

**Metro****AD HOC CONGESTION PRICING COMMITTEE**  
**September 19, 2007****SUBJECT: QUARTERLY UPDATE ON CONGESTION PRICING****ACTION: RECEIVE AND FILE****RECOMMENDATION**

Receive and file this first quarterly update on implementing congestion pricing in Los Angeles County.

**ISSUE**

At its June 2007 meeting, the Board of Directors directed the Chief Executive Officer 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 2010. The Board also directed the Chief Executive Officer to return quarterly with status updates and any policy issues requiring additional direction. Subsequently, the Board announced the formation of a Congestion-Pricing Task Force at its July 2007 meeting.

**DISCUSSION**

To address the Board directive on congestion pricing for Los Angeles County, we have prepared a draft Action Plan (see Attachment A). In addition, we have had preliminary discussions with Caltrans and several other agencies in the region to understand the challenges and opportunities that might exist in addressing the directive. We plan to hire a consultant team with expertise in planning and implementing congestion-pricing programs, so that they may conduct a feasibility study for Los Angeles County. We also plan to engage consultant services to assist with community outreach. This Board Report discusses the draft Action Plan and some of the main issues involved with meeting the Board directive.

In addition to our draft Action Plan, we have prepared Attachment B, which summarizes different congestion-pricing schemes. We also have included examples of where congestion-pricing strategies are already being utilized in other cities (Attachment C).

## Congestion Pricing Draft Action Plan

### Technical Feasibility Study

Our draft Action Plan calls for a consultant study to be conducted in two major phases. In the first phase, the consultant will do an initial evaluation of a broad range of congestion pricing strategies countywide for potential application. We will ask the consultant to analyze these options in terms of their ease of implementation, likely congestion and revenue benefits, and other factors. This analysis will be done in enough detail to enable the consultant to recommend at least three strategies for more detailed analysis, either countywide or in specific geographic areas or corridors. We also will ask the consultant during this phase to recommend specific legislative changes that might be needed to implement the top three strategies.

In the second phase of the study, the consultant will perform a more detailed analysis of the three top congestion-pricing strategies. This analysis will include the development of basic operating plans, implementation schedule, estimated implementation costs, expected revenues, mitigation measures for any potential negative traffic impacts on adjacent areas, and any recommended institutional structures to implement and operate the congestion pricing strategies. We will ask the consultant to examine strategies that might not be possible to implement by 2010, but that might be beneficial for implementation within a longer timeframe. At the conclusion of this phase, we will ask the consultant to recommend a congestion-pricing project to implement in Los Angeles County and to determine if a pilot project would be beneficial before full-scale implementation. We have prepared a draft scope outline for the technical consultant's work effort (Attachment D). We plan to include an option in the contract for the consultant to help with implementing a pilot project, if the Board wishes to do that.

### Community Outreach

Outreach will be an important element in getting the necessary public and political support to implement congestion pricing in Los Angeles. Initially, outreach efforts will focus on the major regional stakeholders, including Caltrans District 7, the Southern California Association of Governments (SCAG), Los Angeles County Department of Public Works, City of Los Angeles, the region's Council of Governments (COGs), Los Angeles Area Chamber of Commerce, the American Automobile Association (AAA), and other agencies as appropriate. We will ask these agencies to be part of a Stakeholder Advisory Group to discuss institutional, technical, legislative, and public and political acceptability issues. Such issues must be addressed in the study, so that a fully operating congestion-pricing scheme in Los Angeles may be developed by 2010.

Our draft Action Plan assumes regular meetings with this Stakeholder Advisory Group. We also envision one or more workshops with these groups for in-depth discussions of what congestion-pricing strategies exist and how they might be applied in Los Angeles.

In the later phase of the Action Plan, once the Board has narrowed down the range of likely congestion-pricing strategies to a smaller number, more intensive public outreach will be necessary. At this point, we will conduct outreach with individual cities, residents, businesses and other groups and individuals as appropriate to the strategy proposed.

## Issues Identified

In our preliminary discussions with other agencies, we have identified several major issues that will need to be addressed during the course of the consultant feasibility study:

Objectives - Metro will need to clarify its objectives and determine if some are more important than others. For example, congestion-pricing objectives could include revenue generation, all-day travel reduction, maximum peak-hour congestion relief, minimal potential spillover traffic impacts, quick timeframe for implementation, and others. Specific congestion-pricing strategies may be more effective in achieving some objectives than others.

Institutional Responsibilities - Several agencies have asked which agency has the proper role and authority to implement any particular congestion-pricing strategy. The consultant's feasibility study will need to include an assessment of the most effective institutional arrangements to implement the congestion-pricing program, collect and distribute the revenues, and provide ongoing operation and maintenance.

Use of Revenues – A major issue to address is which agency will receive revenues generated from the congestion-pricing program and how will net revenues be used.

Interagency Coordination – Congestion-pricing strategies employed in Los Angeles may impact other counties and their roadways. There also may be opportunities for coordination with adjacent facilities.

Legislative Actions - Actions required to implement a congestion-pricing program by 2010 may include drafting new legislation or amending existing language. To meet a 2010 implementation timeframe, we will have to initiate any required state and federal actions as early as December 2008 for implementing congestion pricing in Los Angeles. Thus, we will have to be aware of the legislative calendars in both Sacramento and Washington, D.C. At the federal level, this effort will parallel discussions pertaining to the reauthorization of the Safe, Accountable, Flexible, Efficient, and Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which is set to expire on September 30, 2009.

## Funding/Resources for Draft Action Plan

From other congestion-pricing studies undertaken in San Francisco and the State of Washington, we know that their work is costing between \$1.0 million and \$1.3 million for twelve to eighteen months of effort, respectively, for a feasibility study. Our feasibility study

will likely cost more, as Los Angeles is a larger geographic area. Also, there will be additional costs for public outreach. The final cost also will depend ultimately on the congestion-pricing scheme that is chosen, the geographic area involved, and if a pilot project is desired before full implementation.

We plan to return to the Board with more detailed cost estimates for each next phase, after certain milestones are met (e.g., when narrowing down the range of alternatives for consideration, when selecting one strategy for implementation, and when implementing a pilot if desired). As the procurement process will take several months to engage a consultant, expenditures for starting the study may be available within the current Metro FY 08 Budget (if other projects are coming in under budget or are not spending as quickly as anticipated). When we return to the Board to award the technical and outreach consultant contracts, we will provide an exact cost of the study and identify any FY 08 Budget amendment if required. At a minimum additional Communications Department staff will be needed in FY 09 for this outreach effort. During the FY 09 Budget process, we will be responsible for requesting funding or additional staffing as required to complete the study.

## Schedule

Some of the milestones included in the proposed schedule for the draft Action Plan are outlined below. To meet the Board directive on presenting congestion-pricing options that could be implemented by 2010, we are targeting completion of the Feasibility Plan for March 2009. Based on our review of other cities' activities, the following is a very aggressive schedule:

- Coordination with regional agencies and major stakeholders – August 2007 and Ongoing
- RFP Process starts to select consultant team(s) – October 2007
- Initial Stakeholder Advisory Group meeting – January 2008
- Board approval of contract award – March 2008
- Initial countywide feasibility assessment and recommendation of three strategies for further detailed analysis – September 2008
- Identification of desired legislative changes – December 2008
- Feasibility plan for up to three strategies – March 2009
- Regional partner agreement and signing of any required agreements – Time frame depends on chosen strategy
- Detailed implementation plans and specifications – Time frame depends on chosen strategy
- Acquisition and installation of equipment – Time frame depends on chosen strategy
- Operations and monitoring of congestion pricing program – Time frame depends on chosen strategy

## **NEXT STEPS**

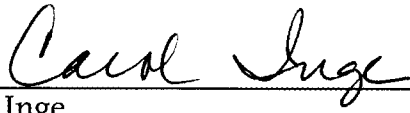
We will proceed with a Request for Proposals for consultant services, and we will continue outreach and discussions with regional stakeholders. We also will provide the Board with quarterly reports on progress and policy issues.

## **ATTACHMENTS**

- A. Draft Action Plan
- B. Congestion Pricing Schemes
- C. Matrix of Congestion Pricing Applications
- D. Draft RFP Outline

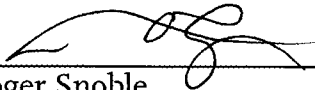
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## DRAFT

## CONGESTION-PRICING ACTION PLAN FOR LOS ANGELES COUNTY

Activity	Timeline
Provide quarterly updates to the Board on the progress of the program	2007-2010
Obtain Board Congestion-Pricing Task Force's review of Action Plan	Sep-07
Hold Industry Review with consultants on Congestion Pricing/Program study, outreach, and implementation to obtain input for the development of the RFP	Sep-07
Issue/advertise Request for Proposal(s) (RFP) for feasibility study and public outreach	Oct-07
Convene and hold regular meetings with major stakeholders (Stakeholder Advisory Group)	Jan-08
Obtain Board approval of consultant contracts and issue Notice to Proceed with the feasibility study	Mar-08
Conduct initial surveys or polling (optional)	Mar-08
Receive and review consultant's Initial Countywide Assessment with preliminary recommendations on three congestion pricing strategies for further detailed analysis	Jun-08
Initiate more extensive community outreach targeted at the three congestion-pricing strategies	Jul 08-Mar 09
Initiate required State and Federal actions for congestion-pricing authority	Dec-08
Receive consultant's Final Report with a detailed analysis and operating plans for the three congestion-pricing strategies	Mar-09
Prepare detailed implementation plans and specifications of the selected congestion-pricing strategy (or Pilot Program if desired)	TBD
Reach consensus and sign agreements with stakeholders for operations and management of congestion-pricing strategy	TBD
Initiate acquisition/installation of equipment and outreach of Congestion-Pricing Operations	TBD
Prepare a "Before" Congestion-Pricing Implementation Report for monitoring implementation activities	TBD
Start Congestion-Pricing Operations and Monitoring	TBD
Report to the Board results of initial operations and make recommendations as appropriate	TBD

## Congestion Pricing Schemes

**Congestion Pricing**

The policy of charging drivers a user fee for using certain road corridors or for gaining access to use roads within some geographical area with the main purpose to manage traffic congestion. User fees may vary by road type, location, time of the day, day of the week, user group, and vehicle category. Fees also vary by level of travel demand and traffic congestion and can be pre-determined variable charges (toll schedule) or in real-time based (dynamic pricing). More successful when applied in conjunction with parking pricing and availability of adequate travel alternatives (transit & rideshare).

**Cordon Charges**

Variable or fixed charges paid by motorists who cross a cordon line or drive within a congested cordon area within a city or region. Some cordon charges only apply during peak periods during the weekdays. Other vary by the type of road and level of congestion within the cordon area.

**Managed Lane Charges**

User fees on lane or lanes designed and operated to achieve stated goals by managing access via user group, pricing, or other criteria. More successful when applied in conjunction with parking pricing and adequate travel alternatives (transit & rideshare)

**Area-wide Charges**

Charges paid by motorists based on the distance travelled (per-mile) on all roads within an area and which may vary by the type of facility being used and its level of congestion. Also applicable to weight, insurance premium, emissions category, and as an alternative to excise taxes (potential replacement for fuel taxes in the future)

**Express Lanes**

A set of lanes physically separated from the general purpose lanes provided within major roadway corridors. Express lane access is managed by limiting the number of entrance and exit points to the facility. Monetary incentives are used to manage congestion, with higher charges during peak travel periods. Tolls may be increased or decreased every few minutes (dynamic pricing) or may be based on a pre-determined toll schedule to manage demand to ensure free flow travel conditions.

**High Occupancy Toll (HOT) Lanes**

Facilities converted from underutilized high occupancy vehicle (HOV) lanes to allow lower occupancy vehicles that do not meet the minimum passenger requirement, such as solo drivers, to use these facilities in return for toll payments, which could vary by time-of-day or level of congestion.

**Fast and Intertwined Regular (FAIR) Lanes**

FAIR lanes divide currently free, general-purpose traffic lanes into tolled express and free regular lanes. Traffic in the express lanes is limited to maintain free-flowing conditions. Drivers in the more congested, but free, regular lanes are compensated with credits that could be used as toll payments on days when they choose to use express lanes.

**General Purpose & Truck Tollways**

General purpose tollways consist of variable tolls on roadways, including existing toll roads, bridges, and tunnels, as well as on existing toll-free facilities that vary by vehicle type and time of the day. Truck tollways consist of one or more lanes in each direction for sole use by trucks, separated from existing lanes by concrete barriers, and generally equipped with their own ingress and egress ramps. May involve variable or dynamic pricing during periods of higher congestion.



Matrix of Congestion Pricing Applications

Scheme	Main Purpose	Time of Operation	Vehicles Charged	Basis of Charge	Range of Charge (car)	Impacts	Financial Outcomes
<b>Cordon/Area</b>							
<b>London</b> (area charges) Population: 8 M	Manage Congestion	Weekdays 7:00AM-6:00 PM	Cars, trucks, vans	Flat rate (90% discount for alternative fuel vehicles, city residents, and disabled)	\$16 per day (\$1.50 for residents)	Reduction: 18% traffic, 30 % delay, 50% bus delay, 12% emissions. Increase: 37% road speed, AM peak by 30,000 transit users	\$352 million annual gross revenue (46% costs). Mainly for road maintenance, transit, and non-motorized modes.
<b>Singapore</b> (cordon/ road network point charges) Population: 4 M	Manage Congestion	Weekdays 7:30AM-7:00 PM	All (except emergency vehicles)	Time, location, vehicle type, and congestion level	\$0.32-\$1.60 per crossing	Reduction: 28% AM peak-hour traffic Increase: 20% road speed	\$52 million annual gross revenue (20% costs). State revenue, offset vehicle ownership taxes.
<b>Norway</b> (3 cities) (Toll Rings) Population: Oslo 0.5 M Bergen 0.2 M	Generate Revenue	Oslo: 24/7 Trondheim: Weekdays 6:00AM-5:00 PM Bergen: Weekdays 6:00AM-10:00 PM	All (except emergency vehicles)	Time, vehicle type (wear/tear), cost of road financing	\$0.83-\$3.35 per trip	Reduction: 3-8% traffic	\$10-\$150 million annual gross revenue (10-20 % costs). Mainly to finance new roads, transit
<b>Italy</b> (in 8 cities) (zone permit) Population: Rome 2.7 M Florence 0.4 M	Manage Congestion	Rome: Weekdays 6:30AM-6:30PM Saturdays 2:00-6:00PM Florence:24/7	All (fined if not permitted)	Fine if no permit to enter	Permit only (1 to 3 day pass)	Reduction: 15-25% traffic	Cost recovery (regulatory system). Modest surplus.
<b>Stockholm</b> (cordon) Population: 1.3 M	Manage Congestion	Weekdays 6:30AM-6:30PM	Cars, taxis, trucks	Time according to congestion. (alternative fuel vehicles and disabled exempt)	\$1.37- \$2.75 per crossing maximum \$8.25/day	Reduction: 25% traffic, 14% emissions Increase: 8% transit riders	\$140 million annual gross revenue (10% costs). Improvements to public transport

Matrix of Congestion Pricing Applications

Scheme	Main Purpose	Time of Operation	Vehicles Charged	Basis of Charge	Range of Charge (car)	Impacts	Financial Outcomes
<b>HOT Lanes</b>							
<b>I-10 Katy Freeway HOT Lanes</b> (Houston, Texas) 13 miles, in the median of I-10	Manage Congestion	Peak travel periods	HOV-2 charged. (HOV-3, transit and motorcycles exempt).  SOV prohibited	Vehicle occupancy.  Fixed rate.	Fixed toll fee of \$2	No significant impact on travel volumes or travel speeds on the HOV. About 98% of all vehicles using the HOT lanes exempt	In FY04 about 40,000 HOV-2 vehicles used the HOT lanes, generating a revenue of \$0.12 million (dedicated to operations)
<b>I-15 FasTrak HOT Lanes</b> (San Diego, CA) 8-mile reversible lanes in the median of I-15	Manage Congestion	Peak travel periods	SOV charged  Carpools, vanpools, motorcycles, and transit exempt.	Vehicle occupancy and level of traffic congestion.	Variable toll rates that depend on the level of congestion (as much as \$1 per mile during peak-hours)	Free flow traffic conditions maintained. HOV use increased by 66%. More than 1 million paying SOV users (20% of total HOT lane use)	Program fully funded from toll revenue. Over \$2 million in annual revenue. An average of \$1 million per year surplus to fund Express Bus service (to be replaced by BRT) in the corridor
<b>I-394 MnPASS Express Lanes</b> (HOT lane in fact) (Minneapolis, MN) 11 miles, including 2 reversible lanes in first section and 1 lane per direction in second section	Manage Congestion	Weekdays 6:00-10:00AM eastbound 2:00-7:00PM westbound	SOV's and small two axle trucks charged  Carpools, vanpools, and transit exempt.	Vehicle occupancy and level of traffic congestion.	Variable toll rates that depend on the level of congestion (\$0.25-\$8.0)  Average tolls range from \$1 to \$4 during rush hours.	With 2 years in operation, concerns about reduced travel time savings for transit and carpools and backups to re-enter non-HOT lanes	Annual revenue of about \$1 million (for tolling infrastructure, administration, and maintenance and operations). Remaining revenue split equally for transit and corridor improvements

Matrix of Congestion Pricing Applications

Scheme	Main Purpose	Time of Operation	Vehicles Charged	Basis of Charge	Range of Charge (car)	Impacts	Financial Outcomes
<b>Express Lanes</b>							
<b>SR-91 Express Lanes</b> (Orange County, CA) 10 miles, 2-lanes per direction (HOV+3 Lane & Toll Lane) No on-ramp or exit ramps	Manage Congestion	24/7, weekdays, weekends, and holidays	All vehicles in "Toll Lane".  Vehicles in "HOV+3 Lane" travel toll-free during most hours.  Discounted tolls also apply to zero-emission vehicles and vehicles with disabled person license plates.  Trucks not allowed. The only oversized vehicles allowed are motor homes and buses.	Tolls set by time of the day to reflect level of congestion delay avoided in the adjacent free lanes and to maintain free-flow traffic conditions on the toll lanes.  Also influenced by an Inflation Factor.  Tolls also set to meet requirement to maintain a Debt Service Coverage Ratio of 1.3 to 1.0	Tolls vary from \$1.20-\$9.25  Vehicles in "HOV+3 Lane" travel toll-free, except when traveling eastbound, Monday through Friday 4:00-6:00 PM (receive a 50% discount on the posted toll). This policy also applies to individuals on a motorcycle.  This exception remains in effect until such time as the Debt Service Coverage Ratio - inclusive of senior and subordinated debt - is projected to be 1.2 or greater for a six month period. At that time, HOV3+ users ride free all day, every day.	Free flow traffic conditions maintained. A 50% higher vehicle throughput per Express Lane relative to general purpose lanes.  Over 14 million vehicle trips in FY06, with about 2.9 million in the HOV+3 Lane (an increase of 11% over FY05, respectively).  Over 100 million trips since 1995.  Savings of about 1 hour in daily commute travel time reported by Toll Lane drivers	Toll revenue adequate to pay for construction and operating costs. Total operating revenues \$44.2 million (about 12% increase compared to FY05).  Total operating expenses about \$23.6 million). Revenue in excess of those needed for operations and bond payments can be used for improvements along the corridor

**DRAFT OUTLINE**

**LOS ANGELES CONGESTION-PRICING INITIATIVE  
REQUEST FOR PROPOSALS SCOPE OF WORK**

1. Identify, Assess, Develop Policy Goals/Evaluation Framework/Workplan
2. Review and Assess Congestion-Pricing Schemes and Applications for Potential Application in Los Angeles County or Specific Geographic Areas/Corridors
3. Identify Public Communication Needs, Approaches and Involvement
4. Analyze Transportation Systems and Develop Alternatives, Forecasts and Tests
5. Identify Market Research and Data Needs, and Design/Perform Surveys
6. Model Impact of Various Strategies on Traffic Congestion
7. Recommend and Provide Conceptual Design of Technology Systems to Implement Congestion-Pricing Strategies
8. Perform Financial/Economic Analyses
9. Analyze Legal/Institutional/ Regulatory Requirements
10. Identify and Assess Parking Pricing and Management Strategies
11. Identify and Assess Congestion-Pricing for Goods Movement (optional)
12. Develop and Provide Implementation/Operational Plans for Three (3) Congestion-Pricing Strategies
13. Analyze, Develop and Recommend Congestion-Pricing Pilot (optional)