

**Board Report**

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

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

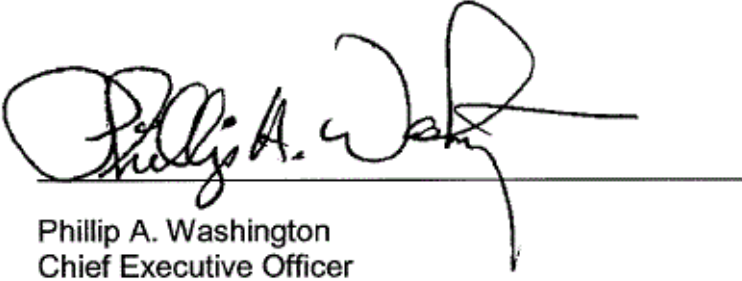
Staff will develop and issue a Request for Proposals for a congestion pricing study that includes an Equity Strategy scope as described in this Board report.

ATTACHMENTS

Attachment A - Motion 43.2

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**Board Report**

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

**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.