



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

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PLANNING & PROGRAMMING COMMITTEE
May 17, 2006

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

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

- A. Receive status report on the Congestion Mitigation Fee study.
- B. Approve the establishment of a Policy Advisory Committee to assist Metro in the development of recommendations regarding a Countywide Congestion Mitigation Program for Los Angeles County.

ISSUE

Due to projected growth challenges and the impact of future growth on the regional transportation system, the Board authorized staff to work on a Nexus Study to explore the feasibility of implementing a Congestion Mitigation Fee program jointly with local jurisdictions in Los Angeles County. This report provides a status of that effort, as well as recommending the formation of a Congestion Mitigation Fee Policy Advisory Committee and a work plan for completing Phase II of the feasibility study.

DISCUSSION

The Board has directed staff to conduct a study to explore the feasibility of implementing a Countywide Congestion Mitigation Fee on new development. This would be a fee applied to all types of new development to fund transportation improvements that mitigate the impact of growth on the regional transportation system. If implemented, a Congestion Mitigation Fee would generate new revenue for local governments to build transportation projects that address future congestion. It would also meet local responsibilities to implement a Deficiency Plan under the state-mandated Congestion Management Program (CMP). By complying with the CMP, cities receive \$95 million annually in State gas tax revenue.

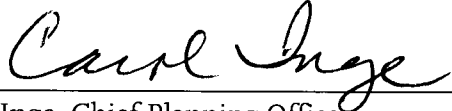
In Phase I of the Nexus Study, staff laid out a framework for how a fee program could work, identified potential revenue scenarios, and solicited input from cities and other stakeholders. The program is estimated to generate \$2 to \$12 billion in new transportation funding through 2030. While the countywide fee program would be developed by Metro, local governments would have local control to implement the program, identify transportation priorities, collect and control developer fees, and ultimately build new projects.

Phase II of the Nexus Study is currently underway and consultant staff have been conducting outreach to cities and the private sector. At this stage of the process, it is recommended that a Congestion Mitigation Fee Policy Advisory Committee be established to provide guidance to Metro in how to most successfully implement this program for Los Angeles County. The composition of this committee is modeled after the Congestion Management Program Policy Advisory Committee that successfully addressed many challenging issues in developing the initial Congestion Management Program. It is recommended that the Policy Advisory Committee include representatives of the City and County of Los Angeles, the City of Long Beach, each sub-regional Council of Governments, private sector interests, and the environmental community.

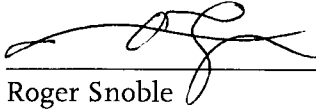
NEXT STEPS

Upon Board approval, staff will begin the establishment of a Congestion Mitigation Fee Policy Advisory Committee to guide the recommendations of this program. Staff and the consultant team will move forward with defining program requirements as specified in the work plan. Staff will also continue to conduct program outreach, coordinating with sub-regional Councils of Governments, local governments, the building industry, and other stakeholders. It is anticipated that program recommendations will be completed for presentation to the Metro Board in Summer 2007. This would include recommendations for Program Guidelines, fee level, and modifying the CMP Deficiency Plan to replace the current CMP Debit-Credit system with the mitigation fee.

Prepared by: Stacy Alameida, Transportation Planning Manager
Douglas Kim, Director, Long Range Planning
Brad McAllester, Deputy Executive Officer, Long Range Planning



Carol Inge, Chief Planning Officer
Countywide Planning & Development



Roger Snoble
Chief Executive Officer

