictions, the private sector, the CMP Policy Advisory Committee (PAC) and other stakeholders to solicit input on how the program would be developed, address outstanding issues, and continue to build consensus on the feasibility study. In an effort to address the concerns heard from local jurisdictions through the outreach efforts thus far, staff has developed a set of Guiding Principles to establish a common understanding of the countywide mitigation fee goals.

In February, the Board directed staff to circulate the draft guiding principles to COG's, cities and the Congestion Mitigation Fee Feasibility Study PAC for review and comment. As directed, the draft guiding principles were circulated for comment from February 23 through March 23rd. In addition, Metro staff presented the Guiding Principles to the PAC at their February 28th meeting. As a result, Metro received 20 letters, emails and public comments from the PAC, cities and the development community. The majority of comments were not related to the Guiding Principles, but to the ultimate structure of the Congestion Mitigation Fee program guidelines. Staff has made note of their comments and concerns and will address them during the development of the guidelines scheduled to come before the Metro Board in Fall 2007. The agreed upon guidelines will be developed in coordination with cities, COGs, the county and the PAC. By adopting the attached set of Guiding Principles, local jurisdictions and stakeholders can be assured that Metro is being responsive to local jurisdictions needs and concerns. A summary of the comments as well as Metro staff's response has been developed (Attachment B). Based on comments received during the review of the Guiding Principles, staffs recommends adding a new Guiding Principle and amending three others as follows and are reflected in Attachment A:

- **Fees should be structured to mitigate congestion from new development without discouraging economic development.** 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. One of the key elements of this program is to respect the diverse economic development programs and initiatives within each jurisdiction to ensure the fee program supports economic development to the fullest extent possible.

- **Fees are to augment other regional funds, not replace or redirect them.** Some concerns were raised that the fee program may 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.

- **Cities identify local projects with regional benefit consistent with agreed upon guidelines.** This program will be designed to have cities identify local projects with regional benefit that will conform with agreed upon policy and program guidelines. These guidelines will be developed with input from a cross-section of stakeholders representing cities, COGs, builders, environmental groups, business associations, labor unions and other key stakeholders.

- **(Merged into next Guiding Principle) Cities adopt local ordinance identifying projects.** The intent of this Guiding Principle is already captured under both the above stated and below stated principles.

- **(Amended) Cities adopt, collect, and administer congestion mitigation fees**. The Guiding Principle was amended to clarify the intent is to emphasize local control in that local jurisdictions adopt, collect and administer the fee program. This fee program will be designed so that local jurisdictions adopt a fee program authorizing them to collect the congestion mitigation fee, and also retain the congestion mitigation fee revenues in their own accounts. This uses the same local processes that cities use to collect other impact fees and minimizes the administrative burden to city staff. In addition, cities have the flexibility to administer the program locally or sub-regionally in a manner agreed to by the cities that are collecting the funds. Thus, this principle guarantees that all congestion mitigation fee revenue will be returned to source.

- **(Amended) Cities build projects (or cities may choose to participate in multi-jurisdictional or regional projects, if mutually desired).** This Guiding Principle has been amended to clarify that local jurisdictions have options on how to partner with other entities in building their projects. The program will be designed so that local jurisdictions are responsible for building projects that they identify in their local ordinance. Local jurisdictions may also choose to participate in contributing to regional transportation projects that are constructed by others.

- **Cities with existing fee programs receive dollar-for-dollar credit for local projects with a regional benefit consistent with agreed upon guidelines.** Cities that have existing local traffic mitigation fees would receive credit for transportation projects in their fee program that are also part of the regional mitigation program. This would ensure no double counting. Funds collected by local fee programs would not be affected

- **Fees should be structured to support transit-oriented development, and to exempt mixed use and high density residential development within ¼ mile of rail stations consistent with CMP statute.** Per state of California Government Code (Section 65089.4) the fee shall exclude high-density residential and mixed use development within ¼ mile of a fixed rail passenger station.

- **(New) The program will be developed in a manner to encourage certainty and predictability among cities, business, environmental and development communities.** Concerns have been raised that current CEQA analysis by lead agencies of regional transportation impacts is mostly ad hoc, project-by-project. A principle of the Congestion Mitigation Fee program will be to simplify the environmental review process, whenever possible, by promoting a structured approach to dealing with future traffic. This new Guiding Principle is not intended to reduce or limit a local jurisdiction's entitlement authority in the project development/approval process.

NEXT STEPS

Staff will continue to conduct the feasibility study outreach with subregional Councils of Governments, local jurisdictions, the private sector, the Congestion Mitigation Fee PAC and other stakeholders to solicit input on how the program would work, address outstanding issues, and continue to build consensus on the feasibility study.

ATTACHMENT

A. Revised Draft Guiding Principles
B. Response to Comments Received on the Draft Guiding Principles - Matrix

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Attachment A

DRAFT - Guiding Principles for Countywide Congestion Mitigation Fee Feasibility Study

- Fees should be structured to mitigate congestion from new development without discouraging economic development
- Fees are to augment other regional funds, not replace or redirect them
- Cities identify local projects with regional benefit consistent with agreed upon guidelines
- Cities adopt, collect, and administer congestion mitigation fees
- Cities build projects (or cities may choose to participate in multi-jurisdictional or regional projects, if mutually desired)

DRAFT - Guiding Principles for Countywide Congestion Mitigation Fee Feasibility Study (cont.)

- Cities with existing fee programs receive dollar-for-dollar credit for local projects with a regional benefit consistent with agreed upon guidelines
- Fees should be structured to support transit oriented development, and to exempt mixed use and high density residential development within ¼ mile of rail stations consistent with CMP statute
- The program will be developed in a manner to encourage certainty, predictability, and transparency among cities, business, environmental and development communities

ATTACHMENT B
RESPONSES TO COMMENTS RECEIVED ON THE DRAFT GUIDING PRINCIPLES OF THE CONGESTION MITIGATION FEE FEASIBILITY STUDY

NOTE: The Draft Guiding Principles were distributed for review and comment on February 23, 2007. Nearly 500 copies were distributed and comments were requested by March 23, 2007. The matrix immediately below reflects comments received that were specifically related to the Draft Guiding Principles. Staff also received comments on issues related to the overall Congestion Mitigation Fee Program. Those comments are shown in the Additional Comments Received section of the matrix, which follows the comments on the Guiding Principles.

No.	From	Date	Comment	Response
1	Verbal Comment at PAC Meeting	2-28-07	Include as an objective the importance of creating certainty in the development (entitlement) process.	The Draft Guiding Principles have been revised stating the program will be developed in a manner to encourage certainty, predictability, and transparency among cities, business, environmental and development communities.
2	Verbal Comment at PAC Meeting	2-28-07	In addition to certainty, consistency of application across jurisdictions and transparency in the fee structure would be very helpful in mitigating the predictability of this program for developers.	The Draft Guiding Principles have been revised stating the program will be developed in a manner to encourage certainty, predictability, and transparency among cities, business, environmental and development communities.
3	Building Industry Association Greater Los Angeles/Ventura Holly Schroeder CEO Jonathan Choi Vice President of Government Affairs	3-23-07	The Guiding Principles, as currently drafted, do not acknowledge the potential benefit of the CMP fee to developers or the development process. In conversations with the BIA, MTA staff have recognized that the current approach to CEQA mitigation leads to inconsistent mitigation measures between cities and has stated that a goal is to increase the certainty for developers on what is expected for traffic mitigation. We suggest that a guiding principle be added reflecting this goal.	The Draft Guiding Principles have been revised stating the program will be developed in a manner to encourage certainty, predictability, and transparency among cities, business, environmental and development communities.

No.	From	Date	Comment	Response
	Letter via E-Mail			
4	City of Long Beach Abdollah Ansari Manager Traffic & Transportation Bureau E-Mail	3-23-07	1) Guiding Principle Bullet #4: Identification of projects in local jurisdictions may not require an ordinance. Local agencies may use any appropriate vehicle to identify projects. We suggest the language be revised accordingly. 2) Guiding Principle Bullet #6: We recommend revising from: "(...contribute to regional transportation projects constructed by others)" to "(contribute to multi-jurisdictional transportation improvement projects identified by joint agreement". 3) Guiding Principle Bullet #8: We recommend this bullet be removed in its entirety. The concern for selection of appropriate congestion mitigating projects has been	1) Guiding Principle #4 has been merged with Guiding Principle #5 which states this program will be designed to have cities identify local projects with regional benefit that will conform with agreed upon policy and program guidelines. These guidelines will be developed with input from a cross-section of stakeholders representing cities, COGs, builders, environmental groups, business associations, labor unions and other key stakeholders. 2) Guiding Principle # 6 has been revised to state: Cities build projects (or cities may choose to participate in multi-jurisdictional or regional projects, if mutually desired). The program is being designed so that local jurisdictions are responsible for building projects that they identify in their local ordinance. Local jurisdictions may also choose to participate in contributing to regional transportation projects that are constructed by others. 3) As the Congestion Mitigation Fee Feasibility Study is being conducted under the statutory CMP requirement for addressing transportation deficiencies in

No.	From	Date	Comment	Response
			addressed elsewhere in these guiding principles. Cities will determine if a future TOD is in fact a congestion mitigating project. There are a number of "TOD"s currently in place that have not introduced any congestion reduction/mitigation effect. To date, the designation has been applied to developments that are in close proximity of transit routes. The mere geographic proximity does not guarantee transit use and traffic congestion mitigation.	Los Angeles County, this Guiding Principle is intended to structure the program to be in compliance with California Government Code (Section 65089.4) of CMP Statute. Furthermore, staff was directed by the Metro Board to include this Guiding Principle to be consistent with CMP statute and to exempt mixed use and high-density residential development within ¼ mile of rail stations.
5	City of Monrovia Steve Sizemore Planning Div. Mr.	3-27-07	The fee should be structured so that it does not discourage the economic vitality of the region.	The intent of the Guiding Principles is to address this comment because one of the key elements of this program is to respect the diverse economic development programs and initiatives within each jurisdiction. The intent of the first Guiding Principle is to ensure the fee program supports economic development to the fullest extent possible.
6	City of Artesia Maria Dadian City Manager	3-29-07	Based on the Guiding Principle Outline, here are our responses (in the order of the Guiding Principles): 1) Fees should be structured to mitigate congestion from new development without discouraging economic developments. Since the City of Artesia is a small, economically distressed city, we have difficulty attracting new developments.. Whereas, larger cities with greater financial resources attract and lure developers to invest and develop in those cities. Imposing additional fees to new developments in	1) The intent of the Guiding Principles is to address this issue because one of the key elements of this program is to respect the diverse economic development programs and initiatives within each jurisdiction. The intent of the first Guiding Principle is to ensure the fee program supports economic development to the fullest extent possible.

No.	From	Date	Comment	Response
			our small city will undoubtedly drive away future developments and further negatively and economically depress our City.	
			2) Fees are to augment other regional funds, not replace or redirect them. The idea of utilizing the fees to augment other regional funds is a sound proposal providing that " maintenance of effort" of regional funding be done. The City of Artesia has never received any regional funding from Metro. We have participated in Metro's "Call-for-Projects" application process since 1995, but have never been selected for a single award of any regional highway funding from the program. Each time, we have diligently prepared our application by describing the most critically needed transportation improvements. But, each time, we have come up empty handed.	2) The intent of the second Guiding Principle 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 new needed revenue.
			3) "Cities identify local projects with regional benefit consistent with agreed upon gidelines." As stated in the previous principle, we are very concerned about our City benefiting from this proposal based on past history of never receiving any regional funding from Metro.	3) The intent of the second Guiding Principle is to ensure this program will be designed to have cities identify local projects with regional benefit that will conform with agreed upon policy and program guidelines. These guidelines will be developed with input from a cross-section of stakeholders representing cities, COGs, builders, environmental groups, business associations, labor unions and other key stakeholders.

No.	From	Date	Comment	Response
			4) Cities adopt local ordinance identifying projects. The City has a long list of urgently needed infrastructure improvement projects. Federal-aid (STPL) Highway Funds from Caltrans is the only source of funds that the City of Artesia relies on to maintain and rehabilitate street pavement and other safety improvements. Since these funds are allocated based on population, Artesia receives a miserably small amount of $50,000 annually because its resident population is only 18,000. The funds received are not even enough to maintain 10% of the highway and infrastructure in the City. Due to the present lack of available funds, the street pavement of our City has deteriorated beyond the point where they may be sustained by economical annual maintenance and repair. Currently, much of the City's precious street system will need to completely reconstructed. How is Metro's proposed impact fee program going to mitigate our long list of improvement needs? 5) Cities collect and administer congestion mitigation fees. The City of Artesia fully agrees with this principle as long as our City has complete control regarding the administration of fees. However, we do not agree with this principle if Metro collects the fees and fails to allocate fees back to Artesia by disqualifying our projects due to lack of regional benefits.	4) This Guiding Principle has been merged with Guiding Principle #5 to state: Cities adopt, collect, and administer congestion mitigation fees. This program will be designed so that local jurisdictions adopt a fee program to authorize them to collect the congestion mitigation fee, but also retain the congestion mitigation fee revenues in their own accounts. This uses the same local processes that cities use to collect other impact fees and minimizes the administrative burden to city staff. In addition, cities have the flexibility to administer the program locally or sub-regionally in a manner agreed to by the cities that are collecting the funds. Thus, this principle guarantees that all congestion mitigation fee revenue will be returned to source. 5) This Guiding Principle has been merged with Guiding Principle #4 to state: Cities adopt, collect, and administer congestion mitigation fees. As noted in the previous paragraph, the intent of this Guiding Principle is to ensure this program will be designed so that local jurisdictions adopt a fee program to authorize them to collect the congestion mitigation fee, but also

No.	From	Date	Comment	Response
				retain the congestion mitigation fee revenues in their own accounts. This uses the same local processes that cities use to collect other impact fees and minimizes the administrative burden to city staff. In addition, cities have the flexibility to administer the program locally or sub-regionally in a manner agreed to by the cities that are collecting the funds. Thus, this principle guarantees that all congestion mitigation fee revenue will be returned to source.
			6) Cities build projects (or if desired, contribute to regional transportation projects constructed by others.) We agree with this principle as long as the City of Artesia can build projects solely at its discretion.	6) This Guiding Principle has been revised to state: Cities adopt, collect, and administer congestion mitigation fees. The intent of this Guiding Principle is to ensure this program will be designed so that local jurisdictions adopt a fee program to authorize them to collect the congestion mitigation fee, but also retain the congestion mitigation fee revenues in their own accounts. This uses the same local processes that cities use to collect other impact fees and minimizes the administrative burden to city staff. In addition, cities have the flexibility to administer the program locally or sub-regionally in a manner agreed to by the cities that are collecting the funds. Thus, this principle guarantees that all congestion mitigation fee revenue will be

No.	From	Date	Comment	Response
				returned to source.
			7) Cities with existing fee programs receive dollar-for-dollar credit for local projects with a regional benefit consistent with agreed upon guidelines. The City of Artesia does not have an existing fee program to benefit from this dollar-for-dollar proposal. This proposal would further degrade our financial resources to rehabilitate and improve our highways. We hope that Metro will recognize the undisputable traffic congestion impose by inter-city traffic and cross town commuters who inflate the traffic demands on the City of Artesia by multiples that are many times larger than resident population in Artesia.	7) The intent of this Guiding Principle is to ensure this program will be designed to generate a new source of local revenue that will be under the control of the cities to collect, administer and spend the funds as stated the Guiding Principles #3 and #4.
			8) Fees should be structured to support transit-oriented development, and to exempt mixed use and high density residential development within ¼ mile of rail stations consistent with CMP statute. The City of Artesia does not have transit or a rail station. This means that our impact fees will be diverted to benefit other cities that have train or transit facilities.	8) As noted in the previous paragraph, the intent of this Guiding Principle is to ensure this program will be designed to generate a new source of local revenue that will be under the control of the cities to collect, administer, and spend the funds as stated the Guiding Principles #3 and #4. Per state of California Government Code (Section 65089.4) the fee shall exclude high-density residential and mixed use development within ¼ mile of a fixed rail passenger station.

Additional Comments Received

NOTE: The following comments will be considered and examined during the development of the Program Guidelines in coordination with cities, COGs, the county, environmental groups, PAC, and other stakeholders.

No.	From	Date	Comment
1	Verbal Comment at PAC Meeting	2-28-07	It is important that a definition of what is meant by Transit Orient Development (TOD) needs to be developed and explicitly stated because there are a number of models of TOD.
2	Verbal Comment at PAC Meeting	2-28-07	Also a mitigation fee should not be viewed only as a minimum fee across the board but should be a maximum.
3	Verbal Comment at PAC Meeting	2-28-07	Streamlining CEQA process to shorten the review period could be one of the guiding principles.
4	Verbal Comment at PAC Meeting	2-28-07	What some in-fill cities would like to see done is in-kind credits or exemptions for expanding the density of the property.
5	Verbal Comment at PAC Meeting	2-28-07	It would be beneficial if the existing land-use was maintained and not re-zoned to higher density use such as industrial zoning to residential zoning.
6	Verbal Comment at PAC Meeting	2-28-07	Since population is increasing and TOD development is exempted, and the industrial base is moving further away from the population centers, the goods still need to be taken to the people where they live and this has to be addressed. Putting more fees drive out development further away from population centers. It also was stated the logistics/freight movement industry needs to be included in this group to balance out what gets implemented through this program.
7	City of Santa Fe Springs Tom R. Lopez Assistant Director of Public Works	3-13-07 E-mail	1. Consideration should be given to the concept that fees should be uniform from City to City, otherwise for large developments with substantial fees, you may find developers building in adjacent cities due to the fact the fees in general are less. 2. Based on the fair share approach, if the development was responsible for 50% of the cost of mitigation, how long would the City have to come up with the other 50% and implement the mitigation measure(s)?

No.	From	Date	Comment
			3. The "agreed upon guidelines" referenced in the third principle, are these to be developed by MTA, the Regional COG, the County, the local cities or a combination of all four agencies?
8	City of Downey Ed Norris Deputy Director of Public Works E-Mail	3-23-07	1. It is unclear at this time on how the eligibility of projects which qualify for funding under the proposed fee would be determined and how the selection of projects to be funded by the countywide fee by the various local agencies would be regulated. 2. The methodology regarding how the fees will be calculated needs to be determined. In addition, how will agencies be assured of equity of the fees among jurisdictions? 3. What assurance will agencies within the county be given that all fees collected in their agencies will remain within their agencies and won't go to fund projects in other jurisdictions? 4. For agencies which already levy an impact fee upon development, the imposition of a second impact fee would result in an extreme administrative burden on the agency, particularly if the rules of the two fee programs are different. For example, what if one fee program made an exemption for certain land uses under a certain square footage but the other program didn't? What if one of the programs had an appeals process but the other program didn't?
9	City of La Cañada Flintridge Mark Alexander City Manager Letter via E-Mail	3-23-07	1) We are very concerned that the proposed program will be instituted as a mandatory program imposed on each city. 2) We are a small city with a very small staff. Implementation of the program will create an additional administrative burden that we simply do not have the resources to undertake. 3) The additional mitigation fees would send a "chilling" message to the needed quality development that potentially is to occur here. 4) In order to generate the amount of money necessary to positively impact the City and the types of transportation improvements that are needed in this area, the fees would have to be extraordinarily high.

No.	From	Date	Comment
			5) If the mitigation fee program is successful, we are very concerned about the potential for MTA to become dependent upon the mitigation fee program to cover the otherwise legislative obligations of existing law. For example: 5a) A reduction or supplanting of Proposition A & C local return funds in light of available mitigation fee monies. 5b) More stringent requirements on the use of Proposition A & C local return funds. 5c) Reduction of the funds available in the Call for Projects or more stringent eligibility for projects or limitations on the types of projects because of the availability of mitigation fee monies. 6) There is a strong possibility that the fee programs will cause an overall imbalance in the cost of development throughout the region as different fees are charged by different cities or different counties. 7) This community already has a premium charge for development by way of the cost of land. The new fees to be charged are not likely to level the playing field in southern California.
10	Building Industry Association Greater Los Angeles/Ventura Chapter Holly Schroeder Chief Executive Officer Jonathan Choi Vice President of Government Affairs	3-23-07	1) BIA members know that planning and constructing the infrastructure associated with new development is a critical component to the region's success. BIA members recognize their obligation to pay their fair share to ensure that necessary infrastructure is constructed. Given the complexities of a County-wide program, however, concurrence on these Guiding Principles is an important step before MTA proceeds into greater detail of the CMP Fee Program. 2) The guiding principles state that the fee should be structured to mitigate traffic from new development (and not discourage economic growth.) In fact, under state law, the fee can only pay for the costs associated with new development, and a thorough nexus study must be completed. We understand that this nexus study will occur in a future phase of program development, but urge MTA staff to be considering how to assess the portion of a project that is due to new development in light of the extensive existing deficiencies present in the LA Region.

No.	From	Date	Comment
	Letter via E-Mail		3) <u>It is imperative that new fee dollars are not used to pay for projects that remedy existing deficiencies.</u> 4) It is also critical that the program be structured so that sufficient revenue is available to ensure that projects are actually constructed. 5) Project readiness will be an important component of project selection, with the fee again serving only to fund the component of any project that is derived from new development.
11	Majestic Realty Co. Fran Inman Senior Vice President Letter via E-Mail	3-23-07	1) Given the county's EXISTING NEEDS for infrastructure improvements versus the congestion/deficiency generated by new development, it is very important for the nexus study to recognize that new development cannot carry the entire burden of the infrastructure shortfalls. And unintended consequences that force new development to occur outside the county's boundaries may be very counter productive in terms of the vehicle miles traveled/infrastructure demands. 2) Our first question is one relating to the baseline of existing conditions and their status and funding sources. METRO has an extensive traffic demand model. Will this modeling be the basis for determining the need for improvements? Having cities select projects of their choice (even with common guidelines) may not be done on an equitable and/or coordinated basis, and therefore, will not necessarily produce a common benefit across jurisdictional boundaries. 3) Next we need to look at the "likely" new development that we can reasonably expect to occur given the demands of the projected population increases, job/housing imbalances, land prices, land use planning, air quality and other environmental issues, capacity constraints all along the supply chain and the overall economic/social status of our region. Only then can the determination be made in terms of a fair share for the new development. 4) Impact fees cannot be ad hoc omitted for transit-oriented facilities or other specific development projects, i.e. transit-related housing without equal consideration given to

No.	From	Date	Comment
			how we are going to move the goods and services. The 2% transit-related housing rule proposed by SCAG might also consider a 2% distribution/goods movement-related rule. If a jurisdiction wants to give specific types of development a fee break, then it should come from some other funding source. 5) Having a countywide fee that is the same (e.g., WRCOG) tends to push development to the cheapest possible land, and causes sprawl. However, having different city-by-city fees causes boundary inequities, but the land use decisions rest with these local jurisdictions. 6) What consideration will be given to the LEED requirements which many jurisdictions are adopting for their projects sand integrating into their building requirements? Generally speaking the LEED standards support higher density, transit-integrated, environmentally-sensitive development with greater setback requirements. What consideration and/or incentives for "green buildings" will be included in the nexus study? 7) Once the fee is determined, there should be a means of deciding whether or not it is competitive and does not hinder economic development. How will this be done? In some cases in San Bernardino County and Fresno, the draft fees were more than the cost of land. What are the fees in neighboring counties?? 8) The presentation material talks about charging the same amount per trip. However, when the presentation material converts this trip fee to land use, it uses ITE trip rates for all industrial uses. We see several problems with this conversion: 1) it uses <u>daily</u> trip rates which are never used to judge the impacts of new or improved facilities, and 2) it uses the trip rate for industrial uses is from the ITE manual for all uses. The ITE manual is an average of 40 years of data, most from the east coast and Midwest. These are mostly from employee-intensive industrial uses (e.g., assembly plants, etc.), and have no applicability to most of Southern California. The trip generation data recently collected by NAIOP (using the ITE methodology) for sites in San Bernardino and Riverside counties shows that the High Cube facilities are 80% LESS than the ITE warehouse trip rates, which is less than the average industrial trip rate. Since we now live in a logistics economy, the nexus study should recognize High Cube facilities as a separate category for fee purposes. Most

No.	From	Date	Comment
			of the jurisdictions in the Inland Empire have done so. 9) Fee payments must be kept as individual transactions so that if projects are not built or other funding is used, how will refunds be made, as required by law. 10) If outside funding is available for one or more of the projects for which fees are being collected, how will the fee payers be compensated? 11) How will these mitigation fees be coordinated with other fee programs? This is a huge question given the Clean Air Action Plan, the proposed draft AQMP, the pending legislation for container fees, the infrastructure bond allocations – all on the table and targeted at improving transportation/environmental impacts. Not to mention AB32 and the green house gas reduction requirements. 12) If development mitigation fees pay for some portion of the facility to be built, then how will local jurisdictions ensure that the non-development share is available at the same timeframe? 13) How will multi-jurisdictional needs be met? If fees are different in one city from their neighboring city, what happens when the two cities do not collect fees at the same rate or have the same priorities? How will this be resolved? 14) Replacing or reconstructing facilities damaged in natural disasters is NOT legally eligible for development impact fees. 15) Creating incentives for redevelopment areas may be indefensible or illegal under a trip-based mitigation fee. Since much of Los Angeles County is already built out, this will most likely become more and more of an issue. 16) How are situations to be handled where a project has been conditioned to pay a fair share contribution? Will that project have to pay both the new fees and fair shares? We have the same question for projects with development agreements. 17) If local jurisdictions are allowed to adopt a revenue target, will they be allowed to produce

No.	From	Date	Comment
			revenue sources as they select (even beyond development related sources)? 18) We realize that many of these questions go beyond the guidelines section, but need to be considered when framing the guidelines. Hopefully this list of questions will help shed some light on just how very complicated and delicate this balancing issue really is. What we found in Riverside and SB counties is that the "devil is in the details." Sweeping policy statements don't get us the details that we need to make informed business decisions. In addition, people have put time and money in properties with one set of parameters (e.g., fees, environmental mitigation, etc.). If new fees are put in place quickly, which radically change the balance of whether a project "pencils out," then this is unfair and does not support economic development.
12	City of San Marino Matthew C. Balantyne City Manager Letter via E-Mail	3-26-07	1) The proposal should improve the efficiency of the program. The present credit and debit program has worked well for the City of San Marino. 2) The funds collected from our residents shall be returned and expended in the City of San Marino for future regional transportation improvements.
13	City of Lancaster Robert LaSala, City Manager Letter	3-26-07	1) The City believes that new development should mitigate all impacts new development creates either through construction of infrastructure or paying fees that can be used by others to mitigate identified impacts. 2) Lancaster, like other North County Communities, has experienced significant residential growth as a result of the recent housing boom which has, unfortunately, outpaced job-creating commercial and industrial development. Therefore, many of the new residents of Lancaster that came here from the Los angles Basin still travel to Los angeles to work. These commuters add to the congestion on State Route-14 (SR 14) and connecting arterials. The City recommends that the new mitigation fee allow for expenditures that bring or create new jobs which reduce traffic on SR 14 and connecting arterials. For example, if a commercial developer expands/moves its business to Lancaster from the Los Angeles Basin and hires local residents, especially those that may otherwise commute out of Lancaster, the expenses associated with expanding/moving that business to the City

No.	From	Date	Comment
			should be an allowable use of the new mitigation fee.
14	City of Monrovia Steve Sizemore Planning Division Manager Letter	3-27-07	1) In reviewing the program's guiding principles the City of Monrovia, in concept, agrees that the Mitigation Program is an improvement over the debit/credit system currently in place. The caveat is that the City would like to see a more equitable distribution of existing capital improvement funds as it relates to the San Gabriel Valley as a whole. We would like to go on record regarding the following: 2) Cities shall be responsible for identifying local projects for which the fee can be used. 3) Fees can be used on Non-CMP routes as identified in the Preliminary Regional Transportation Systems Map. 4) Cities can work together to request additions to the Preliminary Regional Transportation System. 5) The Nexus Study will enable the City to adopt a Traffic Impact Fee. 6) The Traffic Impact Fee ordinance can be individually structured to meet the needs of the particular City. 7) The City would like to believe that the proposed program will be built upon trust and an equitable program. METRO would make inroads to that trust by earmarking existing monies for San Gabriel Valley projects. We sincerely hope that you will be a partner with us solving the region's transportation needs.