



## Board Report

File #: 2019-0105, File Type: Policy

Agenda Number:

**REVISED**  
**REGULAR BOARD MEETING**  
**FEBRUARY 28, 2019**

**SUBJECT: THE RE-IMAGINING OF LA COUNTY: MOBILITY, EQUITY, AND THE ENVIRONMENT**

**ACTION: APPROVE RECOMMENDATIONS**

### **RECOMMENDATIONS**

APPROVE the staff recommendations to:

- A. PURSUE the Transformational Initiatives that are central to “The Re-Imagining of LA County;”
- B. CONTINUE work on the Twenty-Eight by '28 goal and accelerate the delivery of the remaining eight projects in every feasible way, and report progress to the Board on the acceleration efforts on a quarterly basis; and
- C. DEVELOP proposed funding and financing plans for the accelerated projects, and report back to the Board in ~~September~~ July 2019.

### **ISSUE**

Metro staff proposes the pursuit of solutions to eradicate congestion in LA County, drastically reducing the region’s carbon footprint and combatting climate change, increasing transit frequency and capacity, dramatically improving transportation equity, and putting the County in a position to be the first major region in the world that could offer free transit services. This proposal has been branded as “The Re-imagining of LA County: Mobility, Equity, and the Environment.” This item asks the Board to approve staff recommendation to pursue the Transformational Initiatives to achieve “The Re-imagining of LA County.”

### **BACKGROUND**

LA County is currently home to more than 10 million people and its population is projected to grow to 10.75 million by 2028. This means that an increasing volume of people and goods will need to travel on a transportation network that is already inadequately serving their needs. Overall consumption in the region is expected to intensify the conflicts between passenger and goods movement. Optimizing system capacity to accommodate new growth will be necessary to ensure that the region can meet

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these new demands and remain economically competitive in the global marketplace. Significant investments are needed, both to shore up an aging system of roadway and transit infrastructure, as well as to expand and fully utilize available capacity to ensure continued delivery of safe and reliable transportation services.

Historically, transportation policies and investments in LA County have prioritized single-occupancy travel in private passenger vehicles at the expense of providing other high-quality travel alternatives. The result is an inequitable transportation system that exacerbates the divide between those who have the access and means to drive and those who do not, while providing inadequate options for both groups. This system is not sustainable from an economic or environmental perspective. As more people turn to driving alone for speed and convenience, mobility and air quality for all citizens suffers due to the inefficient use of existing roadway space. Changing this paradigm and raising the quality of multiple transportation options is essential to delivering a system that provides better mobility for everyone. This means investing in high-quality transit options that can carry more people in less space, creating incentives to reduce solo driving, and removing incentives that further exacerbate transportation inequities. Moving forward we must align Metro's policies and investments across its portfolio of programs and services to provide more high-quality transportation options for people and, equally important, effectively manage demand from all users.

Metro is considering several "Transformational Initiatives" that demonstrate significant potential to address the widely shared desire to eradicate congestion, improve mobility and air quality, realize equity, and ultimately provide a more sustainable and resilient LA County for all.

## **DISCUSSION**

Metro is currently meeting or exceeding the Measure M schedule on all projects. However, as we complete construction on the first decade of Measure M projects, it is imperative to make concurrent efforts to improve mobility and equity by identifying ways to improve congestion throughout the County. The Transformational Initiatives described below represent bold and progressive ways to achieve a number of our public policy goals as we anticipate new projects coming on line.

### **Transformational Initiatives** **Congestion Pricing**

The Congestion Pricing strategy proposes to investigate the feasibility and framework for conducting congestion pricing pilots with the intent to expand the program in the most traffic-clogged parts of LA County. Congestion pricing offers a compelling mobility solution that, when implemented thoughtfully, can significantly improve equity and reduce emissions by providing cleaner, more frequent and more reliable mobility options for the most vulnerable populations in LA County.

At the January 24, 2019 Board meeting, Motions 43.1 (Butts) and 43.2 (Solis, Garcetti, Dupont-Walker, Butts and Hahn) were presented and approved. Motion 43.1 asked Metro staff to respond to several questions, mostly related to scope and framework of a proposed Congestion Pricing Feasibility Study. Staff have prepared responses to the various parts of Motion 43.1 in a separate Board Receive and File report (File ID 2019-0083). The response includes a detailed plan for the feasibility study, should the Board approve pursuing this recommended strategy as part of the Re-Imagining LA County Plan. The contents of Motion 43.1 and the related response are provided in

Attachment A to this report.

Motion 43.2 focused attention on equity as it relates to the proposed Congestion Pricing Feasibility Study. The motion was comprised of five parts that asked staff to develop an Equity Strategy for the study, engage a variety of experts and stakeholders, and defer congestion pricing implementation until the feasibility study, including the Equity Strategy, is complete. The responses to Motion 43.2 are provided in a separate Board Receive and File report (File ID 2019-0055). The contents of Motion 43.2 and the related response are provided in Attachment B to this report.

Three different pricing models would be explored as part of the study: cordon, corridor, and vehicle miles traveled (VMT). The study will include extensive, comprehensive, and genuine community and public engagement throughout the feasibility study, as promised through the Equity Platform that the Board adopted nearly a year ago. As part of the engagement and technical support to the study, Metro intends to create an Advisory Council to inform the study, including subject matter experts in Equity. Staff will work with the Board to identify candidates for the Advisory Council.

The anticipated schedule to complete this feasibility study is 12-24 months. Staff expects to conduct this study through a consultant contract led by Metro. Staff anticipates addressing the following scope elements in the feasibility study:

- Equity strategy to address potential impacts to historically underserved populations (see Equity Strategy below)
- Research and analysis of three models: cordon, VMT, and corridor pricing
- Analysis of potential revenues
- Analysis of policy implications
- Selection criteria and process to identify potential pilot locations.
- Performance measures and desired outcomes of congestion pricing pilot
- Identification of transit service and improvements needed to provide mobility options in congestion pricing pilot area
- Review of research done to date, and determination of any key gaps in that research that bear on Equity issues.
- An assessment of the potential negative and positive impacts of a congestion pricing strategy on historically underserved populations, including low-income drivers and transit users, as it affects their mobility access to jobs, housing, and other opportunities.

A more detailed plan for a Congestion Pricing Feasibility Study is provided as part of the response to Motion 43.1, referenced as Attachment A to this report.

#### *Equity Strategy for a Congestion Pricing Feasibility Study*

Congestion pricing as a comprehensive transportation policy has both challenge and promise. Implementing congestion pricing at a scale that would be effective, even for a portion of Los Angeles County, would exert tremendous change on the transportation network and the people who use it. Thus, staff is very clear that a comprehensive and thorough feasibility study must be undertaken before any actions would be considered for implementation.

Equity must be front and center in a congestion pricing evaluation. The Board's adopted Equity

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Platform provides a valuable framework to design an Equity Strategy integral to the Congestion Pricing Feasibility Study.

An equity-driven policy objective for any congestion pricing evaluation would be to improve such access for underserved populations. Data and metrics to evaluate that potential must be incorporated into the Equity Strategy scope of work within the CPFS. More details on an Equity Strategy for a Congestion Pricing Feasibility Study are provided in the response to Motion 43.2, referenced as Attachment B to this report.

### **New Mobility Fees**

Staff proposes to explore the levying of fees for Transportation Networking Company (TNC) trips in Los Angeles County as a mechanism for managing demand on our streets and highways. The shared mobility device strategy also proposes looking at imposing fees on shared devices, such as scooters and bicycles, for the use of public rights-of-way.

Both of these proposals would require building support throughout the state for transferring regulatory and taxation authority from the California Public Utilities Commission (CPUC) to Metro. They would also require building support among cities within LA County for the regulatory authority to be with Metro.

Metro staff has developed a proposed plan to provide more detailed information regarding the timeline and key activities to pursue New Mobility service fees in LA County, if the Board approves these Transformational Initiatives for the Re-Imagining LA County Plan. The proposed plan is provided in Attachment C to this report.

### **DETERMINATION OF SAFETY IMPACT**

This motion response has no direct impact on safety at this time. However, the approval of the Transformational Initiatives will support safe and reliable operations of the transportation system in the long-term.

### **FINANCIAL IMPACT**

If approved to pursue the recommended Transformational Initiatives, funding will be identified to conduct the study and will be the responsibility of the lead department, in partnership with the Office of Management and Budget.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The proposed actions are fully consistent with Initiative 1.3 of Metro Vision 2028 plan to test and implement pricing strategies to reduce traffic congestion. Also, Initiative 1.3 commits to exploring opportunities for expanding access to shared, demand-responsive transportation options for everyone.

### **IMPLEMENTATION OF EQUITY PLATFORM**

The Transformational Initiatives explicitly address approaches and priorities that would advance the

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mobility needs of the County's most vulnerable populations. Managing congestion, particularly to ensure reliable operations for LA County's transit system, upon which many of our most underserved community members depend, enables economic mobility that can help those populations overcome historic disadvantages and disparities. In addition, strategies such as congestion pricing can enable benefits, such as free transit, to these same underserved communities in ways that are unimaginable with traditional approaches. The Metro staff and Board must remain committed to Equity as a key evaluative lens as we consider these progressive strategies for improving mobility, equity, and the environment.

### **ALTERNATIVES CONSIDERED**

The Metro Board of Directors may decide not to approve the pursuit of the Transformational Initiatives to achieve The Re-imagining of LA County. This is not recommended, as this would take the LA region on a similar path followed in the past, without effectively addressing the problems we face even today.

### **NEXT STEPS**

If the recommended actions are approved, Metro staff will return to Board to report on progress as follows:

April 2019 - Review scope for Congestion Pricing Feasibility Study

June 2019 - Award professional services contract to conduct Congestion Pricing Feasibility Study

September 2019 - Report on financing/funding plans for the accelerated projects

Quarterly - Progress reports on efforts to accelerate the eight remaining projects of Twenty-Eight by '28.

### **ATTACHMENTS**

Attachment A - Motion 43.1 and Response to Motion 43.1 (File ID 2019-0083)

Attachment B - Motion 43.2 and Response to Motion 43.2 (File ID 2019-0055)

Attachment C - LA Metro New Mobility Service Fee Plan

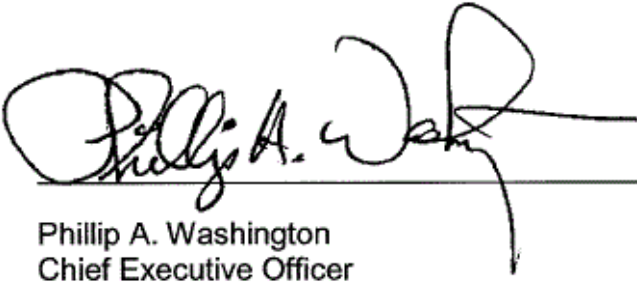
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Phillip A. Washington  
Chief Executive Officer



## Board Report

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**File #:** 2019-0083, **File Type:** Motion / Motion Response

**Agenda Number:**

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 20, 2019  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 21, 2019**

**SUBJECT: RESPONSE TO MOTION BY DIRECTOR BUTTS TO AMEND ITEM 43 WITH  
QUESTIONS AND INSTRUCTIONS**

**ACTION: RECEIVE AND FILE**

### **RECOMMENDATION**

RECEIVE AND FILE report in response to Board Motion 43.1 by Director Butts at the January 2019 Board meeting.

### **ISSUE**

On January 24, 2019, the Board passed Motion 43.1 (Butts, Attachment A), which included questions and instructions for staff to return to the Board with responses in their February report. This Motion was provided in response to staff's continuing response to Motion 4.1, directing the CEO to present a comprehensive funding plan for the "28 x 2028" initiative. This Receive and File Board Report is in response to questions by Director Butts.

### **BACKGROUND**

The Metro Board approved the Twenty-Eight by '28 Initiative project list in January 2018, which includes 28 highway and transit projects totaling \$42.9 billion (YOE) in infrastructure investment, with the goal of completing the projects in time for the 2028 Olympic and Paralympic Games. In September 2018, Board Motion 4.1 (Solis, Garcetti, Hahn, Butts) directed the CEO to develop a Twenty-Eight by '28 Funding Plan.

In December 2018, Metro CEO Phillip Washington responded to Motion 4.1 by presenting a list of potential strategies that could provide funding to accelerate the delivery of the 28 projects. CEO Washington returned to the Board in January 2019 with staff recommendations on strategies to pursue from the list presented in December. At the January Board meeting, the Board approved Motion 43.1, directing staff to return in February with responses to the questions and instructions posed.

### **DISCUSSION**

**Response to Motion 43.1, Questions 1 - 7**

1. On Attachment B of the Board Report [File #2019-0011, The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)], it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?

Revenue from congestion pricing cannot be realized until a feasibility study is conducted. The study is necessary to determine where in LA County might make the most sense to test this idea, and what form of pricing (Cordon, Corridor, or VMT) might work best. Given the controversial nature of this concept, a substantial outreach and consensus building period will also be required to build support for testing the idea. Once the feasibility study is completed and the outreach conducted, we will bring back to the Board a staff recommendation regarding where, how, and how long to pilot congestion pricing. Assuming Board approval, it would still take time to get the pilot program up and running. More detail on the anticipated feasibility study process is provided in Attachment B to this receive and file report.

2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?

Analysis, planning, and outreach are critical and essential components of the feasibility study and are included in the study timeline. We are asking the Board to approve moving forward with such a study. We expect the study to take a minimum of 12-24 months, inclusive of a comprehensive outreach component.

3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude-is the procurement process included as part of the 12 to 24 month process?
  - a. Instruct the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months

We would need to hire consultants to assist us with the feasibility study, but Metro would lead the study. The procurement process for this initial consultant is included as part of the 12-24 months timeline. Attachment B provides a draft initial scope of work highlighting the key tasks to be performed over the next 24 months.

We propose the following timeline and key activities to develop and implement congestion pricing in LA County, if the Board approves both the feasibility study and ultimately moves forward with a pilot. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

<b>Immediate &amp; Ongoing</b>	<b>2019 - 2020</b>	<b>Late 2020</b>	<b>To Be Determined</b>



Community and public engagement	• Feasibility Study • Partnership and legislative authority	• Pilot Implementation • Initial Revenue Generation	• Expansion • Additional Revenue Generation
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4. In Attachment B [File #2019-0011, The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)] you propose that a ten-year estimate can generate up to \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?

To clarify, each congestion pricing model in Attachment B included a 10-year estimate of potential revenue generation for each model. These models are not intended to be considered in total; Metro would likely choose one, not all of them. Moreover, these are initial estimates based on very rough assumptions. The 10-year estimates for cordon pricing and VMT pricing are based on scenarios from SCAG estimates. The 10-year estimate of revenue generation for corridor pricing is derived from annual VMT estimates. An objective of the feasibility study is to provide an in-depth analysis of revenue potential for a variety of timelines and congestion pricing models, including a ten-year estimate.

5. In the same attachment you state you can realize savings by exploring Public-Private Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?

Metro is always looking for ways to reduce costs on major capital projects. Value engineering will always be a priority to keep projects within budget. Cost savings from P3 are largely based on innovations from the private sector and reduced operations and maintenance costs over the life of the assets. The cost certainty of a P3 arrangement allows us to better predict our operations and maintenance needs over time. However, any cost reductions or savings should not be regarded as a meaningful revenue stream to accelerate projects. Other ways to save project costs are to limit the addition of out-of-scope items, reduce project scope, and look at phasing of projects.

6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old technology like underground heavy rail or light rail?

The feasibility studies in this case are oriented towards congestion pricing and Transportation Network Company regulation. Any new transit services resulting from these studies would likely be shorter turn-around items such as buses to deploy in a given area on newly free-flowing lanes, or additional rail cars to supplement service. That said, new technologies such as monorail may be under consideration during corridor studies for Measure M projects. For example, this technology is being considered for the Sepulveda Transit Corridor.

7. How will the NextGen Program fit into the scenarios described in Item 43.

NextGen is a critical program that will seek to re-design our entire bus network. Congestion pricing, on the other hand, will initially be a pilot program in one specific area of LA County. New bus

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services, in addition to NextGen, are likely to be a critical part of any congestion pricing pilot program. If and when such a program is implemented, this might create additional changes in the Metro bus network. Metro staff will work to integrate these changes with NextGen as it is rolled out.

#### Monitoring Other Congestion Pricing Activities in California

Motion 43.1 also asked Metro staff to monitor both the State of California's Road Charge Program for synergistic opportunities and the City of San Francisco's Congestion Pricing projects for lessons learned. As part of the research proposed for the Congestion Pricing Feasibility Study, these two efforts will be documented in addition to other pricing models around the world, including pricing approach, performance measures, outcomes, and trends over time.

#### FINANCIAL IMPACT

Congestion pricing offers a compelling mobility solution that can also generate substantial revenues that can be used for transit operations and capital construction. If the Board approves moving forward with a Feasibility Study to assess the potential mobility, equity, and environmental benefits of congestion pricing, the cost center manager will be responsible for budgeting the funds to conduct the full scope of the study as described in this Motion response.

#### IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 1.3 of the Metro Vision 2028 Strategic Plan conveys our agency's intentions to manage transportation demand in a fair and equitable manner by 1) developing simplified, sustainable and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services and 2) testing and implementing pricing strategies to reduce traffic congestion. The initiation of a feasibility study and advisory board for congestion pricing, with the intention of creating a pilot program, is the first step in delivering on this goal.

#### NEXT STEPS

Metro staff will ask the Board to approve the recommended strategies to include in a funding plan to Re-Imagine LA County. If the Board approves the recommended strategies, which include conducting a congestion pricing feasibility study, staff will develop and issue a Request for Proposals for a congestion pricing feasibility study as described in Attachment B.

#### ATTACHMENTS

Attachment A - Motion 43.1

Attachment B - Preliminary Scope for Congestion Pricing Feasibility Study

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Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



## Board Report

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**File #:** 2019-0033, **File Type:** Motion / Motion Response

**Agenda Number:**

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### REGULAR BOARD MEETING JANUARY 24, 2019

**Motion by:**

**BUTTS**

Related to Item 43: The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)

I have a number of questions related to the Board report and several instructions pertinent to the Issues before us and would like to amend Item 43 and would like to have staff return to the Board with their responses to the Questions in their February Report.

#### **Questions**

1. On Attachment B of the Board report, it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?
2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?
3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude - is the procurement process included as part of the 12 to 24 month process?
  - a) **Instruct** the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
4. In Attachment B you propose that a ten-year estimate can generate **up to** \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?
5. In the same attachment you state you can realize savings by exploring Public-Private-Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?
6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old

technology like underground heavy rail or light rail? AND

7. How will the NexGen Program fit into the scenarios described in Item 43?

**Instructions**

- A. Direct Metro Staff to return to the Board with information pertaining to the Scope, the proposed Budget and Study Timeline prior to conducting the Feasibility Studies for a Congestion Pricing Pilot strategy;
- B. The CEO shall bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
- C. Monitor the State's Road Charge Program for potential synergistic opportunities and monitor the City of San Francisco's Congestion Pricing projects for potential lessons learned.
- D. The proposed "Sacred Items" for Approval before are subject to future Review and Revision if circumstances arise where the Board feels such Review and Revision is warranted; and

I, Therefore, Move that the Board submit these questions and approve the list of Instructions to the CEO and prepare specific responses to the questions for incorporation in their Report at the Executive Management Committee in February.

Attachment B: Initial Scope for Congestion Pricing Feasibility Study

**Executive Summary**

The current transportation system in Los Angeles is highly inequitable, provides limited mobility, and is damaging our environment. Congestion pricing, if implemented effectively, can be a method of dramatically improving **equity, mobility, and environmental** outcomes to achieve Metro’s strategic goals in the near-term, while also providing revenues for long-term capital projects. The potential public policy benefits are shown in parentheses below and summarized in Table 1.

With a little encouragement from pricing, often less than we might think, people will find it more attractive to:

- Travel during less congested times (mobility)
- Use other modes, such as public transportation, walk, bicycle (environment)
- Consolidate their trips (mobility)
- Share rides/carpool (equity)

Those who continue to drive alone will be able to:

- Enjoy greater certainty and speed in their travel times (mobility)
- Pay less in total gasoline or other fuel (environment)
- Enjoy cleaner air and reduced contribution to climate change (environment)

Revenues from congestion pricing can:

- Offset cost for low income-drivers (equity)
- Be reinvested to improve the quality, reliability, safety, and convenience of transit service (equity, mobility)
- Provide free or low-cost transit fares (equity)
- Supplement funding gap of delivering 28x2028 projects (mobility)

We propose the following timeline and key activities to develop and implement congestion pricing in LA County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

Immediate & Ongoing	2019 - 2020	Late 2020	To Be Determined
Community and public engagement	<ul style="list-style-type: none"><li>• Feasibility Study</li><li>• Partnership and legislative authority</li></ul>	<ul style="list-style-type: none"><li>• Pilot Implementation</li><li>• Initial Revenue Generation</li></ul>	<ul style="list-style-type: none"><li>• Expansion</li><li>• Additional Revenue Generation</li></ul>

Next steps for exploring congestion pricing:

- Begin conducting genuine public and community engagement, starting with an equity lens at the beginning of the process, using Metro’s Equity Platform as a guide and inviting a diverse range of participants to have a voice in this process.

- Procure consultant services to conduct a feasibility study to identify best locations for proof of concept.

**Table 1. Anticipated Outcomes and Public Policy Benefits**

<b>Anticipated Outcomes</b>	<b>Equity</b>	<b>Mobility</b>	<b>Environment</b>
Revenues are reinvested to improve the quality, reliability, safety, and convenience of transit service and walking and biking access.	x	x	
Revenues offset toll cost for low-income drivers.	x		
Reduction in road congestion leads to improved air quality along corridors.	x		x
Transit moves faster through less congested lanes, and transit customers pay no additional charge for better service.	x	x	
Revenues can pay for free or low-cost transit fares.	x		
Shared riders and carpoolers pay less than people who drive alone.	x		
Drivers in priced lanes pay less for fuel since they are not idling in traffic.			x
Revenues can supplement funding gap of delivering 28x2028 projects.		x	
Drivers enjoy greater certainty and speed in their travel times.		x	
Drivers are encouraged to drive during less congested times, or to mode shift to non-SOV driving (e.g. carpooling, public transportation, walking, bicycling), which enables the current system to accommodate more person throughput.		x	
Encourages consolidation and reduction of driving trips. This in turn reduces congestion.		x	

## **Background and Justification**

The concept of congestion pricing has been around for decades. Simple supply and demand tells us that when something is provided for free, people use more of it than they would otherwise. Hence, we have significant roadway congestion when that space is provided with no out-of-pocket costs.

Currently, the price of road (usually zero) bears little relationship to demand for that road at that time. For example, it costs the same to use a road at 3am as it does in the peak of rush hour traffic, even though demand for roads is much lower at 3am. The net effect is that instead of paying for roadway space with money, everyone pays with their time.

People waste time sitting in traffic, essentially waiting in line, to use roads. This vastly inefficient method of allocating roadway space may seem very democratic, in the sense that all must pay with their time. However, it actually discriminates against the poorest and most vulnerable members of society. Transit riders, who have far lower incomes than non-riders in Los Angeles County, use buses that sit in the same slow traffic and face longer commute times on average. Moreover, low-income people typically have less flexible work schedules with hourly wages and face severe penalties for lateness. Whereas higher-income individuals may be able to shift their travel times or work from home to avoid congested periods, lower-income people often cannot.

Finally, many working class individuals depend on their vehicle for day labor and cannot use transit alternatives. When their vehicles sit in traffic they miss out on potential jobs and their earning potential drops dramatically. While they might have to pay to a fee during congested times if congestion pricing were to be implemented, they would likely more than make up for this fee through time savings and being able to perform more work. Under the current system, they are severely limited in the number of jobs they can perform in a day.

### **Congestion Pricing Today**

Congestion pricing has proven challenging to implement for reasons such as lack of political viability, technical and privacy concerns, and equity concerns. Despite these challenges, a number of metropolitan areas have implemented various forms of congestion pricing. Once implemented, these schemes have had various degrees of success and, notably, none have ever been repealed. This includes the only congestion pricing pilot of any kind implemented to date in Los Angeles County, Metro's ExpressLanes Program.

More comprehensive congestion pricing schemes are currently in place in London, Stockholm, Singapore, and Milan. Each of these experiences offers lessons learned, but perhaps most notable is Stockholm. In this city, the congestion pricing scheme was widely opposed and was put in place on a pilot basis. After the trial period, the scheme proved so popular that it was accepted permanently. This demonstrates the value of a pilot period to test such a product, and to demonstrate its value, before casting judgment.

## Congestion Pricing Models and Revenue Forecasts

UCLA analyzed eight active congestion programs in the United States and worldwide. In each case, the program generates surplus revenue. Across the eight programs, the operating cost-to-revenue ratio averaged 36 percent, suggesting that program revenues substantially exceed costs, as shown in Table 2.

**Table 2. Congestion Pricing Programs: Cost and Revenue Estimates**

City/Program	Status	Initial Investment	Annual Operating Costs	Annual Net Revenue	Efficiency (Costs/Revenue)
Oslo, Norway	<i>active</i>	USD \$30M	USD \$11M	USD \$70M	16%
Singapore	<i>active</i>	USD \$145M	USD \$25M	USD \$110M	23%
London, UK	<i>active</i>	USD \$211M	USD \$170M	USD \$179M	95%
Stockholm, Sweden	<i>active</i>	USD \$222M	USD \$12M	USD \$144M	8%
Dubai, UAE	<i>active</i>	n/a	n/a	USD \$217M	n/a
Milan, Italy	<i>active</i>	€7M	€7M	€29.4M	24%
Gothemberg, Sweden	<i>active</i>	USD \$84M	USD \$12M	USD \$89M	13%
San Francisco, USA	<i>active</i>	\$56.3M	\$944M	\$1.3B	72%
Singapore	<i>active</i>	S \$6.6M	S \$5M	S \$47M	11%
Manchester, UK	<i>proposed</i>	\$195M	\$55M	\$140M	39%
Netherlands	<i>proposed</i>	n/a	n/a	n/a	n/a
New York City, USA - Variable Price	<i>proposed</i>	\$265M	\$150M		9%
New York City, USA - Variable Tolls	<i>proposed</i>	\$282M	\$110M	\$2.2B	5%

Sources available upon request

In Los Angeles, there are three conceivable ways congestion pricing could be implemented. These are the following:

- 1) *Cordon Pricing*. This involves creating a boundary around a central district and then charging vehicles to cross that boundary. The fee can be variable, meaning it can go up or down based on demand. Alternatively it could be set at a specific rate for peak times. Either way, the idea is to reduce the number of vehicles entering a central area when demand is higher. This is the most common method of congestion pricing employed around the world.

Cordon pricing is most effective when there is a strong Central Business District (CBD) with high quality mass transit options as alternatives to driving. Los Angeles County does not have a typical CBD, as job centers are more dispersed throughout the region. Preliminary average revenues from cordon pricing of all trips entering downtown LA have been estimated to be as high as \$1.2 billion per year (in year of expenditure dollars). This form of pricing is among the easiest to implement and has the most history from which we can learn.

- 2) *VMT Pricing*. Charging drivers based on Vehicle Miles Traveled (VMT) has been floated for many years as a potential substitute for a gas tax. However, a VMT fee platform can potentially be used to charge variable prices based on location and time of day. The platform could conceivably charge zero when there is no traffic or in uncongested areas, but then charge high enough rates during peak times to deter overuse. There have been VMT-fee experiments in California, Oregon, and Iowa. While none of these pilots have attempted to include additional fees for congestion, the Oregon pilot tested the idea by calculating the number of miles driven in the “congestion zone”. In short, the technology



exists to use VMT as a method of alleviating congestion but it has not yet been attempted due to political challenges.

Preliminary average annual revenues from implementing VMT pricing have been estimated at \$10.35 billion per year (in year of expenditure dollars) for the larger metropolitan area. While net revenues from Los Angeles County alone would be less, Los Angeles County is the most populous part of the region and accounts for more VMT than the rest of the region. This estimate provides a sense of the strong revenue potential of such a scheme.

- 3) *Corridor Pricing.* Corridor pricing is a new kind of congestion pricing that has not been implemented anywhere. The idea is to price all lanes on all roads within a specific corridor with high traffic congestion but a viable public transit alternative. Functioning similar to cordon pricing, anyone traveling within a designated corridor during peak times would pay a fee based on how many miles they travel within the corridor. The price for travel within the corridor would be set high enough to ensure free flow traffic within that entire corridor.

Absolute revenues vary greatly, largely because the tolled areas vary considerably in their size and the demand for the road space they allocate.

## Detailed Plan

People widely perceive the biggest transportation problem in Los Angeles County to be congestion. And it is true that congestion is worse here than it is almost anywhere else.<sup>1</sup> Additionally, LA County today is hampered by deep income inequality.<sup>2</sup> Our current transportation system exacerbates economic inequity and disproportionately harms low-income people, such as in the following ways:

- Congestion exacerbates vehicular air pollution, which has been linked to health problems ranging from cancer to asthma to preterm birth, and it most affects people living near congested roads---who are disproportionately likely to have lower incomes.<sup>3</sup>
- Congestion slows down buses, increases trip time, and creates an inconvenient and unreliable trip experience for passengers. Buses serve over 70% of Metro's transit passengers. The average annual household income of bus passengers is \$26,812, with 56% living below the poverty line.<sup>4</sup>
- Congestion creates transportation inefficiencies that limit access to the most basic needs in life, such as jobs, housing, education, and health care. Wealthy individuals have the means to overcome these inefficiencies to a much greater extent than low-income people.

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<sup>1</sup> <http://inrix.com/press-releases/scorecard-2017/>

<sup>2</sup> PolicyLink and USC Program for Environmental and Regional Equity. "An Equity Profile of the Los Angeles Region". [https://dornsife.usc.edu/assets/sites/242/docs/EquityProfile\\_LA\\_Region\\_2017\\_Summary\\_Final.pdf](https://dornsife.usc.edu/assets/sites/242/docs/EquityProfile_LA_Region_2017_Summary_Final.pdf)

<sup>3</sup> Manville, Michael. "Is congestion pricing fair to the poor?" 100 Hours. <https://medium.com/100-hours/is-congestion-pricing-fair-to-the-poor-62e281924ca3>

<sup>4</sup> Metro June 2018 On-Board Customer Satisfaction Survey: [http://media.metro.net/projects\\_studies/research/images/annual\\_survey\\_results/bus\\_results\\_spring\\_2018.pdf](http://media.metro.net/projects_studies/research/images/annual_survey_results/bus_results_spring_2018.pdf)

Access to high-quality transportation is directly related to our region’s future and its long-term economic prosperity. Better access to high-quality transportation means safe and convenient access to the basic needs in people’s lives, such as job opportunities, housing, education, and health services— all of which contribute to stronger communities.

Metro’s Equity Platform is grounded in making access to opportunity a key objective in public decision-making, public investment, and public service. Researchers from the USC Program for Environmental and Regional Equity describe transportation equity as:

1. Equitable access to quality, affordable transportation options and, therefore, employment, services, amenities, and cultural destinations;
2. Shared distribution of the benefits (e.g., jobs) and burdens (e.g., pollution) of transportation systems and investments; and
3. Partnership in the planning process that results in shared decision-making and more equitable outcomes for disadvantaged communities, while also strengthening the entire region.<sup>5</sup>

We can provide faster and more equitable transportation options for everyone. To do so, we need to simultaneously address both the supply and demand sides of transportation: the need to supply more and better high-quality transportation alternatives to solo driving and the equally important need to manage the demand for more travel. A congestion pricing pilot program would be structured around this concept. The following outlines the recommended timeline and key activities for developing and implementing a pilot program, which if successful could be expanded to more areas of the County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

### **Immediate and Ongoing: Community and Public Engagement**

Throughout the development and implementation timeline, we will develop grass-roots support for this initiative through extensive community and public engagement and outreach. Outreach would mean going into some of the communities facing the greatest traffic congestion and working through potential solutions. This way, when a proposed pilot area emerges, there can be support for the project. During the feasibility study, we will establish multiple forums and methods for meaningfully engaging with communities, such as in-person and virtual meetings, pop-ups, social media platforms, surveys, and a variety of other methods specific to the context and needs of different communities. Outreach will also focus on understanding how best to implement equity programs to subsidize low-income drivers to provide fair access and to collect data on public perceptions and outcomes to inform the feasibility study and implementation.

### **2019 - 2020: Feasibility Study, Partnership and Legislative Authority**

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<sup>5</sup> Carter, Vanessa; Manuel, Pastor; Wander, Madeline. *An Agenda for Equity: A Framework for Building A Just Transportation System in Los Angeles County, Executive Summary*. USC Program for Environmental and Regional Equity, Nov. 2013.

[https://dornsife.usc.edu/assets/sites/242/docs/Executive\\_Summary\\_Agenda\\_for\\_Equity\\_PERE\\_A.pdf](https://dornsife.usc.edu/assets/sites/242/docs/Executive_Summary_Agenda_for_Equity_PERE_A.pdf)

The Southern California Association of Governments (SCAG) has studied congestion pricing in the SCAG region extensively in the past. Metro can build off the knowledge and lessons learned from SCAG as well as explore new approaches through a feasibility study. The Metro study would be conducted with the goal of determining the best potential location and structure for a congestion pricing pilot in LA County.

A key component of the study is that it will not just propose an area where pricing could be piloted – it will propose all of the necessary public transit improvements that will need to accompany that pilot. New transportation options that can be implemented quickly and effectively, such as new local bus routes, transit priority features, express buses, microtransit, Transportation Network Company partnerships, bicycle or other shared mobility options, or other innovative strategies to provide high-quality mobility options would be developed with community input. The study would recommend a slate of transportation improvements specifically designed to provide an alternative to driving during congested times. These improvements would be considered as an essential component of the proposed pilot.

The study would include the impacts of free public transit in the same corridor to determine whether that is worth offering as an added benefit. Free transit would provide even greater incentive for people to avoid driving on roads through the priced area, potentially lowering the congestion fee and improving mobility. It would also bring a transportation subsidy to those who need it the most in our society, improving equity in accessibility.

The study would need to include analysis informed by community engagement to determine how best to compensate those who are potentially disadvantaged by pricing in the pilot area. Most travelers are likely to be better off. For those who can afford the fee, they will be able to travel much faster during peak times. For those who cannot afford or choose not to pay the fee, they will also be able to travel faster if they are able to travel at alternate times, take public transit that now flows faster, or use other transportation options.

The groups potentially negatively affected are those who must travel at peak times, are low-income, and for whom no viable transportation substitute exists. Our ongoing outreach efforts will work to identify the magnitude of these groups and how best to deliver equity programs to subsidize these drivers. These individuals could be compensated by revenues from congestion pricing. Compensation payouts can be delivered to qualifying individuals any number of ways, each of which would need to be explored in this study.

As the area for a potential pilot becomes clear, Metro will need to develop and solidify critical partnerships necessary for delivering the project. Government partners will include cities affected by the pilot (which may not be limited to the pilot area), SCAG, Caltrans, the California Transportation Commission (CTC), and the Federal Highway Administration. Other helpful partners could include new mobility providers such as Uber and Lyft (who are generally supportive of congestion pricing), local businesses that may be affected, auto clubs, the academic community, issue-based non-profits like Natural Resources Defense Council (NRDC), and community-based organizations. Together with these partners, we would need to seek legislative authority at the state level, and regulatory authority at the federal level, to conduct the pilot.

Metro would seek to establish an advisory group to provide input to the feasibility study as it moved forward, and to assist in developing legislative authority. This group would meet regularly to review progress of the study and develop action items to improve progress. The group would include academic experts in congestion pricing, community groups, non-profits, agency representatives, and business leaders.

### **Late 2020: Pilot Implementation**

With the area and form of congestion pricing selected, along with accompanying transit services, the next step would be to launch the pilot for a period of time that is sufficient to evaluate its effectiveness. Previous congestion pricing programs have generally proven to be unpopular prior to implementation, but popular following implementation. The pilot would need to be implemented with specific performance metrics that are agreed to by the affected populations, along with a promise to suspend the pilot if those metrics are not being met after a certain period of time.

Once the pilot program begins, revenues will be realized immediately. However, the associated transit improvements in the pilot area must be in place before or at the same time that pricing begins. This will likely require borrowing funds in anticipation of pricing revenues in order to purchase additional vehicles, create bus/bike lanes, or compensate/subsidize low-income individuals negatively affected by the pilot program. Some portion of realized revenue will need to be allocated towards repaying the debt incurred and the ongoing cost of supplemental transit operations, and some will need to be allocated towards keeping the roads in the pilot area in a state of good repair. The rest can be dedicated towards long-term transit projects in the pilot area.

### **To be determined as warranted: Expansion**

If the pilot proves successful, other areas of the County will likely demand similar programs. With lessons learned from the existing pilot and infrastructure already in place for pricing, it will be possible to create new zones more rapidly. It will be easiest to expand outward from the initial pilot zone, though it may make sense to create other new zones as well. It is through expansion to new areas that the greatest revenue realization will occur. Areas that desire more long-term transit investment will likely be among the first to seek a congestion zone.

### **Conclusion**

Metro's 10-year strategic plan, Vision 2028, was adopted by the Metro Board on June 28, 2018. Goal 1.3 of the strategic plan conveys our agency's intentions to manage transportation demand in a fair and equitable manner by 1) developing simplified, sustainable and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services and 2) testing and implementing pricing strategies to reduce traffic congestion. The initiation of a feasibility study and advisory board for congestion pricing, with the intention of creating a pilot program, is the first step in delivering on this goal.

**Board Report**

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**File #:** 2019-0055, **File Type:** Motion / Motion Response**Agenda Number:** 32.1

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**PLANNING AND PROGRAMMING COMMITTEE****FEBRUARY 20, 2019****EXECUTIVE MANAGEMENT COMMITTEE****FEBRUARY 21, 2019****SUBJECT: EQUITY STRATEGY FOR CONGESTION PRICING STUDY: RESPONSE TO MOTION****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE report on equity strategy for congestion pricing in response to Board Motion 43.2.

**ISSUE**

On January 24, 2019, the Board passed Motion No. 43.2 (Solis, Garcetti, Dupont-Walker, Butts and Hahn; Attachment A) that directed the CEO to “Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers”, one of six provisions. This Motion was provided, in addition to Motion 43.1 (Butts), in response to staff’s continuing response to Motion 4.1, directing the CEO to present a comprehensive funding plan for the “28 x 2028” initiative. This Receive and File Board Report provides the context for responding to Motion No. 43.2, including the specific points outlined therein.

**BACKGROUND**

Among many issues and recommendations outlined by staff in its response to the 28 x 2028 directive from September 2019, the central challenge has been identifying a range of potential funding sources robust enough to address the additional \$26 billion operating and capital investment needed to accelerate the delivery of eight major projects in advance of the Olympic Games. To do so, it is evident that dramatically aggressive funding must come from either existing or new sources of revenue. In either instance, identifying, securing and applying revenues of such magnitude will raise significant equity questions - basically, where do those revenues come from, who benefits from using those funds for 28 x 2028, and who potentially “loses” by virtue of those revenues not being invested in other priorities. While these questions must be front and center in any final response to the 28 x 2028 question, Motion 43.2 was specifically concerned with the equity ramifications attached to one new revenue strategy: Congestion Pricing.

## **DISCUSSION**

Staff's prior presentations in the lead-up to the January 24, 2019 Board presentation emphasized that congestion pricing as a comprehensive transportation *policy* has both challenge and promise far beyond funding a \$26 billion capacity shortfall for 28 x 2028 accelerated projects. Implementing congestion pricing at a scale that would be effective, even for a portion of Los Angeles County, would exert tremendous change on the transportation network and the people who use it. Thus, staff was very clear that a comprehensive and thorough *feasibility study* of three different congestion pricing models - cordon, corridor, and vehicle miles traveled (VMT) - must be undertaken *before* any actions would be considered for implementation. This approach anticipated the important provision in **(D)** of the Motion, that no commitments to congestion pricing will be made until the feasibility study is completed, and front and center in that evaluation must be equity. The Board's adopted Equity Platform provides a valuable frame to design an Equity Strategy integral to the congestion pricing (CP) feasibility study.

With that understanding, staff recommends the following structure to address the motion's specific items:

- A. Staff's recommendation for the CP feasibility study includes establishment of an Advisory Council.
  - As outlined in **(B)** of Motion 43.2, we agree that this Council must include subject matter experts in equity, and we will work with the Board to identify those candidates. The Southern California academic community has deep representation of national experts in this area, and such experts should be tapped in a variety of ways to support this effort.
  - In addition, we will pursue extensive community outreach, including engagement of community-based organizations and community members representing low-income and other vulnerable populations (see below); and local government at the city, subregional and county level. This addresses point **(C)** of the Motion, but will include an even wider circle of equity considerations.
  - The CP study will include a review of research done to date, and determination of any key gaps in that research that bear on the Equity issues listed below. It should be noted that a study on congestion pricing and equity was very recently released by Transform (an Equity coalition in the San Francisco Bay Area) and the Natural Resources Defense Council (NRDC), that aligns with much of staff's initial thinking contemplated for this study's scope. That report combined with other research will provide valuable insights to help launch this effort.
  
- B. The scope of the Equity Strategy is key. The reach of a congestion pricing strategy is broad, and therefore demands an equity assessment that is equally comprehensive.
  - The Motion's opening provision **(A)** implies that equity be defined as minimizing the economic impact of congestion pricing on low-income drivers. This focus and associated analysis will be incorporated explicitly into the scope of the feasibility study.
  - However, congestion pricing will have a range of impacts over the entire transportation system, and by extension all those who use that system.
  - Equity defined in this broader context, consistent with the Equity Platform's intent to

carefully address equity-related issues over a wide spectrum, would assess the potential negative and positive impacts of a congestion pricing strategy on historically underserved populations, as it affects their mobility access to jobs, housing, and other opportunities. An equity-driven policy objective would be to improve such access for those populations, and data and metrics to evaluate that potential would be central to the Equity Strategy scope of work within the feasibility study.

Broadly, the scope of the feasibility study needs to evaluate the following as part of a comprehensive Equity Strategy for congestion pricing:

**What are the equity-related questions we are trying to answer?**

- What impacts, positive and negative, is congestion pricing anticipated to impose on
  - single auto drivers, and
  - other travelers in the multi-modal transport network?
- How might some populations and communities be impacted differently/disparately/disproportionately by the imposition of congestion pricing (evaluating all three models) compared to other populations?
- If there are undesirable/inequitable impacts, how could those be avoided/mitigated/otherwise addressed?

**What (underserved) target populations and communities might be impacted positively and negatively by a congestion pricing paradigm?**

- No-car households
- Low-income households
- People of Color
- Women
- Seniors
- Persons with Disabilities
- Potentially others, i.e., as might be suggested by the CP Advisory Council

We will use the core indicators identified in the developing Long Range Transportation Plan equity performance measures as benchmarks for identifying underserved populations.

**What do we need to know to assess equity impacts?**

- Where are target populations traveling?
- When are they traveling; and what flexibility is attached to that travel schedule?
- Why (for what purpose) are they traveling?
- What costs are associated with that travel (time and \$, primarily)?

**What impacts are we concerned with?**

- Affordability of the trip (SOV and other)
- Availability of options (and the viability and quality of those options, among them)

- increased public transit service) to SOV
- Location of congestion pricing boundaries, particularly relative to above
- Sequence and timing of congestion pricing, and SOV options

These are the core elements that would make up a comprehensive Equity Strategy aligned with the congestion pricing feasibility study; and will continue to be vetted by the CP Advisory Council and related discussions throughout the study's progress. A detailed scope must be developed as part of the overall feasibility study RFP. It is critical that it be integrated into, and not separate from, the larger CP analysis. One important consideration will be how this effort, and the larger Re-Imagine initiative aligns with the Vision 2028 strategic plan, and Long Range Transportation Plan (LRTP). A study of congestion pricing directly implements recommendations in Vision 2028 goal "to manage demand in a fair and equitable manner", wherein pricing strategies to reduce traffic congestion is explicitly listed as an objective. That said, the strategic plan was clear that simultaneously improving equity and capacity is sought at the outset. With respect to the LRTP, the CP feasibility study and the equity considerations woven into it must necessarily be evaluated within its larger context, which is built around investment trade-offs throughout the system over 40 years. The CP feasibility study would be one of several scenarios that staff is already anticipating to examine within the LRTP's mandate of balancing operations, maintenance and expansion of a multi-modal transport network-all of which would be viewed through an equity lens shaped by the principles of the Equity Platform.

Keeping the above in mind, and addressing the intent of (E) of the Motion, we recommend that provisions be made to adjust the feasibility scope based on feedback from equity experts on the Advisory Council, early input from the community engagement process, and lessons learned from other studies and best practices that will be reviewed as part of the feasibility study.

### **FINANCIAL IMPACT**

The Equity Strategy will be funded as part of the Congestion Pricing Feasibility Study.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Equity Strategy supports Vision 2028 goal #1: Provide high-quality mobility options that enable people to spend less time traveling, as discussed in detail above. As the Equity Strategy will focus on improving mobility access across all modes, the incorporation of this strategy specifically addresses initiative 1.1 to "target infrastructure and investments toward those with the greatest mobility needs."

### **NEXT STEPS**

Staff will develop and issue a Request for Proposals for a congestion pricing study that includes an Equity Strategy scope as described in this Board report.

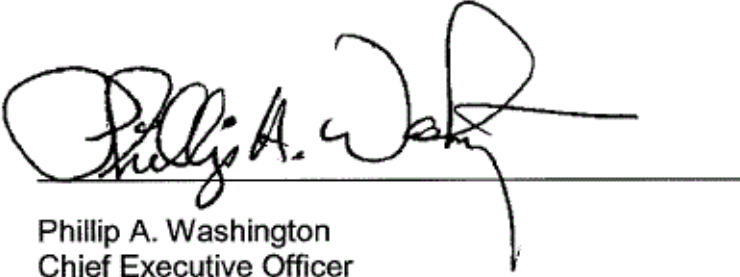
### **ATTACHMENTS**

Attachment A - Motion 43.2



Prepared by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077

Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer

**Board Report**

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**File #:** 2019-0034, **File Type:** Motion / Motion Response**Agenda Number:**

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**REGULAR BOARD MEETING  
JANUARY 24, 2019****Motion by:****Solis, Garcetti, Dupont-Walker, Butts, and Hahn**

Related to Item 43:Equity Strategy for Congestion Pricing

In response to the Twenty-Eight by '28 Motion 4.1 from the September 2018 meeting, Metro staff has developed the "Re-Imagining of LA County" initiative, which proposes various funding/financing mechanisms to help construct all projects on the Twenty-Eight by '28 project list by the 2028 Summer Olympics and Paralympics. The most impactful proposal in this initiative is the pursuit of a congestion pricing pilot, which would target traffic-clogged communities to implement demand-based pricing on roads and/or freeways along certain corridors or within specific areas in LA County.

Congestion pricing has been used in other parts of the world, including London, Stockholm, and Singapore, and has been shown to help relieve traffic and increase vehicle speeds. Congestion pricing also helps improve transit services as buses also benefit from increased vehicle speeds. However, despite improving transit that largely serves low-income residents, low-income drivers would be affected more by congestion pricing than households of other income levels. Low-income households already spend a greater proportion of their incomes on transportation and have less flexible work schedules as compared to other households. A congestion pricing pilot may improve traffic but could exacerbate problems for our poorest communities by forcing them to spend even more on transportation. It may also have effects on small and family-owned businesses in fields such as construction and landscaping which rely on vehicles for work.

To address this, equity should be made a cornerstone of the congestion pricing framework. It is crucial that the economic impacts of congestion pricing on low-income drivers be identified and analyzed in order to minimize hardship. Congestion pricing will generate significant revenues, some of which should be directed towards ensuring that low-income drivers are not disproportionately affected.

**WE THEREFORE MOVE** that the Board direct the CEO to:

- A. Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers;
  
- B. In partnership with the Board of Directors, nominate subject matter experts in equity as

members of the Advisory Council. The final number of subject matter experts would be dependent on the size of the Advisory Council and subject to approval of the Board;

- C. Engage academia, community-based organizations, cities, subregions, and Los Angeles County during the development of the Equity Strategy and consider the effects of congestion pricing on drivers that rely on their vehicles for their livelihood;
- D. Defer inclusion of congestion pricing revenue in any project acceleration financial plan until the completion of the congestion pricing feasibility study and Equity Strategy;
- E. Revise the congestion pricing recommendation language contained in the Board Report to include the directives in this Motion for approval at the February 2019 Board of Directors meeting;
- F. Report back on proposed components of the Equity Strategy at the February 2019 Board of Directors meeting.

LA Metro New Mobility Service Fee Plan**Executive Summary**

New Mobility fees and regulations, if implemented effectively, can be used to improve **equity, mobility, and environmental** outcomes immediately, while also providing revenues for long-term capital projects. Anticipated public policy benefits include:

## Ensure equity and fairness:

- New Mobility fees can improve transportation equity by influencing behavior. Fees can be applied to services, products and programs with goals such as ensuring geographic equity of service coverage, ensuring service is provided to the County’s most vulnerable populations, and including customers who need extra assistance or wheelchair accessible service.<sup>1</sup> Revenues can also be used for these purposes.
- New Mobility service fees and regulations can level the playing field for private sector competition by setting standards for compliance across private companies and operations County-wide. This will create better and more stable mobility outcomes for LA County, and can potentially improve working conditions for drivers.

## Improve mobility:

- New Mobility service fees and regulations can be used to manage congestion by discouraging single-use Transportation Network Company (TNC) rides and, instead, encouraging pooled rides and mode shift to transit services. This reduction of solo driving trips in turn reduces congestion.<sup>2</sup>
- Revenues can be re-invested to improve the quality, reliability, safety, and convenience of transit services and walking and biking access.<sup>3</sup>

## Preserve the environment:

- New Mobility service fees can be used to reduce deadheading (circling empty TNC vehicles). Fees can be increased when vehicles fail to meet efficiency standards.

With these public policy benefits in mind, we propose the following timeline and key activities to develop and implement a New Mobility service fee in LA County. Note that these steps are not meant to be sequential as some of them will need to be undertaken simultaneously.

Immediate & Ongoing	2019 - 2020	2020	Late 2020
Build and grow a regional coalition to support fees	Study effects of New Mobility services	Pursue legislative authority	Pilot New Mobility service fees

## Next steps for exploring New Mobility service fee in LA County:

<sup>1</sup> Editorial Board. Washington Post. “D.C. is raising taxes on Uber and Lyft. Good.” July 20, 2018

<sup>2</sup> Ibid

<sup>3</sup> Kim, So Jung and Robert Puentes. Eno Center for Transportation. “Eno Brief: Taxing New Mobility Services. What’s Right? What’s Next?” July 2018.

- Conduct a study to better understand the effects and impacts of New Mobility services (private companies/operations) in LA County
- Build and grow a regional coalition to support New Mobility service fees
- Pursue legislative authority to institute New Mobility service fees
- Pilot New Mobility service fees in tandem with congestion pricing

## Background and Justification

New Mobility companies, such as Uber, Lyft, Bird, and Lime, have been able to grow market share and value from unchecked consumption of public investments in roads and infrastructure. Across the Country, private companies have put shared bicycles, scooters, and cars on the streets with the expectation of using public rights of way to generate private benefit.

This approach has resulted in numerous mobility benefits, but also many negative externalities. In terms of improved mobility, TNCs have become the emergency ride home for regular transit customers, and shared e-scooters and e-bikes have become a popular, efficient form of first and last mile access to transit stations and stops. However, some net negatives include additional congestion on our roadways and curbside, space taken from pedestrians on sidewalks, increased emissions, and labor market disruption due to inconsistencies in regulatory practices. In some markets, TNC services may have also contributed to ridership declines on transit and jeopardized the sustainability of current services for all.<sup>4</sup>

In response, some jurisdictions (cities and states) have begun to institute fees on TNCs to raise revenue for public goods and services, manage demand, and address the impact of private companies, thus minimizing externalities. The table below illustrates the various taxes and fees that jurisdictions have levied on private companies.<sup>5</sup>

Location	TNC Tax/Fee	Disposition of Funds	Estimated Revenues
Chicago, IL	\$0.67 per trip	\$0.02 to Business Affairs and Consumer Protection \$0.10 to Vehicle Accessibility Fund \$0.55 to City General Fund	\$16M in 2018 \$30M in 2019
New York, NY	8.875% of total fare  \$2.75 per trip or \$0.75 if pooled	51% to City General Fund 45% to State General Fund 4% to Metropolitan Transportation Authority  100% to Metropolitan Transportation Authority	\$400M per year
Washington, D.C.	6% of total fare	17% to Department For-Hire Vehicles 83% to WMATA	\$23M per year
California	0.33% of total TNC revenue	100% to CPUC Transportation Reimbursement Account	Estimates show \$67M since 2013
Rhode Island	7% of total fare	General Fund	N/A

While these taxes and fees are raising revenue for the jurisdiction, they are not necessarily improving the public's mobility. For example, some fees above have been earmarked towards cities' general funds. This amounts to little more than a sales tax, and does not allow revenues to be re-invested to improve the quality, reliability, safety, and convenience of transit services

<sup>4</sup> [https://www.scag.ca.gov/Documents/ITS\\_SCAG\\_Transit\\_Ridership.pdf](https://www.scag.ca.gov/Documents/ITS_SCAG_Transit_Ridership.pdf)

<sup>5</sup> Kim, So Jung and Robert Puentes. Eno Center for Transportation. "Eno Brief: Taxing New Mobility Services. What's Right? What's Next?" July 2018.

and walking and biking access. Even where revenue is dedicated to transportation, how a tax is collected can be just as important as how the money is spent. When taxes from New Mobility providers are simple flat fees, they might suppress demand but accomplish little else from a mobility perspective.

On the other hand, innovative approaches, such as a tiered tax or a dynamic tax, can be used to encourage preferred travel behaviors such as shared rides.<sup>6</sup> Reduced or waived fees could be used as a mechanism to encourage services to be deployed in underserved areas of the County, such as low-income neighborhoods, which are not the top choice of operations for private companies. Fees could be increased at times of high congestion or poor air quality. Instituting service fees offer revenue generation; however, this is also an opportunity for Metro to be deliberate and lead with the desired public policy outcomes and avoid a patchwork approach.<sup>7</sup>

### **Detailed Plan**

The following outlines the recommended timeline and key activities for developing and implementing a New Mobility service fee in LA County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

#### **Immediate and Ongoing: Build and Grow a Regional Coalition to support New Mobility service fees**

Despite their profound impact on mobility in LA County, Metro lacks regulatory oversight authority for ride-hail, scooter-share, and other new mobility services.<sup>8</sup> The California Public Utilities Commission (CPUC) currently regulates TNCs in California, but their approach has been relatively hands-off and not at all focused on mobility, equity, or environmental outcomes. Some jurisdictions within LA County have begun to develop their own regulatory structures for shared devices, which includes piloting permit programs. Other jurisdictions have decided to ban private sector mobility devices altogether. This piecemeal approach creates a poor transportation experience, since users who cross city boundaries can be subject to different regulations. This approach also impacts equity in the distribution of these services and limits Metro's ability to improve access to our transit stations. Ensuring that 89 jurisdictions and their different regulatory policies are being followed surely creates a headache for private companies as well. As the county transportation authority and congestion management agency, Metro is best positioned to take on this oversight role.

Metro will need to begin by developing regional support from its city and local transit partners and other relevant stakeholders in advance of stepping into this role. Securing city buy-in will be critical, given that certain cities such as Santa Monica and the City of Los Angeles have already begun pilot programs that include revenue collection. Extensive communication and coalition building with our local government partners and other stakeholders will help to ensure success. In line with the values articulated in Goal 4.1 of Vision 2028, Metro plans to

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<sup>6</sup> Adams, Sam. City Lab. "Don't Enact a 'Lazy' Ride-Hailing Tax," July 2018.

<sup>7</sup> SFCTA. "The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country." December 2017.

<sup>8</sup> SFCTA. "The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country." December 2017.

establish multiple forums and methods for meaningfully engaging with stakeholders to establish a consistent line of communication, build trust, and foster transparent, inclusive decision-making. This will include engaging the various private companies to provide input on the agency's approach.

### **2019-2020: Study effects of New Mobility services (private companies/operations) in LA County**

To be effective at achieving the above-referenced public policy goals, and to help Metro fulfill its role as the congestion management agency for LA County, Metro needs to better understand the impacts of New Mobility services (private companies/operations).

The extent and impact of these private companies on the transportation system in LA County is not yet fully understood. This is in part because service providers are reluctant to share their data with public transit agencies and departments of transportation and will not do so willingly. Although TNCs in California are regulated at the state level by the CPUC, which does require TNCs to report an extensive amount of data to them, the CPUC does not share this information publicly. In contrast, non-TNC New Mobility companies, such as Bird and Lime, are not regulated at the state level, and regulation is generally managed by cities that regulate sidewalks and streets rather than transit agencies. Over the past year, some cities within LA County have developed their own regulatory structures that include data sharing requirements. However, these programs are still in their infancy.

Despite this lack of data sharing, the City and County of San Francisco were able to produce reliable estimates on TNC ridership. They worked with researchers from Northeastern University who were able to acquire data on TNC activity that was gathered through Uber's and Lyft's public-facing application program interface (API).

Metro would commission reports that analyze and evaluate the current state of New Mobility in LA County. The report would 1) provide an inventory of emerging mobility services and technologies in the region and should include a profile of usage in LA County, 2) include an evaluation of the near-term impacts on publicly operated services and systems and 3) identify and articulate potential longer-term effects on core transit operations, congestion, equity and mobility. An additional report should provide an overview of existing state and local regulatory frameworks within California and globally. These reports would inform the Metro Board on potential near term policy and legislative options. Reports should build upon findings and operational insights collected and produced from the research project (Mobility on Demand) and Metro's direct operations of the MicroTransit Pilot Project.

### **2020: Pursue legislative authority**

For Metro to be able to institute New Mobility service fees, the state of California needs to affirm the County's authority to dedicate a tax on privately operated services.<sup>9</sup> San Francisco

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<sup>9</sup> Norman, Hannah. San Francisco Business Times. "Uber, Lyft agree to proposed ridehail tax in San Francisco." August 1, 2018.



recently successfully went through this process under three years, and their experience serves as a framework and precedent for Metro. See appendix for more detailed information.

### **Late 2020: Pilot New Mobility service fees in tandem with congestion pricing pilot**

Once Metro receives the support of the state and local jurisdictions and secures legislative authority, Metro can launch a pilot program to test regulating private companies. Metro should pilot this program in parallel with any congestion pricing pilot and in alignment with other New Mobility pilots throughout the County. Criticism against TNC fees is that they are penalizing TNCs while single occupancy vehicle (SOV) driving still makes up most of traffic congestion and other negative externalities. Ideally, TNC fees should be part of the overall mobility, equity, and environmental solution along with congestion pricing.

Once the pilot begins, revenues will be realized immediately. There will likely be modest costs associated with setting up a regulatory program. As part of the permitting program, Metro should require private companies to share data, which will enable Metro to understand how these services are being used and allow for appropriate monitoring of the services in conjunction with transit and other transportation services.

### **Conclusion**

Goal 1.3 of Metro's 10-year strategic plan, Vision 2028, sets forth our agency's intentions to manage transportation demand in a fair and equitable manner. It identifies pursuing regulatory strategies of New Mobility services as a way to 1) level the playing field to ensure access to a variety of transportation options for everyone, 2) preserve competition, and 3) reduce negative impacts. The initiation of a study of the effects new mobility providers, the pursuit of legislative authority, and an analysis of how to pilot new mobility fees and regulations, are the first steps in delivering on this goal.

## Appendix: San Francisco's Legislative Experience Regulating TNCs

Between June 2017 and October 2018, San Francisco County Transportation Authority (SFCTA) published three reports on the status of TNCs in San Francisco. Findings included how many trips TNCs make on a typical weekday, where in the city TNC trips are concentrated, the amount of vehicle miles driven daily, and how TNCs contribute to the rise of congestion in the San Francisco area.<sup>10</sup>

In response to these findings, in April of 2018, San Francisco County Supervisor and chair of SFCTA Aaron Peskin introduced a ballot measure that would put a gross receipts tax levied on ride-hailing companies on the November 2018 ballot. By end of July 2018, San Francisco's Mayor's Office, Supervisor Peskin, Uber, and Lyft had all reached agreement to allow San Francisco to levy a tax on a per-ride basis instead. A tax on gross receipts would have included taxes on drivers' tips, tolls, and other accumulated fees. After the City, County and private mobility partners were in alignment, Assembly member Phil Ting and State Senator Scott Wiener then authored state legislation to confirm San Francisco's authority to levy a local tax on TNC and future autonomous vehicle trips and have the dedicated funding be remitted to the SFCTA. Governor Brown signed this bill in September of 2018.<sup>11</sup>

AB1184 allows the City and County of San Francisco to impose a tax on each ride originating in the City and County of San Francisco provided by a TNC or autonomous vehicle. The tax is tiered in that shared rides are taxed at 1.5 percent per-ride, while single-seat rides are taxed at 3.25 percent per-ride. Late-night trips, trips made in hybrid vehicles, and trips that originate from low income neighborhoods and communities of color will have a reduced per-ride tax. Paratransit trips and fully electric vehicles will not be taxed. Revenues go to SFCTA. The bill will require voter approval at the November 2019 ballot, and it is expected to go into implementation in 2020, and will bring in \$30M in the first few years.<sup>12</sup>

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<sup>10</sup> SFCTA. "The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country." December 2017.

SFCTA. "TNCs and Congestion." October 2018.

SFCTA. "TNCs Today: A Profile of San Francisco Transportation Network Company Activity." June 2017.

<sup>11</sup> Wray, Sarah. Smart Cities World, "San Francisco reaches ride-sharing tax agreement with Uber and Lyft." August 6, 2018.

<sup>12</sup> Norman, Hannah. San Francisco Business Times. "Uber, Lyft agree to proposed ridehail tax in San Francisco." August 1, 2018.

Wray, Sarah. Smart Cities World, "San Francisco reaches ride-sharing tax agreement with Uber and Lyft." August 6, 2018.



# The Re-Imagining of LA County: Mobility, Equity, and the Environment

February 28, 2019



Metro®



## Trends in LA County

- Population and economic growth increase travel demand on a system that is already congested.
- As travel demand grows, greenhouse gas emissions and environmental impacts of transportation grow.
- Transportation inefficiencies limit regional and individual prosperity.
- Lack of high-quality mobility perpetuates inequities
- We must focus on quality alternatives to driving alone.



## Recommended Actions

Request approval to

- Pursue the Transformational Initiatives
- Continue work on the Twenty-Eight by '28 goal and accelerate projects in every feasible way; report progress on a quarterly basis.
- Develop proposed funding and financing plans for the accelerated projects; report back in September 2019.



## Transformational Initiatives

Recommend pursuit of

- Feasibility study to pilot congestion pricing
- Feasibility study to levy fees on shared devices (e.g. scooters) and transportation network companies (TNCs)



# Congestion Pricing Feasibility Study

**Study will look at how pricing can reduce congestion, improve equity, and cut emissions:**

- Equity Strategy to specifically address impacts to vulnerable populations
- Research and analysis of three pricing models, including projected revenues and policy implications
- Selection criteria and process to identify potential pilot locations (Diverse areas are a consideration)
- Identification of transit service and improvements to provide mobility options in congestion pricing pilot

# Congestion Pricing Feasibility Study

## Study goals include:

- Improving mobility by reducing congestion, enabling existing infrastructure to move vastly more people much faster
- Improving equity by freeing mass transit users from being stuck in traffic at no cost to them
- Cleaning the air by cutting idling/driving times and reducing single-occupancy vehicle use







# Equity Strategy for Congestion Pricing Study

## **Equity Strategy will identify**

- Effects of congestion pricing on all travelers in the multimodal transport network
- Potentially disproportionate impacts to vulnerable populations (drivers and non-drivers)
- Opportunities to avoid or address identified impacts
- Availability of options to the single-occupancy vehicle
- Location of congestion pricing boundaries (related to available alternate modes)
- Sequencing and timing of congestion pricing



## Re-Imagining LA County

“The mission of the Los Angeles County MTA is to design, construct, procure, operate, and maintain a safe, reliable, affordable and efficient transportation system ***that increases mobility, relieves congestion and improves air quality***, and meets the needs of all Los Angeles County residents.”

– Metro Board Retreat, February 1994

“To manage transportation demand in fair and equitable manner, ***Metro will test and implement pricing strategies to reduce traffic congestion.***”

– Metro Vision 2028, June 2018



## Re-Imagining LA County

**The Transformational Initiatives can deliver unprecedented regional benefits and outcomes**

- Dramatically improve equity through mobility
- Eradicate congestion in LA County
- Reduce the region's carbon footprint and combat climate change
- Consideration of free transit



## Recap of Recommended Actions

Request approval to

- Pursue the Transformational Initiatives
- Continue work on the Twenty-Eight by '28 goal and accelerate projects in every feasible way; report progress on a quarterly basis.
- Develop proposed funding and financing plans for the accelerated projects; report back in September 2019.



## Next Steps

- April 2019 – Review scope for Congestion Pricing Feasibility Study
- June 2019 – Award contract for Congestion Pricing Feasibility Study
- September 2019 – Report on financing/funding plans for the accelerated projects
- Quarterly – Progress reports on efforts to accelerate projects in Twenty-Eight by '28



# Discussion