



Board Report

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

Agenda Number: 32.2

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.

Immediate & Ongoing	2019 - 2020	Late 2020	To Be Determined

Community and public engagement	• Feasibility Study • Partnership and legislative authority	• Pilot Implementation • Initial Revenue Generation	• Expansion • Additional Revenue Generation
---------------------------------	---	---	---

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

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

Prepared by: Joshua Schank, Chief Innovation Officer, (213) 418-3345
Tham Nguyen, Interim Deputy Executive Officer, (213) 922-2606

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



Phillip A. Washington
Chief Executive Officer