

Date of Hearing: January 11, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
AB 620 Roger Hernández – As Amended January 5, 2016

SUBJECT: High-occupancy toll lanes: exemptions from tolls

SUMMARY: Expands the low-income assistance program associated with the Los Angeles County Metropolitan Transportation Authority's (Metro's) value-pricing and transit development program (ExpressLanes Program). Specifically, **this bill:**

- 1) Expands the requirement that Metro work with low-income commuters in communities affected by the ExpressLanes Program in the Interstate 10 (I-10) and Interstate 110 (I-110) corridors to require that mitigation measures (such as reduced toll charges and toll credits for transit users) be extended also to low-income transit users.
- 2) Provides that these mitigation measures apply to low-income commuters and transit users that do not otherwise meet the criteria for a hardship exemption, as described below.
- 3) Requires Metro, until January 1, 2022, to exempt commuters from ExpressLanes toll charges if they meet the eligibility requirements for any one of the following public assistance programs:
 - a) California Work Opportunity and Responsibility to Kids Act (CalWORKS Program);
 - b) State Supplementary Program for Aged, Blind and Disabled;
 - c) County Aid Relief to Indigents;
 - d) CalFresh (a.k.a. Food Stamp Program);
 - e) Food Assistance Program for Legal Immigrants; or
 - f) Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants.
- 4) Authorizes Metro to discontinue issuing hardship exemptions if it determines at a public hearing that issuing additional exemptions will "significantly jeopardize" the amount of toll revenues necessary to operate and maintain the ExpressLanes Program.
- 5) Requires Metro to report to the Legislature by January 31, 2019, the number of hardship exemptions that were provided during the period between January 1, 2017, and December 31, 2018, and specifically how many were provided to commuters residing in the San Gabriel Valley.

EXISTING LAW:

- 1) Authorizes Metro to conduct, administer, and operate the ExpressLanes Program on I-10 and I-110 in Los Angeles County.

- 2) Requires Metro, when implementing the program, to work with affected communities in the two highway corridors and provide mitigation measures for low-income commuters, including reduced toll charges and toll credits for transit users.
- 3) Requires that participants in the low-income assistance program meet eligibility requirements for any one of several specific public assistance programs.

FISCAL EFFECT: Unknown

COMMENTS: SB 1422 (Ridley-Thomas), Chapter 547, Statutes of 2008, authorized Metro, until January 15, 2013, to develop and operate a value-pricing and transit development demonstration program involving high-occupancy toll lanes, referred to as ExpressLanes. The program was primarily funded with a \$210 million congestion reduction demonstration grant from the U.S. Department of Transportation. Tolling began in November 2012 on the I-110 and in February 2013 on the I-10. AB 1224 (Eng), Chapter 441, Statutes of 2010, extended the sunset and reporting dates for the ExpressLanes Program from January 2013 to January 2015, and SB 1298 (Hernández), Chapter 531, Statutes of 2013, recast the program and extended it indefinitely.

The author introduced AB 620 because he is concerned about the impact that the ExpressLanes program is having on constituents in his district, particularly low-income constituents. He has voiced concerns that the ExpressLanes Program was supposed to improve commutes for *all* users in the corridor, not just the toll-paying ones. He asserts that these improvements have not, however, materialized and that lanes adjacent to the tolled lanes experience longer periods of congestion now than they did prior to the start of the ExpressLanes Program. Consequently, commuters that can afford to pay the tolls enjoy shorter commutes at the expense of non-paying commuters (including his low-income constituents) for whom travel times have worsened.

The author also believes Metro's low-income assistance program is underperforming, as demonstrated by low enrollment rates in the program and the fact that there are only two facilities in all of Los Angeles County where applicants can take proof of eligibility to participate in the low-income assistance program (in addition to being able to mail the information in).

Generally, concerns for the economic impact that toll facilities could have on low-income commuters are well founded, considering that economic studies show that the biggest burden on family incomes is the cost of housing and transportation. For example, a report by Smart Growth America found that transportation is the second largest expense for American households, costing more than food, clothing, and health care. Furthermore, it has been documented that the working poor spend a fraction of what other workers spend on commuting expenses, but those costs amounted to a significantly higher proportion of their income.

To participate in Metro's low-income assistance program, an individual must be a Los Angeles County resident with an annual household income at or below two times the federal poverty level (e.g., \$40,180 for a 3-person household). Applications for the program can be submitted by mail or at one of two walk-in centers. Qualifying residents receive a \$25 credit when they set up an account, which can be applied to either the transponder deposit or pre-paid toll deposit. The monthly account maintenance fee is waived. To date, 8,877 households are enrolled in the low-income assistance program out of over 450,000 Express Lane accounts.

AB 620 requires Metro to modify its low-income assistance program by: 1) expanding it to require mitigation measures for low-income transit users as well as low-income commuters; and 2) requiring Metro to offer, for five years, toll-free passage to commuters that are eligible for specific public assistance programs. AB 620 tries to mitigate the financial impact that hardship exemptions could create by granting Metro the authority to opt-out of the hardship exemption requirement upon a finding that granting the hardships would jeopardize the ExpressLanes operation. Hardship exemptions up to that point would still be valid until 2022.

According to Metro, its low-income assistance program is the first in the nation to address equity concerns on toll lane projects and has been, by many accounts generally successful. Metro claims that it has relied heavily on independent consultants and extensive outreach with affected communities to design and improve the program to ensure it reflects community concerns and meets the needs of low-income commuters. Metro reports that, to date, the ExpressLanes Program has invested over \$150 million in transit-related improvements along the I-110 and I-10 corridors, including a new transit center in El Monte, 59 new buses for transit providers and safety improvements to the Harbor Transitway.

Metro is opposing AB 620. Metro's chairman of the Board of Directors, Mr. Mark Ridley-Thomas writes in opposition, "As the original author [of the legislation authorizing the ExpressLanes Program], I appreciate and share Assemblymember Hernández' interest in ensuring that the Program benefits low-income commuters. At the time that my bill was being developed, I insisted that Metro address this issue in a comprehensive and thoughtful manner, requiring an Equity Plan, and that the agency work directly with affected communities to address their concerns. In response, Metro implemented a robust outreach effort that has included over 700 meetings and briefings." Mr. Ridley-Thomas also argues that the overwhelming and consistent priority voiced by low-income commuters in the ExpressLane corridors has been for toll revenues to be invested in transit services and that exemptions from the tolls were not a priority for these commuters.

Committee concerns: The committee has some concerns with the bill:

- 1) The bill will increase congestion in the tolled lanes. Consequently, Metro may have to increase toll rates to manage the increased congestion.
- 2) AB 620 bill does not define "low-income" other than for purposes of providing hardship exemptions. It is not clear, then, who would be eligible for the other mitigation measures required by the bill.
- 3) Clear statements of desired, measurable performance outcomes should be included in the bill.
- 4) Last year, the Legislature passed and the Governor signed AB 194 (Frazier), Chapter 687, Statutes of 2015, which grants broad authority to the Caltrans and to regional transportation authorities to develop and operate toll facilities, upon approval of the California Transportation Commission. A major tenet of AB 194 is local control for locally-sponsored toll facilities, in acknowledgement that community-specific needs should influence how toll facilities are developed and operated and how any excess revenues are spent. Generally, the emphasis on local control of locally sponsored facilities should be maintained, consistent with the spirit of AB 194. [Regarding AB 620, however, the author argues that, because the ExpressLanes Program (including requirements for the low-income assistance program) were

specifically authorized in statute, it is appropriate that the Legislature remain involved in refining this specific program.]

Previous legislation: SB 1298 (Hernández), Chapter 531, Statutes of 2013, recast the program and extended it indefinitely.

AB 1224 (Eng), Chapter 441, Statutes of 2010, extended the sunset and reporting dates for the ExpressLanes Program from January 2013 to January 2015.

SB 1422 (Ridley-Thomas), Chapter 547, Statutes of 2008, authorized, until January 15, 2013, Metro to operate the ExpressLanes Program.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

Los Angeles County Metropolitan Transportation Authority

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