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PLANNING & PROGRAMMING COMMITTEE
February 14, 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 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 (cities) 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 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 (Attachment A). 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.

- **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 is being 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.
- **Cities adopt local ordinance identifying projects.** Per state law (Government Code 66000 *et. seq.*), if cities levy an impact fee they must adopt a local ordinance that includes specific projects that the fee will fund. Without a discreet list of projects cities cannot adopt a congestion mitigation fee and levy a fee on new development.
- **Cities collect and administer congestion mitigation fees.** This program is being designed so that local jurisdictions will not only 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.
- **Cities build projects (or if desired, contribute to regional transportation projects constructed by others).** 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.
- **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.

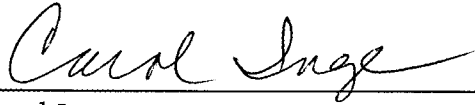
NEXT STEPS

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

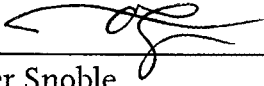
ATTACHMENT

A. Guiding Principles

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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 local ordinance identifying projects
- Cities collect and administer congestion mitigation fees
- Cities build projects (or if desired, contribute to regional transportation projects 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

