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AD HOC CONGESTION PRICING COMMITTEE June 18, 2008

SUBJECT: CONGESTION PRICING INITIATIVES ON ALL FREEWAYS

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file this response to a May 2008 directive from the Board of Directors that we return with a plan and time frame for delivering a study that would fully research the potential for using congestion pricing on remaining freeway corridors in Los Angeles County.

ISSUE

At the May 22, 2008 meeting of the Board of Directors, we were asked to return to the Board with a plan and time frame for delivering a study that would fully research the potential for using congestion pricing on remaining freeway corridors in Los Angeles County. These remaining freeway corridors would be in addition to those already included in the Memorandum of Understanding (MOU) that the Board authorized us to execute with the United States Department of Transportation (USDOT).

DISCUSSION

On June 28, 2007, the Board of Directors instructed us to work with Caltrans and other agencies as appropriate to develop a detailed operating plan with at least three options for implementing congestion pricing in Los Angeles County by the year 2010. The Board also authorized us on April 24, 2008 to execute a one-year contract with PB Americas, Inc. (PB) to develop an operating plan countywide for congestion pricing alternatives that could be implemented by the year 2010.

Once our contract with PB was executed on May 14, 2008, PB began working with us, Caltrans, and other stakeholders in the region to identify congestion pricing strategies that could be implemented in Los Angeles County by the year 2010, as well as those alternatives that could be implemented beyond the 2010 year, as required in the contract Statement of Work (SOW). Under their contract with us, PB will be developing a Congestion Pricing Operating Plan for Los Angeles County (the Plan). We already know one of the three congestion pricing alternatives of the Plan, and that alternative is comprised of HOT lane corridors that are specified in our MOU with the USDOT.

Through our contract with PB, we will address the Board motion to research the potential for Congestion Pricing on the remainder of freeways in Los Angeles County. This is consistent with the initial June 28, 2007 Board directive that instructed us to work with Caltrans and other agencies as appropriate to develop a detailed operating plan with at least three options for implementing congestion pricing in Los Angeles County by the year 2010.

Our May 2008 Board Report described the two phases of work to be completed to support the research of congestion pricing alternatives and the development of their respective operating plans. As part of the first phase, the consultants will be evaluating all freeways in Los Angeles County for their potential as congestion pricing in either the short term or long term. Furthermore, in developing the Plan, we are coordinating activities with the region's stakeholders and conducting meetings with representatives from state and federal delegations to present and obtain input on proposals, including the HOT lane corridors outlined in the MOU with the USDOT.

Regarding item 1e of the May 2008 Board directive, we believe that identifying other corridors that potentially could replace the proposed HOT lanes along Interstate 10 and Interstate 210, and subject to financing availability, along the I-110, which are specified in the MOU with the USDOT, is not a viable option. Such an option would be inconsistent with the terms and conditions of our MOU with the USDOT. We believe that if we attempted to replace the Board-approved corridor projects, we not only would risk losing the \$210.6 million awarded to implement the Los Angeles Region Congestion Reduction Demonstration Initiative, but we also would considerably delay the implementation of critical strategies needed to provide congestion relief to our transportation system, such as transit improvements.

With respect to time frame, by November 2008, we expect to present three alternatives to the Board to consider in developing detailed operating plans for the three strategies that could be implemented by the year 2010. We also will present to the Board other congestion pricing alternatives that could be implemented in Los Angeles in the longer term. The entire study is scheduled to be completed in approximately twelve months.

NEXT STEPS

We will review the potential for congestion pricing on other freeways in Los Angeles County as part of the Board-approved consultant contract.

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