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Congestion Pricing and USDOT's Urban Partnership Agreement

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The Crisis of Congestion

- The financial cost of congestion:
  - 3.7B hours of delay and 2.3B gallons of wasted fuel / year*
  - Almost $200B after accounting for unreliability, inventory, and environmental costs across all modes**
- Congestion hurts family and civic life, impacting:
  - Where people live and work
  - Where they shop
  - How much they pay for goods and services
- The environmental impacts are significant:
  - Carbon emissions
  - Public health

Congestion on I-95 in Northern Virginia

* Texas Transportation Institute, 2005 Urban Mobility Report
** USDOT internal analysis

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A Virtual "Congestion Tax" on Large Urban Areas

Metro Area	Total Cost in 2003 ($ millions)	Cost Per Peak Traveler
Los Angeles-Long Beach-Santa Ana CA	$10,686	$1,598
San Francisco-Oakland CA	$2,604	$1,224
Washington DC-VA-MD	$2,465	$1,169
Atlanta GA	$1,754	$1,127
Houston TX	$2,283	$1,061
Dallas-Fort Worth-Arlington TX	$2,545	$1,012
Chicago IL-IN	$4,274	$976
Detroit MI	$2,019	$955
Miami FL	$2,485	$869
Boston MA-NH-RI	$1,692	$853
Phoenix AZ	$1,295	$831
New York-Newark NY-NJ-CT	$6,780	$824
Philadelphia PA-NJ-DE-MD	$1,885	$641

Source: Texas Transportation Institute, 2005 Urban Mobility Report

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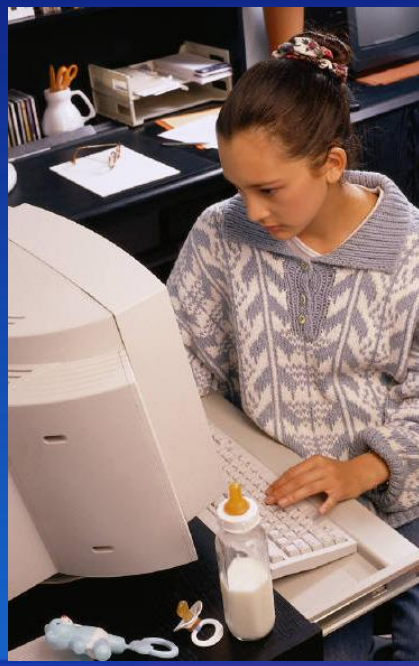
USDOT's Urban Partnership Agreement

The Four "T's":

1. Tolling (congestion pricing) - Establishment of a variable tolling/pricing demonstration
2. Transit - Utilization of cost-effective transit options such as Bus Rapid Transit (BRT)
3. Telecommuting - Expansion of telecommuting and flexible work schedules
4. Technology and Operations – Utilizing cutting edge approaches to improve system performance

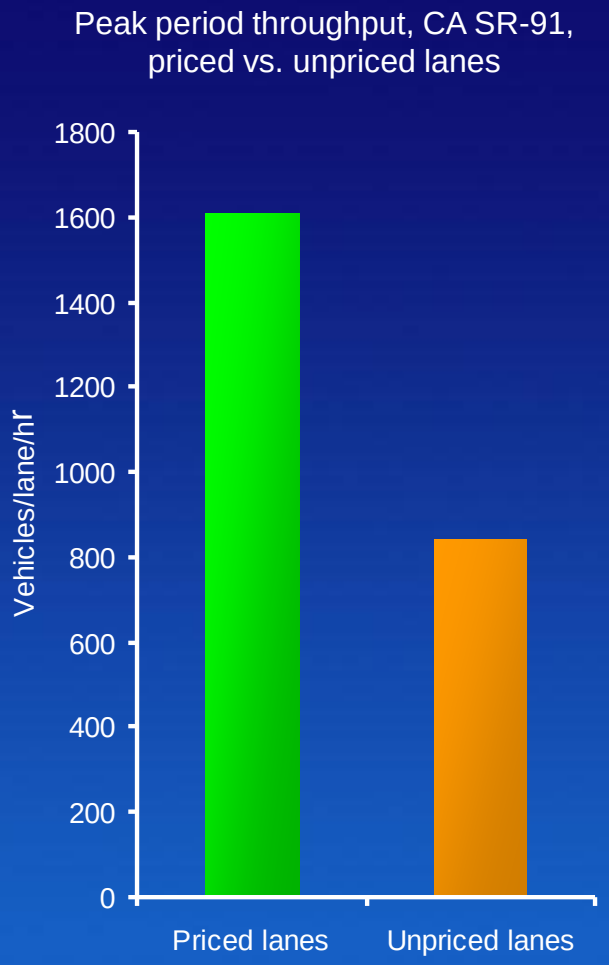
What USDOT Brings:

1. Financial resources (grants, loans and borrowing authority)
2. Expedited Federal approvals
3. Dedicated USDOT resources, expertise and personnel



An Overview of Congestion Pricing

- Varies user fees by traffic volumes or time of day to balance supply & demand (e.g., airline tickets, electricity)
- Consensus among economists that it is the single most viable approach to reducing congestion
- No longer simply theory; demonstrated positive results both in the U.S. and internationally
- It shifts purely discretionary travel to off-peak (>50% of rush hour drivers on a typical urban highway are NOT commuting)
- It increases vehicle throughput, allowing more cars to move through the same physical space
- A little means a lot – reducing peak period use by just 3-8% can reduce delays by up to 50% (e.g., D.C. in August).



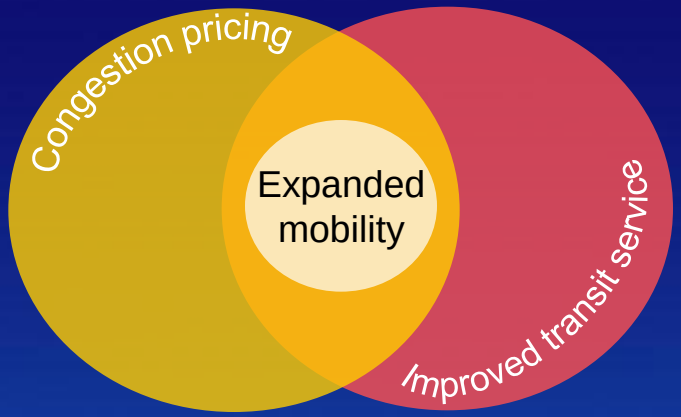
Benefits to Drivers from Congestion Pricing

- Reduced delays
- Reduced stress
- More deliveries per hour
- More time with family and friends
- Predictability of trip times
- Higher throughput = more customers served

Benefits to Transit from Congestion Pricing

Congestion pricing

Increased price for peak period highway use



Opportunities for New Capacity

Higher transit ridership

Less highway congestion

Higher transit speeds & more reliable transit service

Higher transit ridership; lower costs for transit providers

More frequent service & lower fares

The Virtuous Cycle

Other Societal Benefits from Congestion Pricing

- Signals where investment is most needed
- Allows significant fuel savings
- Reduces vehicle emissions
- Decreases inventory carrying costs for businesses
- Improves land use decisions
- Reduces housing market distortions
- Expands opportunities for civic participation

Ease of Implementation

- Current technology allows relatively easy implementation
  - Dashboard/window mounted transponders (e.g., E-Z Pass)
  - Optical recognition of license plates to confirm enrollment (e.g., London cordon pricing)
  - GPS devices or odometer sensors (e.g., Oregon's highway finance trial under FHWA's Value Pricing Pilot Program)
- Technology allows for pricing the use of either individual roadways or broader geographic areas (e.g., downtown business districts)
- Technology can also supplement or replace traditional enforcement mechanisms (e.g., highway patrol), improving system performance

Free flowing traffic on California SR-91

Domestic Examples of Congestion Pricing

I-394 MnPass Express Lanes allow single occupancy cars to use 11 miles of carpool (HOV) lanes between downtown Minneapolis and the western suburbs. Fees vary every 6 min. based on real-time traffic levels.

Express Lanes on California SR-91 charge all users of the 10-mile stretch between Anaheim and Riverside, with discounted rates for cars with 3+ occupants.

Single occupancy cars pay to use an 8-mile (FasTrak) stretch of I-15 outside of San Diego. Some of the proceeds are used to fund transit projects and operations. Fees vary based on entry points and real-time traffic levels.

Overseas Examples of Congestion Pricing

- Stockholm
  - Downtown cordon pricing has reduced traffic in the downtown area by 25%, creating free flow highway conditions virtually every day for 7 months. It has also increased transit ridership by 5% and reduced vehicle emissions by 14%; fees vary by time of day
- London
  - Downtown cordon pricing has increased vehicle speed by 37%, reduced delays by 30%, and decreased taxi travel costs by as much as 40%; fees are currently uniform, but will soon move to a variable structure
- Singapore
  - Fully automated electronic fee collection system (the first of its kind in the world) has reduced traffic by 13% and increased vehicle speed 22%; fees are variable

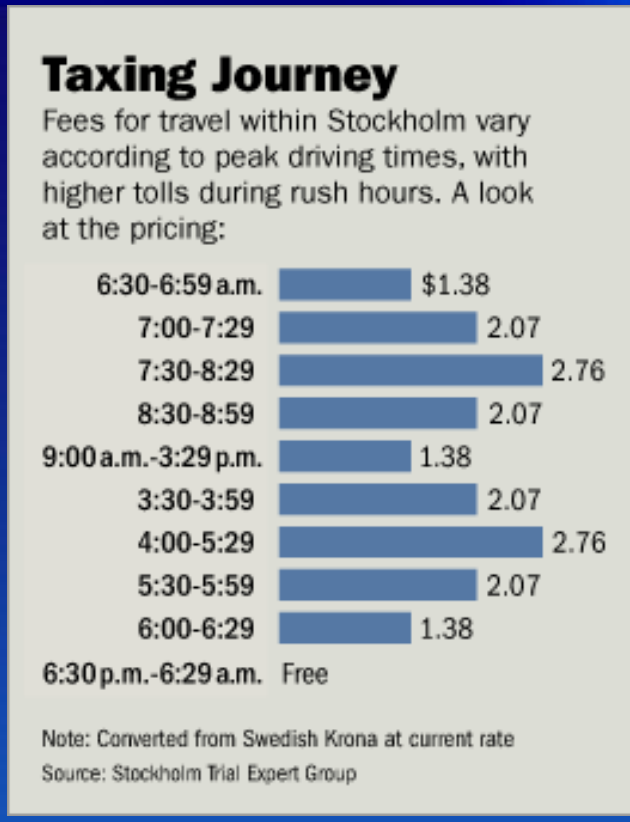


Chart courtesy of the Wall Street Journal (8/29/06)

Public Opinion Regarding Congestion Pricing

Public opinion indicates a strong willingness to accept pricing as an alternative to congestion:

- Nearly 60% of those surveyed said that allowing single occupancy cars to use HOV lanes on I-394 in Minnesota is a “good idea;” Support was consistent among all income groups
- Only 5 months after downtown cordon pricing was introduced in Stockholm, over 60% of those surveyed said they would vote to make cordon pricing permanent
- Over 70% of respondents in a California SR-91 survey supported allowing lower-occupancy vehicles to bypass congestion by paying a fee to use the HOV lane
- By a 2-to-1 margin, respondents to a 2005 Washington Post poll preferred tolls over taxes for financing highway construction or expansion; 58% also favored allowing toll buy-in to carpool lanes

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Questions, Comments, and Discussion