



Metro

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November 2, 2015

The Honorable James Gazeley
Chair, SBCCOG Chair
South Bay Cities COG
20285 S. Western Avenue, #100
Torrance, CA 90501

Dear Mr. Gazeley:

Per Chair Ridley-Thomas' request, I am following up on your letter dated October 23, 2015 regarding the funds accounting and performance analysis for the Metro ExpressLanes Program. The Program goal is to reduce congestion, promote throughput, and enhance mobility by introducing price to influence travel behavior. During FY15, nearly 34 million trips occurred on the 110 and 10 ExpressLanes, an increase of 183% since the opening of the ExpressLanes in FY13.

An independent financial audit of the revenues and expenditures of the I-110 and I-10 ExpressLanes has occurred every year since its inception and is available on our website at www.metroexpresslanes.net. The Program has received an unqualified opinion for each year.

Last month, Metro staff met with the I-110 and I-10 Corridor Advisory Groups (CAGs) to review the status of Round 1 of the Net Toll Revenue Grant Program. The CAG, which includes representatives from the South Bay Cities COG, actively participated in the scoring evaluation of the applications and recommendation of the projects that received a grant award from Round 1. Please note that the anticipated benefit and nexus of the Round 1 projects in relation to the ExpressLanes was originally assessed and confirmed as part of the application scoring process. Attachment A identifies the projects and sponsors that received funding as part of that process. As stated at the October meeting, since these projects are currently under development, final evaluation or audit of the projects is premature at this juncture. However, a performance audit will occur at the completion of the Round 1 projects.

The October meeting also discussed opportunities for the Round 2 Grant Program. To clarify issues, please note that the \$42.5 to \$53.3 million anticipated in net toll revenues covers the period from March 2014 to July 2017, not FY17 and FY18.

Several issues raised in your letter relate to evaluation of the performance of the ExpressLanes. Certain aspects of the ExpressLanes such as the dynamic pricing algorithm are evaluated on an ongoing basis. In fact, earlier this year, staff undertook a thorough analysis of the system's dynamic pricing algorithm to review the pricing nexus vis-à-vis congestion reduction. This analysis led to system tweaks to mitigate the amount of time that the ExpressLanes remain in HOV-only status.

Please note that 57 percent of the morning peak Northbound users of the I-110 ExpressLanes are HOVs which while representing substantial person throughput, are impervious to price. A best practice of HOT lanes is to adopt market based toll rates to address potential congestion in the lanes. Staff will be recommending this policy to improve traffic flow for Board adoption in December.

Other aspects of the project such as speed differentials between the ExpressLanes and the General Purpose (GP) lanes are evaluated on a monthly basis. Based on most recent statistics, during the peak period, peak direction, users of the I-110 ExpressLanes travel 23 percent and 50 percent faster than GP lane users. Please note that we have seen no evidence of diversion of freeway traffic onto arterials with the deployment of the ExpressLanes.

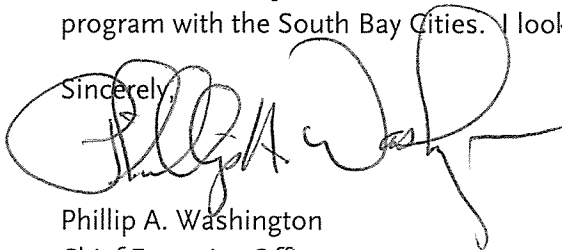
Based on our most recent surveys, 32 percent of the I-110 and 33 percent of the I-10 Silver Line riders were travelling the corridors as drivers prior to implementation of additional service. My staff will reach out to Gardena and Torrance Transit through the SBCCOG to determine how many of their riders are former freeway drivers to better assess the nexus between the net toll revenues to evaluate the path forward in funding their services in the future.

While, per Board direction, ExpressLanes have to be financially self-sustaining – meaning no reliance on public subsidy for operations, their success has never been measured in terms of the surplus revenues collected but rather in terms of corridor-wide mobility benefits. In April 2014, the Metro Board approved continued operations of the ExpressLanes based on a comprehensive performance analysis confirming that the project's goals have been met. This decision was based on factors such as congestion reduction, increased transit ridership, public acceptance, sustainability and equity. A formal comprehensive performance report will be provided to the Metro Board every three years.

As of this time, there are over 481,000 transponders in circulation, Silver Line ridership has increased for the third consecutive year and trips on the ExpressLanes increased by 17 percent between FY 14 and FY 15 reaffirming the benefit their users are experiencing, irrespective of mode of travel.

In closing, I would like to express my appreciation to the SBCCOG for their willingness to enter into contractual arrangements with Metro to continue their critical role in education and marketing of the program with the South Bay Cities. I look forward to our ongoing partnership.

Sincerely,



Phillip A. Washington
Chief Executive Officer

cc: Metro Board of Directors

Attachments

ATTACHMENT A

Project ID & Task #	Agreement Number	Sponsor	Project Name	Funding
MX201403	920000000MX201403	Caltrans	I-110 HOT/Express Lanes Improvements	\$ 1,020,039
MX201412	920000000MX201412	City of Los Angeles	My Figueroa Project Marketing and Safety	\$ 150,000
MX201414	920000000MX201414	County of Los Angeles	South Bay Arterial Performance Measurement Project	\$ 504,000
MX201419	920000000MX201419	City of El Monte	I-10 Active Commute, Healthy Communities Project	\$ 440,000
MX201420	920000000MX201420	City of Los Angeles	Cesar Chavez Great Street	\$ 435,000
MX201409	920000000MX201409	City of Los Angeles	Active Streets LA Budlong Avenue	\$ 1,176,185
MX201410	920000000MX201410	City of Los Angeles	ATSAC Infrastructure Communication Systems Enhancement along I-110 Freeway	\$ 1,425,000
MX201401	920000000MX201401	Access Services	Express-Lane CNG-Fueled MV-1 Program	\$ 816,000
MX201402	920000000MX201402	Caltrans	Express Lanes Corridors Incident Management Improvements Project	\$ 240,000
MX201404	920000000MX201404	City of Baldwin Park	Baldwin Park Commuter Connector Express Line	\$ 700,395
MX201406	920000000MX201406	City of Carson	Dominguez Channel Bike & Pedestrian Path	\$ 1,259,000
MX201407	920000000MX201407	City of El Monte	Santa Anita Avenue Active Transportation for El Monte Station and Downtown El Monte	\$ 633,782
MX201408	920000000MX201408	City of Gardena	Line 1X-Expand Transit Bus Service on I-110 Freeway	\$ 842,482
MX201411	920000000MX201411	City of Los Angeles	Commuter Express Service Expansion to Alleviate Congestion on Harbor Freeway	\$ 724,000
MX201413	920000000MX201413	City of Monterey Park	Monterey Park Bike Corridor Project	\$ 331,800
MX201415	920000000MX201415	LACMTA	Bikeshare-Downtown Los Angeles Project	\$ 3,792,892
MX201416	920000000MX201416	LACMTA	Dodger Stadium Express-Harbor Gateway (DSE-HG)	\$ 1,292,604
MX201417	920000000MX201417	LACMTA	Union Station Metro Bike Hub	\$ 700,000
MX201418	920000000MX201418	Torrance Transit	Torrance Transit Expansion of Line #1 and Line #4 HOTLane Service *	\$ 2,235,991
MX201405	920000000MX201405	City of Baldwin Park	Frazier Street Pedestrian and Bicycle Safety Improvements	\$ 895,288