

# Congestion Mitigation Fee Proposal

Los Angeles Area Chamber of Commerce

April 23, 2014

# Background

## What is the Congestion Management Program?

- Congestion Management Program – 1991
  - Prop 111 passed by voters in 1990 – raise state gas tax
  - State mandate to jurisdictions to mitigate congestion
- MTA is Congestion Management Agency
- Jurisdictions must comply with CMP to:
  - Receive gas tax funds
  - Participate in Call-for-Projects
- L.A. County transportation network is deficient
  - Countywide Deficiency Plan developed
  - Early CMP compliance: Debit-Credit Approach

# Why explore a Congestion Mitigation Fee as an Alternative to Debit / Credit?

- After a decade with CMP, jurisdictions had concerns
  - CMP not fulfilling intent of legislation: reduce congestion
  - 25% of cities at risk of non-compliance with debit-credit
  - Not a level playing field – small/built-out cities disadvantaged
  - Compliance method (Debit-Credit) seen as paper exercise
- Policy Committee formed to explore options
  - 14 CMP compliance options considered: sales tax, project specific analysis, LRTP, and Call-for-Projects, mitigation fee
  - Suggested solution: establish a mitigation fee
- Fee could fund transportation to explore options to deal w/congestion
- Inadequate local funding for transportation projects

# What is the Congestion Mitigation Fee Program?

- Fund local transportation projects to reduce congestion impacts from future growth
- One-time congestion fee on all new development
- Local Control - each jurisdiction would:
  - Set, collect, leverage, & control fee revenue
  - Prioritize, select & build local transportation projects
  - Confirm Nexus between fee, projects, and growth
  - Adopt fee ordinance
- Fee could serve as local match for Call-For-Projects
- No funds to MTA - MTA certifies CMP compliance

# What have we all done?

- Completed 8 Sub-Regional Pilot Nexus Studies
- Economic/jobs analysis of 8 Pilot Nexus Studies
- 300+ meetings with 88 cities, L.A. County, COGs, MTA TAC, business and development community
- Web-based mitigation fee planning tool
  - Analyzes SB 375 transportation projects for GhG benefit
- Systemic planning across jurisdictions & COGs

# Projected benefits of the congestion fee program countywide

- Build 1,700 transport projects: \$5.1 billion / 20 years
- Generate new transportation funding over 20 years to leverage other funding
  - \$765M over 20 years, assuming \$200/trip fee.
- Congestion reduction: 25.3 million hours/20 years
- Economic analysis – REMI Model (Used for LRTP)
  - Create 60,200 Jobs / 20 years
  - Generate \$11.2 billion economic activity / 20 years
- CMP compliance: Over \$83 million gas tax / year
- Fee program: potential for level playing field
- Allows jurisdictions to pool funds for common projects

# MTA Board Motion – Relevancy of CMP

- MTA Board raised the question as to “how helpful, relevant, and consistent the 1990 CMP statute is with 21st Century programs like AB 32, SB 375, and America Fast Forward.”
- MTA Board directed the CEO to “work with our Sacramento delegation to investigate, hold hearings and ascertain whether, in light of the above, the CMP is still an appropriate, useful and consistent tool aligned with our state and regional objectives.”
- Direct the CEO to:
  - “report to the Board regarding any State findings and legislative changes to CMP statute, and in consultation with the business and environmental communities, local jurisdictions and the SCAG,
  - return to the Board with a recommendation on meeting CMP requirements no later than the February 2014 Board meeting, when the Board must determine local jurisdiction conformity with CMP statute.”

# Status of Board Motion

- MTA Government Relations staff communicated with State Transportation Committee to explore holding a state hearing on the relevancy of the CMP.
  - Letter sent to Chair of Transportation Committee signed by CEO
- State deferred to a local stakeholder hearing.
- Local stakeholder hearing held March 4, 2014.
- A Report will be made to MTA Board with findings to satisfy Board motion.

# CMP Stakeholder Workshop – March 4, 2014

- Three MTA Board members attended:
  - Chair Diane DuBois, Directors Jacquelyn Dupont Walker & Pam O'Connor
- Facilitated discussion with about 95 people.
- Consensus: Congestion is a major problem for all of us.
- Points of Disagreement:
  - Mitigation fee adds cost to housing, drives business away.
  - How to pay for new transportation projects.
  - Over-taxation vs. fair share.
- Points of Agreement:
  - CMP still relevant but need new metric.
  - Need funding to build transportation projects.
  - Further discussions with stakeholders are necessary.

## Next Steps and Discussion

- Create forum for stakeholders including, jurisdictions, business, environmental groups, and others
- Meet with forum several times during the summer
- Report to the MTA Board in Fall 2014 with recommendations