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November 17, 2017

Honorable Eric Garcetti, Chair &
Members of the Board of Directors
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012-2952

Subject: ExpressLane Net Toll Revenue Investment

Dear Chair Garcetti and Members of the Board of Directors:

The South Bay Cities Council of Governments (SBCCOG) is very concerned with the current Metro staff proposal to “borrow” net toll revenues from the I-110 and I-10 ExpressLanes to fund new ExpressLanes throughout Los Angeles County. California law requires that net toll funds generated from Metro Express Lanes be reinvested in the corridor from which they were derived, pursuant to an approved expenditure plan. The proposed action violates the intent of state law and the Metro Board intent to have policies that enabled conversion of traditional high-occupancy-vehicle lanes on the I-10 and I-110 freeway corridors into toll roads.

USE OF EXPRESS LANE REVENUES

We understand that the projects for which the toll lane revenues were to be spent have not been moving forward expeditiously. But Metro staff unilaterally announced in a board box item that they would not be undertaking a third round of allocations of the net toll revenues without directly communicating to those in the affected corridors. Before making additional investments within the current corridors or ‘borrowing’ the revenues, it would be timely to work with representatives of the two corridors to determine whether there are underlying reasons the lead agencies for the projects haven’t spent the funds as of yet or whether there are other uses that would result in more effective and timely future projects. For example, leveraging these funds with new Measure M sub-regional funding for projects might allow larger, more significant projects than were fundable during Rounds One and Two such as I-110 off ramp improvements south of the I-405.

We share Metro’s concern with the slow delivery pace of projects funded in the first two rounds of investments. But it is inappropriate and premature for Metro staff to unilaterally recommend a new revenue allocation process and policy that re-directs funding outside the corridor. Before making additional investments within the current corridors or transferring I-110 funds (or I-10 funds) to other areas of L. A. County, we strongly recommend the current selection and project delivery procedures and project selection criteria be modified to encourage more timely and effective project applications. We

LOCAL GOVERNMENTS IN ACTION

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believe these revised procedures, policies and selection criteria also would be very useful in the design and implementation of future ExpressLane corridors Net Revenue allocations and should be adopted by the Metro Board prior to using the dedicated corridor funds for new ExpressLane segments.

EXPRESSLANE OPERATIONS AND ENFORCEMENT

Metro has acknowledged a toll evasion rate of 25% in a. m. peak periods. We are aware that Metro staff is pursuing new enforcement technology over the coming year and is contemplating new operating policies which may include revising the carpool lanes to 3 people on the I-110 or charging all ExpressLane users by eliminating the carpool toll exemption altogether. These will be controversial changes and therefore, we are very interested in participating in a transparent, collaborative improvement process with Metro to ensure that changes made within the I-110 (and I-10) corridor are reasonable and will be equitably implemented in future corridors. To ensure new operating and enforcement policies derived from current experience are designed into future capital or operating budgets, consideration of new policies will require significant collaboration with key stakeholders, users, and with state and federal partners.

GUARANTEES AND ASSURANCES

The priority for ExpressLane corridor revenues must be intra-corridor investments in keeping with state law. Before the Metro Board considers inter-corridor borrowing or loan agreements for these funds, SBCCOG would want to see what guarantees Metro will provide that funding for projects within the corridor of origin will continue to be available to serve emerging mobility needs, as was intended by state law. For example, in the time since the ExpressLanes have been implemented, in the South Bay we have the opportunity and challenge of being the home of three new professional sports teams with the attendant special event traffic at three venues. Should we need the ExpressLane funds for projects that were previously unanticipated, what guarantees will Metro provide that they will be available? What would a formal loan agreement include, what would the repayment schedule look like, how soon would repayment be anticipated and how much interest would the borrowed funds accrue back to the corridor account? And, what guarantees would Metro provide that the net toll revenues would not be used to ‘substitute for’ or ‘backfill’ ExpressLane funding commitments made to Los Angeles County voters in the Measure M Expenditure Plan.

SUMMARY

We have spoken to Metro staff about our concerns and are encouraged that they appear to be open to working with us in a collaborative process to improve the timeliness and effectiveness of the current Net Toll Revenue investment policies and procedures. Before the Board commits funding from the I-110 and I-10 corridor net toll revenues outside of the corridors from which the revenues were generated, we believe there are important investment policy and process changes that can be made within the existing corridors, but we remain adamant that intra-corridor investments should continue to have priority over using these funds to expand the ExpressLane network.

The South Bay Cities Council of Governments looks forward to participating in the collaborative process including the Metro Board members that represent the South Bay and we look forward to hearing from you as to when it will begin.

Sincerely,

Kurt Weideman, Chairman
South Bay Cities Council of Governments

c.c.: SBCCOG Board of Directors
Phillip Washington
Stephanie Wiggins
Shahrzad Amiri