Congestion Pricing: Time to Get Serious

MARCH 2016

PARTNERSHIP
for New York City

Introduction

A coalition of transportation advocates, planners and engineers is seeking to promote a congestion pricing proposal for the city that they call MoveNY. The Partnership for New York City, the city's leading business organization, generally supports initiatives to reduce traffic congestion, on the principle that the cost and lost productivity associated with clogged streets is ultimately more expensive than pricing charges.

To judge the merits of MoveNY, the Partnership asked the NYU Center for Urban Science and Progress (CUSP) to convene a panel of experts to review and assess the proposal and prepare a written report summarizing their findings. The top-level conclusion of this report was that, while congestion pricing is something New York City should seriously explore, the benefits and utility of MoveNY are open to question and depend on actions and investments by state and local government beyond those contemplated by advocates of the plan.

The panel found that the claims of MoveNY with respect to revenue projections, congestion reduction, and economic impact require further study and validation by public agencies. The advocates have made an excellent and thoughtful start on the analysis and consensus-building that is required to mobilize support for congestion pricing. The Partnership encourages state and local government to seize the opportunity to build on this groundwork and come up with a comprehensive traffic reduction solution for the metropolitan region.

BACKGROUND

In 2006, the Partnership for New York City commissioned a research study on the impact of traffic congestion on the city, carried out by HDR Decision Economics, Booz Allen Hamilton, and the PB Consult unit of Parsons Brinckerhoff. The study estimated the annual cost of traffic congestion in the five boroughs at more than $13 billion, reflecting a combination of economic, health and environmental costs. This finding motivated the business community to call for a serious look at all of the tools available to reduce congestion, including a tolling program along the lines of what has been adopted in Stockholm, London, Singapore, and other world cities.

In 2007, the Partnership endorsed a congestion pricing plan put forward by the Bloomberg Administration, for which the federal government committed significant seed funding. This plan created a cordoned district in Manhattan south of 60th Street and imposed a charge on all private vehicles traveling into this area. The plan failed to get necessary support from the Governor and the State Legislature for a number of reasons: uncertainty about how much net revenue the pricing plan would actually generate for expanding mass transit; the inadequacy of public transportation options in parts of the region that force people into cars; the impact of additional tolls on business delivery and service costs; and potential decline in MTA and Port Authority revenues that could result from additional congestion charges.

MoveNY was organized in 2010 to resurrect the congestion pricing conversation and to address concerns raised by opponents to the original plan. MoveNY lays claim to ambitious goals and is described by its authors as:

> "... a sustainable solution that will provide toll equity, reduce congestion, boost the regional economy, and raise significant revenues for high priority road, bridge, and transit projects. When fully bonded, this sum is enough to close the projected funding gap for the MTA's 2015–2019 Capital Plan and deliver vital road and bridge improvements the region's drivers and truckers depend on to keep New York moving. Moreover, the MoveNY Fair Plan will create more than 30,000 new, local, and recurring jobs in the region."

Proponents of the plan argue that it will reduce vehicular traffic, generate more than $1.5 billion net annual revenue to support transportation improvements, and win sufficient public and political support to be enacted.

Key elements of MoveNY include:

- Charging drivers for all vehicle trips south of 60th Street in Manhattan and lowering the price of all trips with origins and destinations outside of the city's central business district.
- Implementing new tolls on the four East River bridges and on every avenue crossing Manhattan at 60th Street, including the West Side Highway and FDR Drive.
- Reducing tolls on the MTA's major bridges by $2.50 each way (45 percent) and on some minor bridges by $1.00.

Observations & Recommendations

The NYU CUSP panel concluded that MoveNY introduces a very attractive concept for reducing tolls that currently penalize remote locations that are not well served by public transit, but it leaves many issues unresolved.

The CUSP panel identified the following elements of MoveNY that require further input and analysis:

1. ROAD & TRANSIT DEMAND STUDY

There is a need for a more sophisticated evaluation of the demands that will be placed on the existing road and transit systems due to potential changes in commuting patterns and traffic routing that would result from implementation of MoveNY. It should take into account all possible transportation alternatives and potential behavioral changes of the users. MoveNY demand estimations are mostly derived from a limited review of historic tendencies. MoveNY does not do a thorough enough job of exploring the various possibilities for how drivers will react to the plan. Previous research conducted in New York City suggests that the response to toll increases is not to switch mode of travel, but instead to either accept the price, change destinations, or defer the trip—all of which have economic consequences. Therefore, without a detailed look at this issue, there is no way to know how much revenue the plan will create or the extent to which congestion will be reduced.

2. TRANSIT IMPACT

A regional transit impact assessment study is required to determine how the MTA and other systems would accommodate increased demand and what investment would be required. MoveNY is not clear on how the shift from highway to transit will take place in practical terms. Given the fact that the transit system in the region operates at or above capacity already, especially during the peak periods, it is essential to lay out the specifics for how the public transportation would absorb additional passenger demand.

3. FREIGHT IMPACT

Managing freight is a critical component of any congestion pricing plan, since, unlike car commuters, truck deliveries cannot be shifted to other modes of transportation. The rise of Internet deliveries over the last few years is adding a new component to the type of congestion on the city's streets that is only projected to get worse. MoveNY does not include a clear plan for management of urban freight movement, including shipping, deliveries and service calls and hardship provisions. It also does not consider options for managing freight traffic, including shifting delivery truck traffic to night hours, commonly known as off-hour deliveries. A complementary freight management plan should be developed with careful consideration for how the freight shippers and receivers should be involved in any proposed solution.

4. REVENUE AND COST

Since the case for congestion pricing depends on how much net revenue a plan will generate, there is a need for a comprehensive, third party analysis of the anticipated revenue and cost estimates, including the impact on Port Authority of New York & New Jersey and Triborough Bridge and Tunnel Authority toll collections. The revenue and cost estimates presented for MoveNY are not sufficient and require more precise forecasting. Toll evasion, for example, was not taken into account and can be significant. For example, as much as 30 percent at the Henry Hudson Bridge, the MTA's only facility without toll barriers and without toll collectors, is lost through evasion.

There will also be costs for implementation of MoveNY that are not anticipated, including direct costs of investment needed to accommodate transportation mode shifts. There may also be unpredicted revenue losses, such as the possible loss of federal funding for East River bridges if they are tolled.

5. ECONOMIC IMPACT

MoveNY estimates it will create 30,000 new jobs, but support for this claim is weak and should be backed by a rigorous study of the regional economic impact on employment, businesses, and the value of the time of commuters.

The CUSP panel also identified open questions that constitute barriers to implementation of MoveNY:

EMERGING TRANSPORTATION TECHNOLOGIES

MoveNY does not address in detail the impact of emerging transportation technologies such as connected and autonomous vehicles, open road toll collection, e-hailing applications, and Internet deliveries that are changing historic travel patterns and congestion conditions. For example, Internet deliveries are the most significant factor in increased freight activity and consequent additional congestion. One estimate pegs this relatively new phenomenon as adding two million deliveries per day. How will continued expansion of e-commerce impact the pricing plan? Another question is the extent to which open tolling (collecting tolls "at speed") will allow for increased toll evasion.

REGIONAL AND SOCIAL EQUITY

MoveNY leaves some important regional and social equity issues unanswered. It does not lay out what investments will be necessary to avoid placing an unfair burden on those individuals and small businesses whose only practical option for commuting into the Central Business District is a private vehicle. It is not self-evident that reducing tolls on bridges furthest from the Central Business Districts while implementing tolls on free East River crossings promotes regional equity.

FUNDING

A compelling congestion pricing strategy requires full integration with the capital programs of the Port Authority, the MTA, and the City and State Departments of Transportation. At this time, funding to meet capital needs in all these agencies is in flux, as all levels of government are struggling with budget issues that affect expansion and upgrading of public transportation facilities. Congestion pricing may generate revenues to help address the shortfall, but it is a small part of the solution to a much larger problem.

TIMING

There are timing issues and competing priorities that MoveNY does not explicitly address. For example, tolling the East River bridges could occur more quickly than developing additional transit service to underserved areas, suggesting the need for a detailed implementation time line.

INTER-AGENCY INTEGRATION

MoveNY does not clearly define roles and responsibilities of various state and local agencies in planning and implementation of a complex, multi-agency initiative. This is something that must be designed and agreed to by affected government agencies and authorities before any pricing plan moves forward.

Conclusion

The Partnership finds that the advocacy community has done an impressive job over the past five years in reviving serious discussion of congestion pricing as a policy that needs to be pursued. Before a particular plan can be completed or embraced, however, relevant government agencies must invest in a comprehensive, inter-agency study of the costs, benefits and implementation strategy for what amounts to a very significant change in local and regional transportation policy. The Partnership encourages the state and city to take up this cause and commits to private sector support for such an effort.

MoveNY REVIEW PANEL MEMBERS

Kaan Ozbay, New York University, Chair
Alain Bertaud, New York University
William Carry, New York City Department of Transportation
Joseph Chow, New York University
José Holguín-Veras, Rensselaer Polytechnic Institute
Alison Lands, Deloitte Consulting LLP
Lawrence Lennon, HDR
David Levinson, University of Minnesota
Ronald Moore, Xerox Corporation
Jonathan Peters, The City University of New York – College of Staten Island
Michael Replogle, New York City Department of Transportation
Parker Williams, Xerox Corporation