Congestion Pricing Policy Position
TLC Official Position Statement

Motion passed by TLC Board on 9/4/2007

Context:

Congestion pricing refers to charging drivers a variable, time of use, fee on a road, bridge, or highway lane. Congestion pricing may also be referred to as "value pricing", "dynamic tolling," "high-occupancy-toll (HOT) lanes", etc. In the Twin Cities, congestion pricing has been studied for nearly two decades, and in one instance it has been implemented (i.e. I-394 MnPASS lanes). Congestion pricing may also be a component of Governor Pawlenty's initiative to explore mileage based fees as an alternative to the state gas tax.[1]

Congestion pricing offers the potential to more efficiently use highway capacity (thereby freeing up more funding resources for public transit) and to substantially increase transit ridership.[2]

Recently, the Twin Cities region submitted a proposal for new competitive federal funding through the Urban Partnership Agreement (UPA) program. The proposal was submitted jointly by Mn/DOT and the Metropolitan Council. Several key local entities, including Hennepin County and the Cities of Minneapolis, Richfield, Apple Valley, Edina, Burnsville and Bloomington submitted letters of support for the proposal. Several of these letters also called for strengthening the transit component of the proposal.

The federal UPA program is designed to leverage local applications of congestion pricing that also include advancement of transit, pricing technology, and telecommuting. The U.S. DOT will give funding priority under a number of programs [including Federal Transit Administration (FTA) new starts/small starts program] to metropolitan regions that are selected for urban partnership agreements. Available federal funding through the UPA program is estimated to be $1.2 billion over three years (2007-2009).[3] The focus of the UPA program is on pricing existing highway capacity.[4]

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[1] For mileage-based-fees to be considered road pricing by our definition, the fee would have to vary by time and location of travel (i.e. peak period in congested locations).

[2] In London, transit ridership increased 30% and the mode shift to non-SOV was 4%. In Stockholm, transit ridership increased 6% and the mode shift to non-SOV was 5%.
http://www.hhh.umn.edu/centers/slp/pdf/reports_papers/pricing_experience_northern_europe.pdf

[3] See: http://www.fightgridlocknow.gov/docs/upaqa070402.htm

[4] "US DOT is most interested in recapturing highway capacity that is lost during peak periods due to congestion." Since funded projects are expected to be implemented in 12-18 months, this for the most part precludes construction of new highway lanes. FAQ also states that "existing general purpose lanes will need to be priced." See:
http://www.fightgridlocknow.gov/docs/upaqa070402.htm

TRANSIT for Livable Communities

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Transit for Livable Communities is a regional, nonpartisan organization working to reform Minnesota's transportation system. Through advocacy, organizing, and research, we promote a balanced transportation system that encourages transit, walking, biking, and thoughtful development.

Electronic tolling technology (also GPS, mileage-based-fee) has made it possible to charge drivers directly for road use without causing congestion as was the case with traditional toll booths. Since congestion pricing can be applied broadly, it is important to identify several key distinctions.

- Pricing to add additional road capacity vs. pricing only existing capacity to better manage travel demand (i.e. referred to as "take a lane" as pricing is applied on an existing lane of traffic).
- Level of private sector participation. When congestion pricing has been used to add road capacity, private sector investment has frequently been sought.
- Spot pricing (i.e. individual bridge or corridor) vs. regional pricing. To date, only spot pricing has been implemented in the U.S. (e.g. SR-91 and I-15 in Southern California, I-394 in Minneapolis). Several other countries (England, Norway, Sweden, Singapore), however, have implemented congestion pricing in an entire metropolitan region (i.e. London, Oslo, Stockholm, and Singapore). Region-wide congestion pricing has taken the form of charging tolls as cars cross a cordon line when entering the core city. The City of New York is considering cordon congestion pricing.[5]

Some observers have noted that in the absence of extensive alternatives to driving alone, congestion pricing may adversely impact low-income individuals. On the other hand, there is data to suggest that various income groups support congestion pricing and that various income groups choose to use priced facilities.[6]

Proposed Transit for Livable Communities road pricing position:

TLC supports congestion pricing on existing roadways or bridges (or cordon pricing) if five key conditions are met.

1) Any net revenue (i.e. beyond that required to implement road pricing) goes to expand alternatives to driving alone including public transit, carpooling and vanpooling, telecommuting, bicycling, and walking.

2) Congestion pricing is implemented in conjunction with an increase in transit service. Successful implementation of congestion pricing in London, Stockholm, etc has included substantially increasing transit options.[7]

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[5] New York Mayor Bloomberg has proposed a cordon-based congestion pricing scheme for Manhattan (N.Y. Times 4/22/07) See: http://thirdrail.smorgasblog.com/archives/2007/04/congestion_pric.html

[6] See Ken Buckeye, Mn/DOT, 2007 CTS research conference presentation re: MnPass results). And see San Diego I-15 HOT lane usage results). Also, Prof. Martin Wachs (Brookings Report, 2003) contends that "the current system of transportation finance is not at all neutral with respect to income, and a system of direct user charges for actual benefits gained from using the system is inherently fairer than a complex system of cross-subsidies."

[7] 1000 new buses were added in London and Stockholm expanded its' transit system by 10%. http://www.hhh.umn.edu/centers/slp/pdf/reports_papers/pricing_experience_northern_europe.pdf

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3) Specific attention is given to equity impacts. For example, it may be appropriate to provide low-income individuals with occasional travel allowances on the tolled facility and/or to use toll revenues to offset existing taxes on these individuals.

4) Any high-occupancy-toll (HOT) lane, including the existing I-394 MnPass lane and possible conversion of the I-35W high-occupancy-vehicle (HOV) lane will maintain free passage for carpools.

5) Public sector agencies shall oversee the operation (including setting the time and level of tolls) of any priced facility.

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