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**Ad-Hoc Congestion Pricing Committee Meeting
November 14, 2007**

SUBJECT: LOS ANGELES COUNTY CONGESTION PRICING PROPOSAL

**ACTION: APPROVE WORK TO DEVELOP NEAR TERM CONGESTION
PRICING PROSALS AND PROVIDE DIRECTION**

RECOMMENDATION

- A. Work with partner transportation agencies in Los Angeles County to identify a congestion pricing project to submit as part of any future Urban Partner Agreement application or similar federal funding program should such applications be needed before completion of Metro's Congestion Pricing Feasibility Study;
- B. Work with Caltrans and other partner transportation agencies in Los Angeles County to identify an appropriate project(s) to submit to the California Transportation Commission for authority to develop High Occupancy Toll (HOT) Lanes pursuant to Assembly Bill 1467; and
- C. Obtain Board guidance on project suggestions.

ISSUE

Last year, Metro, in conjunction with the County and City of Los Angeles, Caltrans and the Southern California Association of Governments (SCAG), submitted an application under its national traffic congestion mitigation initiative to the United State Department of Transportation (USDOT) Urban Partnership Agreement Program for congestion relief from various federal discretionary funding programs. Los Angeles County was not selected, and USDOT officials indicated that other urban areas had stronger proposals to implement congestion pricing programs or projects. The USDOT awarded grants to several other Cities including New York City. According to Mr. Tyler Duvall, USDOT's Assistant Secretary for Transportation, if New York City is unsuccessful in obtaining needed legislative authority to move their project forward, this funding may be recycled to other regions.

Last month, Mr. Duvall made a presentation to the Board on the federal government's congestion pricing policies and direction. In his remarks, Assistant Secretary Duvall mentioned that the recycled funding or new funding might be available for areas such a Los Angeles. Mr. Duvall indicated that such opportunities might be available as early as the next month or two.

We have contacted the USDOT and inquired about the time frame for any upcoming funding possibilities. There are no application solicitations or submittal due dates at this time. Should such a possibility arise in the next few months, however, we would like to have a unified congestion pricing proposal with Metro and other major transportation agencies in Los Angeles County to include in any such application.

On October 24, 2007, the California Transportation Commission approved the AB 1467 HOT Lane Guidelines and application. Accordingly a Regional Transportation Planning Agency like Metro, in cooperation with Caltrans, may apply to the California Transportation Commission to develop and operate HOT lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit. The guidelines state that no applications may be approved after January 1, 2012 and that the number of projects that may be approved is limited to four: two in Northern California and two in Southern California. We expect other regions to submit their project applications in the near term.

POLICY IMPLICATIONS

The recommended action is consistent with Board direction to develop alternative congestion pricing strategies that could be implemented by 2010 in that it could provide funding and/or authority to implement such a project.

OPTIONS

The Board could choose not to delineate a specific congestion pricing project in the next few months and wait instead until the completion of the Congestion Pricing Feasibility Study. Should the USDOT announce another opportunity for congestion pricing funding, we could include in the proposals that Metro/Los Angeles County region would implement whatever option is chosen at the completion of the Congestion Pricing Feasibility Study. We are not recommending this because it would most likely not be a competitive application without a more specific commitment to a definitive project. With respect to AB 1467, if Metro/Caltrans do not apply, the authority to develop HOT lanes in Los Angeles County as granted by the CTC guidelines will be lost to other regions.

FINANCIAL IMPACT

The recommended action has no impact on the FY08 Budget. Selecting a congestion pricing project for any near term Urban Partnership and AB1467 proposals could increase the likelihood of Metro receiving federal and/or State funds.

DISCUSSION

The Urban Partnership Agreement application submitted by the Los Angeles County region in 2007 contained a tolling/value pricing proposal that included the project described in Attachment A. The project described in Attachment A was a commitment to conduct a feasibility study. Based on the results of the study, and subject to the approval of the respective Boards of the partnering agencies, the Los Angeles County region would then conduct a pilot value pricing project. The project description indicated that potential corridors would be multimodal and provide transit alternatives and ridesharing services. The following examples were given: the Interstate 10 (El Monte Busway), Interstate 110 (Harbor Freeway Transitway) and the Interstate 105 Freeway. In addition to the corridors in the 2007 application, a number of other freeways in Los Angeles County could be utilized.

The proposed pilot project in the 2007 application would have converted an existing carpool lane into a HOT lane. In the pilot project, single occupancy vehicles could access the lane during peak periods for a fee. To free up sufficient space in the carpool lane for single occupancy vehicles, Caltrans would have to increase the carpool occupancy requirement to 3 or 4 persons per vehicle. The program was structured such that buses and 4-plus person carpools could use the lane for free, with a graduated toll for vehicles with 3, 2, and 1 person(s).

The proposed pilot project included outreach to employers to encourage the formation of vanpools and provide incentives to employees. The project would also increase parallel transit service and perhaps provide credits towards using the HOT lane for people who choose to use the mixed flow lane for trips that are not as time sensitive. The concept was to use the toll revenues to help fund the alternative transportation programs.

With respect to the CTC guidelines for applying to develop HOT lanes pursuant to AB 1467, there is no specific timeframe for submitting applications; however, CTC staff has just recently indicated that it will be on a first come first serve basis. Metro/Caltrans would have to be ready to submit an application and compete for the two spots that are available for Southern California in order to take advantage of this opportunity. In any case, we expect to seek new State authority for developing HOT lane corridors or for a more general language that would allow implementing other congestion pricing alternatives in Los Angeles County.

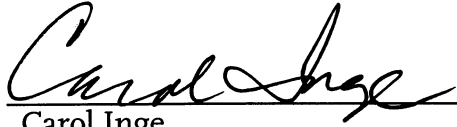
NEXT STEPS

We will work with the transportation agencies who were partners in the first Urban Partnership Agreement Application to gain consensus on a project that could be used for proposals in the near term.

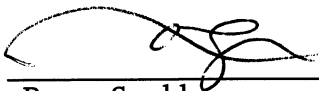
ATTACHMENT(S)

A. Excerpt from 2007 Urban Partnership Application

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2007 Urban Partnership Agreement Application Excerpt

The following is an excerpt from the Los Angeles County region's 2007 Urban Partnership Agreement application outlining the proposed value pricing pilot program. Officials from the United States Department of Transportation indicated that our application was unsuccessful in large part because the successful applicants had stronger congestion pricing proposals:

7.3.2 Los Angeles Value Pricing Pilot Program

Should the USDOT decide to select Los Angeles as a potential Urban Partner, as the second phase of Los Angeles' VPP proposal and in conjunction with this UPA application, a feasibility study will be conducted to explore the feasibility of implementing a regional HOT lane network and other value pricing options. Based on the results of this study and subject to the approval of the respective Boards of the different regional agencies partnering in this UPA with USDOT and with concurrence from Caltrans, a pilot value pricing project on selected corridors of Los Angeles freeway system would be implemented.

The tolling/ congestion pricing proposal of Los Angeles builds on the premise that shifts/reductions in AM/ PM peak period travel through transit, higher occupancy vehicles, and market based strategies would prevent a breakdown in traffic flow and thus, solve the traffic congestion problem. Los Angeles' strategy and pilot would need to provide commuters options to choose among alternatives. Should USDOT select Los Angeles as a potential partner, final implementation of this value pricing proposal would be subject to approval from our respective regional agencies Boards and concurrence by other partners, such as California Department of Transportation (Caltrans). The value pricing project that is being proposed for the region is Los Angeles Choice for High Occupancy, Transit, Telecommuting, or Tolling Program (LACHOTTT). It includes the following:

1. Conduct a feasibility study to identify potential freeway corridors for the implementation of the variable price concept, ensuring that potential corridors are multi-modal, providing transit alternatives and rideshare service along these corridors or in their vicinity, such as the multimodal improvements on Interstate 10 (El Monte Busway), Interstate 110 (Harbor Freeway Transitway), Interstate 105 (Glenn Anderson Freeway), or other HOV lane corridors that have parallel bus and/or rail service.
2. Elements of the feasibility study may include;
 - Consider to implement a short-term (e.g., 3-month) pilot project.
 - Consider to expand the HOV requirement during AM and PM peak periods and gradually increase the vehicle occupancy requirement from 2+.
 - Consider to implement a HOT lane concept with a tiered fee structure wherein higher occupancy vehicles (4+) are allowed to use HOVs at no cost and lower occupancy vehicles (3+, 2+, and SOVs) would pay a toll.

- If the first phase of the pilot proves to be successful, the second phase would expand the application of the concept to general purpose lanes that would be gradually added to this pricing scheme as public acceptance grows and demand for this option increases.
 - Being the first application of its kind in the country in considering pricing existing general purpose lanes this phase would require the additional authority and flexibility through the UPA.
 - Consider to charge variable toll rates to ensure that traffic flow on the HOV facility does not degrade below 50 mph.
 - Identify adequate automated electronic toll collection technologies that would need to be deployed.
3. Similarly, integrate ITS technologies to enhance the operation of both HOV and general-purpose lanes, including System Wide Aggressive Ramp Metering (SWARM).
 4. Integrate ITS technologies across all modes of transportation (freeway, arterials, bus and rail).
 5. Enlist employers to certify 4+ vanpools and provide training assistance and incentives to offer their employees transit passes, parking cash-outs, and telecommuting options. Metro's regional Vanpool Program will be very important in the implementation of the pilot, as it would allow for regional cooperation and partnerships with other regional transportation authorities in Los Angeles and neighboring counties.
 6. Upon the completion of the feasibility study initiate a major marketing campaign to prepare for the implementation of the three-month pilot of the LACHOTTT program on selected corridor(s).

Communications and marketing will be very important in the implementation of the pilot. Together with the recommended technologies and peak period changes, a major marketing campaign would be needed to advertise the countywide travel alternatives, incentives, and training/outreach programs available for employers and commuters in the region. Outreach efforts incorporating other transit operators and rideshare programs would be needed. Metro's TAP/UFS automated fare collection smart cards would also be important in the implementation of the pilot as this technology could be used to identify eligible participants of the pilot by offering reduced transit fares and/or a toll credit for using the HOV/HOT facilities. In this regard, the LACHOTTT pilot program qualifies under FHWA's Value Pricing Pilot program and accordingly, allows the use of toll revenue to mitigate impacts on low-income populations. Thus, flexibility is being sought through this UPA application to guarantee the use of toll revenue from the LACHOTTT pilot to fund operations of transit and ridesharing services to address any environmental justice issues. In this context, variable and/or reduced transit fares and passes could be made available to those shifting from solo driving to ridesharing, telecommuting, or transit and to subsidize travel by providing credits to those who cannot afford the tolls.