

# GATEWAY CITIES COUNCIL OF GOVERNMENTS TRANSPORTATION COMMITTEE

## AGENDA

Chair – Bonnie Lowenthal, Director, MTA

January 18, 2007, 4:30 PM  
Gateway Cities COG Offices  
16401 Paramount Blvd.  
Paramount, CA

<b>Item No.</b>	<b>Description</b>	<b>Recommended Action</b>
I.	Call to Order – Self Introductions	
II.	Pledge of Allegiance	
III.	Approval of Meeting Minutes of November 1, 2006	Receive & File
IV.	Reports:	
1.	CMP Mitigation Fee	Receive & File
2.	MTA 2007 Call For Projects-Update & COG Endorsement of Projects, (list to be distributed at meeting)	Receive & File
3.	Gateway Sector Report-Alex Clifford Gateway Service Sector General Manager	Receive & File
4.	Upcoming 1/29/07 MTA Goods Movement Workshop	Receive & File
5.	Update – I-5 JPA	Receive & File
6.	Update – I-710 EIR/EIS	Receive & File
7.	Update – SR 91/ I-605 Major Corridor Study	Receive & File
8.	New Business/Date of Next Meeting	
9.	Adjournment	

IN COMPLIANCE WITH THE AMERICAN WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE COG OFFICE AT (562) 663-6850. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE COUNCIL OF GOVERNMENTS TO MAKE REASONABLE ARRANGEMENT TO ENSURE ACCESSIBILITY TO THIS MEETING.

## **Item III**

# **Approval of Minutes for the Meeting of November 1, 2006**

**Transportation Committee Minutes of**

November 1, 2006

**MINUTES OF THE MEETING  
OF THE GATEWAY CITIES COUNCIL OF GOVERNMENTS  
TRANSPORTATION COMMITTEE  
Chair – MTA Director Bonnie Lowenthal  
Gateway Cities Office, 16401 Paramount Blvd. , Paramount  
November 1, 2006**

Call to order and roll call. The meeting was called to order by Chair Lowenthal at 4:34 p.m. Roll call was taken by self introduction.

COMMITTEE MEMBERS PRESENT: Bonnie Lowenthal – Long Beach, Larry Nelson – Artesia, Stan Carroll – La Habra Heights, Frank Gurule – Cudahy, Ken Farfing – Signal Hill, Bill Pagett, – Paramount, Ray Harris – Supervisor Knabe’s Office, Gary Milliman, – South Gate.

COMMITTEE MEMBERS ABSENT: Elba Guerrero – Huntington Park, Gene Daniels - Paramount, Fred Latham – Santa Fe Springs, Kerry Cartwright – Port of Long Beach, Mohammed Mostahkami – South Gate.

OTHERS PRESENT: Wally Shidler - Gateway Sector Council, Mike Egan, - Bellflower, Alex Clifford – Metro, David Hershenson - Metro, Sharad Mulchand - Metro, Michael Sieckert, – Metro, Richard Powers – Gateway Cities COG, Jack Joseph – Gateway Cities COG, Karen Heit, Jerry Wood – Gateway COG, Sumire Gant – Long Beach, Brynn Kernaghan – Long Beach Transit.

A quorum was reached and the Minutes of the August 2, 2006 meeting were approved with a correction to the spelling of Frank Gurule’s name.

Mike Egan, City Manager of Bellflower, gave an overview of the CMP Policy Advisory Committee Meeting (PAC) he attended o behalf of the GCCOG. He highlighted the issue with the program being presented as voluntary despite a significant portion of cities’ gas tax funds being tied to CMP compliance. He presented other significant issues such as the how the regional funds would be leveraged at the state level, favoring areas with higher growth; the types of projects that would be eligible (may not exist in smaller cities). Director Lowenthal stated that the Fee must work for the Gateway Cities and not cause harm before the COG should give it further consideration. There was general discussion and the matter was recommended to the City Manager’s Steering Committee for further actions and recommendations. A motion was passed to: express concerns about this program to the COG Board; refer the issue to the City Manager’s Steering Committee and report back to the next Transportation Committee.

Karen Heit, Transportation Deputy to Director Lowenthal reported that a Gateway Cities 2007 Call for Projects Workshop had been scheduled for November 14<sup>th</sup> and that all cities were encouraged to send representatives. Gateway Cities Area Team Director Ernest Morales had arranged for the modal leads to be present to address specific issues with applications. Notices had been sent out to the cities.

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Heit also reported that a local bus/shuttle capital “mini” call for Projects was out and encouraged cities to apply for new equipment for dial-a-rides and local shuttles.

Alex Clifford, Gateway Sector General Manager, discussed the new schedule generated for Metro Connections activities developed after his discussions with the City Manager’s Steering Committee. The new countywide schedule was extended from 11/06 to June ’07 to allow cities more time to examine regional hubs and subregional centers. He also announced that the Consent Decree had expired and that the Bus Riders Union was unsuccessful in gaining an extension. Expiration of federal oversight will allow Metro to more effectively manage its resources. The New Service Plan will be monitored by the federal court until 2010.

He also discussed the Antonovich Motion relating to service sectors, the motion was referred to the sectors who will meet on it once more before returning to the MTA Board. Discussions held included the need for more public outreach and comprehensive separate sector budgets.

Jerry Wood, I-5 JPA Executive Director, gave an update on the I-5 project: The I-5 /605 South EIR/EIS is in public circulation and a public hearing is set in December. If Proposition 1B passes this project is a high priority for funding.

Jerry Wood also gave an update on the I-710 EIR/EIS process, announcing that the RFP should be released November 13<sup>th</sup>.

Lastly Mr. Wood said the SR-91/I-605 Committee met last week to discuss issues with the RSTIS process. This initiative is making progress.

The meeting was adjourned at 5:37 p.m.

## **IV. Reports**

### **1. CMP Mitigation Fee**

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**TO:** Transportation Committee

**FROM:** Bonnie Lowenthal, Chair

**BY:** Karen Heit, Transportation Deputy

**SUBJECT:** CMP Fee Program Proposal

### **Issue**

The MTA is considering changing the existing Congestion Management Plan system of debits and credit to a Congestion Mitigation Fee. The attached Fact sheet summarizes the intent of the Fee Program. This process started in 2003 and is expected to continue through the next year.

The Gateway Cities City Manager's Steering Committee has concerns about the initiation and adoption of this process. These concerns can be summarized within the following bullet points:

- The process is moving forward at a rapid pace not allowing for sufficient analysis on issues that face cities within an urbanized area like the Gateway Cities subregion.
- The proposed Fee may act as a deterrent to encouraging development within an urbanized area, unduly burden redevelopment efforts with additional fees the cities may end up subsidizing.
- The Fee may function as a deterrent to in-fill housing efforts or commercial development in economically challenged areas.
- The Fee may require smaller cities to contribute to a regional project outside of the city's boundaries.
- There is no provision for maintenance of effort to regional funding of projects by the MTA.
- Areas with less growth may not receive state funding bonuses.

Cities that do not adopt the Fee (should it be adopted as CMP compliance by the MTA) would face losing their Section 2105 highway users tax funds (see attached chart)

### **Background**

The MTA initiated a Policy Advisory Committee to help guide the implementation of this program. Members of the City Manager's Steering Committee have attended these meetings and have raised the described issues with the MTA and consultant team. The process has been delayed to work through these concerns. There will be additional meetings scheduled with the GCCOG Transportation Committee and Board in the following months.

The Gateway Cities Board referred the matter to the City Managers' Steering Committee for action and recommendations. The City Managers requested a

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letter be drafted to the MTA to voice the issues. The draft letter is attached for review and approval by the Transportation Committee to forward to the COG Board. The Managers' Steering Committee held a special meeting to meet with two of the MTA consultant team; Mr. David Abel (publisher – Metro Report) and Mr. Wally Baker (Los Angeles Economic Development Corporation) to go over the Gateway Cities issues and to discuss the overall return on investment for Gateway transportation revenues.

### **Recommendation**

Review and approve the attached letter.

### **Attachments:**

January Draft Letter

Section 2105 Funding by City

CMP Fact Sheet

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**January 2007 Draft**

Countywide Planning and Development  
MTA  
One Gateway Plaza  
Los Angeles, CA 90053  
Attn: Carol Inge, Chief of Planning

Re: Congestion Mitigation Fee Proposal

Dear Mr. Snoble:

The twenty-seven cities that form the Gateway Cities Council of Governments (GCCOG) have concerns and issues with the Congestion Mitigation Fee proposal currently underway at the MTA. There are four areas of concern that will be addressed in this letter: the process, the impact on built-out urbanized areas like the Gateway Cities and the impact on small cities, and the relationship to regional capital funding.

There is an additional fundamental issue that has some impact on the GCCOG's hesitancy to enter into yet another regional funding effort sponsored by the MTA. This stems from an outstanding issue that can best be described as a lack of accounting of the return on investment for transportation tax dollars generated by the Gateway Cities area.

The GCCOG is concerned that it is a donor area and has not received the full benefit of transportation tax dollars generated. We have requested and yet to receive an accounting of the actual disbursement of tax receipts based on all transportation formula and discretionary programs. We did receive an accounting of Call for Projects award made within the region and major infrastructure improvements, but not a comprehensive accounting of the totality of the Gateway Cities contribution.

The GCCOG Board of Directors understands that California is a donor state for transportation dollars and that LA County also does not receive its fair share of discretionary and formula allocations of transportation funds. We are still concerned that the subregion's needs are defined, addressed and given their due in the allocation of funding resources.

### **The Process**

This program was on a fast-track to adoption, without input or meaningful dialog from cities. The fast-track aspect has been corrected and we appreciate the additional time allotted to fully vet the issues that have arisen with this program proposal. We are still concerned over the representation of the program as voluntary; participation in this program will be a requirement for cities to continue to receive a substantial portion of their gas tax funding. They can only choose to not receive these funds by not participating.

This process began in 2003 with the MTA board authorizing work on a nexus study to "explore the feasibility of a congestion mitigation fee" as a result of concerns from "some" cities as to the validity of the current debit/credit system. There have been presentations to the COG and to some of the cities about the nexus study and looking

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into this proposal for a CMP Fee. However, many of the hard questions and potential impacts keep getting deferred until the next step, in the meantime the program development process continues and we are currently looking at setting the fee and determining regional projects without having impacts thoroughly addressed.

There have been four MTA Board reports on the Fee since 2004; all but one have been receive and file status reports on the CMP fee nexus study. The only action, other than receive and file, taken has been to create the Policy Advisory Committee (PAC). All of the presentations have been explanatory in theme, outlining the benefits of the program and the reasons for doing it. Until recently, there has not been any analysis or dialog with jurisdictions as to potential impacts of this program, whether negative or beneficial. In recent discussions with MTA staff and consultant we have gained a better understanding of the programs objectives but still do not have analysis of how the program will impact built-out urbanized areas like the Gateway Cities.

At the October 31, 2006 PAC meeting, questions regarding impacts to cities were deferred to some future meeting, the entire meeting was conducted in the context of program implementation. Under Next Steps, the following was listed

Outreach to local governments

- Confirm regional network
- Begin developing regional project priorities
- Subregional workshops

The program is designed to work at the City level and all of the language is addressed to local jurisdictions yet there is no city representation on the PAC other than the cities of Los Angeles and Long Beach both of which currently have fees in place.

We now understand that the work that has occurred to date is a precursor to the actual Nexus Study, a legal requirement before imposing any fee. However there need to be in-depth conversations with concerned jurisdictions and analysis run on some of the potentially detrimental impacts before the process proceeds towards adoption; not continued deferral of these issues. This has partly been accomplished with the COG City Manager's Steering Committee meeting with Mr. David Abel. We request that such dialog continue until the following COG issues can be addressed.

#### **Potential Impact on Built-out Urbanized Areas and on Small Cities.**

The impacts of the proposal on cities that have built-out urban environments are not clear. Many built-out cities must recycle older housing stock to provide for new housing opportunities. These cities can also be characterized by built-out infrastructure, where arterial expansion or widening is often not an option, nor is the development of new freeways. The only options may be regional or subregional programs where the direct benefit may be harder to justify. Discussion and analysis of these issues needs to occur.

Many of these built-out cities have new construction occurring primarily in redevelopment areas. Some of the cities in the Gateway subregion have difficulty attracting new market rate housing development and have a great need to improve the housing stock. There is the potential that this fee may become part of the project

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subsidy paid by the city, or the fee may act as a deterrent to enticing development. The nexus study discusses the possibility of exempting low income housing from the fee, but housing within a redevelopment project area is not to be exempt, possibly putting a city in the position of funding the fee out of tax increment. The same is true for economically challenged cities that need to provide tax increment funds to encourage commercial/retail development. Again, these are issues that must be fully explored. The successful examples of impact fees are from growth areas or growth counties. The specifics of how the fee will work in a built-out city must be examined.

A related issue is the notion of local control of the fee. There are smaller cities that may not have a project within their boundary that qualifies as a regional transportation improvement. That may lead them to collecting a fee and paying into a project within an adjacent jurisdiction. The policy alludes to this with the idea of local and subregional project investment. This is not a topic that has been fully vetted with the cities. How this particular phenomenon gets resolved is an important issue. Small cities will have a variety of problems with this fee.

#### **Relationship to Regional Capital Funding**

The justification for the Fee is partially based upon the uncertainty of the transportation funding environment, the state budget crisis and the (2005) uncertainty of TEA reauthorization. The conclusion drawn from these realities lead to the belief that increased self-funding was appropriate to furthering the LA County transportation agenda. Since that time, SAFETEA-LU has passed and Proposition IA and IB were passed by the voters, the changed circumstances defining regional project funding and the need for the fee therefore, should be reevaluated.

There is great concern over the fact that the MTA has over the years reduced the amount of regional funding available for regional capital projects because of the structural deficit and need to expand bus/rail service. An example is the use of CMAQ funds for the rail operations instead of programming those funds for HOV projects or eligible capital projects.

There need to be assurances that regional funding will be maintained at some constant level and that local jurisdictions will not be backfilling a regional funding gap, or, more importantly, locally generated funds will be used to backfill regional funds applied to projects in a different subregion. Therefore a maintenance of effort on the part of the regional programming commitment needs to be analyzed.

The other regional funding issue is the proposed linkage of the fee to competing in the MTA Call for Projects. The framework for how this might work has not been articulated. Again a smaller city that has little or no development or fees collected might be at a disadvantage during a CFP that favors the generation of local fees or ties a CFP award to fee generation.

The program as envisioned would grant credit to existing fee programs if the fee is used on a project that is part of the regional network. If the project is not part of the regional network or a portion of it isn't, that project or portion of that project will not be credited towards CMP compliance. This will reduce a measure of control from the local

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jurisdiction where the city may be compelled to fund a regional project to meet the CMP requirements. Again, this is an issue that needs more analysis.

#### **Potential for Built-out Urbanized Areas to be “Disadvantaged” in Additional Securing State Funding.**

At the November 30<sup>th</sup> PAC meeting, a presentation was made by Gregg Albright, Caltrans Deputy Director for Planning and Modal Programs, concerning the CMP fee and the potential for additional or bonus State Transportation Improvement Program (STIP) funding to be tied to the localized fee programs. The implication was that cities or subregions that collected these fees would be rewarded with additional STIP funding. Our concern with this concept is we expect that fees generated in most of the Gateway Cities area will be not be competitive with the high growth areas of the County and effectively placed at a disadvantage.

Finally, the GCCOG has a policy where the COG will not support any regional actions that are detrimental to a COG member city. At issue with this fee is the lack of information and analysis on what the fee may potentially do too many of the smaller or economically challenged jurisdictions with the Gateway subregion. In order to resolve these issues, we recommend that MTA and consultant staff continue to meet with the designated GCCOG representatives to go over the specific issues as outlined in this letter. This should occur before the program adoption continues. To set this up, please contact Richard Powers, GCCOG Executive Director, at (562) 663-6850.

Sincerely,

Larry R. Nelson, President  
Board of Directors  
Gateway Cities Council of Governments.

cc: GCCOG Executive Board  
City Managers' Steering Committee

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### Gateway Cities Section 2105 highway users tax funds subject to Congestion Management Plan compliance

<b>City</b>	<b>Section 2105</b>
Artesia	107,104
Avalon	21,777
Bell	240,725
Bellflower	479,519
Bell Gardens	286,029
Cerritos	340,425
Compton	609,852
Cudahy	159,794
Downey	702,562
Hawaiian Gardens	97,813
Huntington Park	401,447
La Habra Heights	38,292
Lakewood	517,562
La Mirada	312,215
Long Beach	3,033,425
Lynwood	454,336
Maywood	182,997
Montebello	406,180
Norwalk	681,734
Paramount	359,543
Pico Rivera	415,882
Santa Fe Springs	112,073
Signal Hill	66,203
South Gate	631,405
Vernon	591
Whittier	542,061
<b>Gateway Cities Total</b>	<b>11,135,409</b>

## Congestion Mitigation Fee Fact Sheet

### STUDY OVERVIEW

The Los Angeles County Metropolitan Transportation Authority (Metro) is conducting a study to determine the feasibility of implementing a countywide Congestion Mitigation Fee that calls on new development to help pay for regional transportation improvements. This study will be completed by Summer 2007.

### HOW WOULD IT WORK?

- Metro could authorize a fee as a component of the state-mandated Congestion Management Program. The fee would replace the existing Congestion Management Program requirement for cities to mitigate based on "debit-credit" analysis, and would apply to all new development in all cities and the County.
- Local jurisdictions would control project selection and funding.
- Transportation projects funded by the fee would be selected by each city or their sub-regional COG and would address regional transportation priorities.
- The feasibility study would ensure that there is a "nexus" between where funds are collected and where they are spent.
- Local jurisdictions would adopt a mitigation fee ordinance and would administer the program and fees generated.
- Fees would be collected from all types of new development based on six or seven land use categories. Fees would vary by category based on the trip generation characteristics of each land use.
- Cities that have existing local traffic mitigation fees would receive credit for transportation projects in their fee program that are also part of the regional mitigation program. This would ensure no double counting. Funds collected by local fee programs would not be affected.
- The program will be developed reflecting the best practices of other counties' experience with implementing regional Congestion Mitigation Fees.

### WHAT ARE THE BENEFITS?

- **Generates New Revenue:** If this program were fashioned similar to those implemented in other jurisdictions, the revenue generated would range from \$80 million to \$600 million annually, or \$2 billion to \$15 billion over a 25-year period.
- **Pay As You Grow:** New development pays for the projects needed to mitigate its impact.
- **Controlling Financial Destiny Locally:** Each city or subregion would control this new funding source and may use it to match additional federal and state funds, which now more than ever must be leveraged from local sources.
- **Level Playing Field:** Since all cities would be asked to participate, nobody gains an advantage in attracting new development. Most of the adjacent counties have adopted or are intending to adopt a similar regional fee program.
- **Provides Predictability and Certainty to Developers and Cities Alike:** Addresses regional mitigation through a consistent countywide approach rather than on an *ad hoc* basis.

### WHAT'S NEXT?

Metro will work with a Policy Advisory Committee to help craft the parameters of the program. Metro will also work with local governments, sub-regions, developers, and other stakeholders to obtain input.

### HOW DO I STAY INFORMED?

For information on the Congestion Mitigation Fee Study, please contact Robert Calix at (213) 922-5644.