



# CONGESTION PRICING

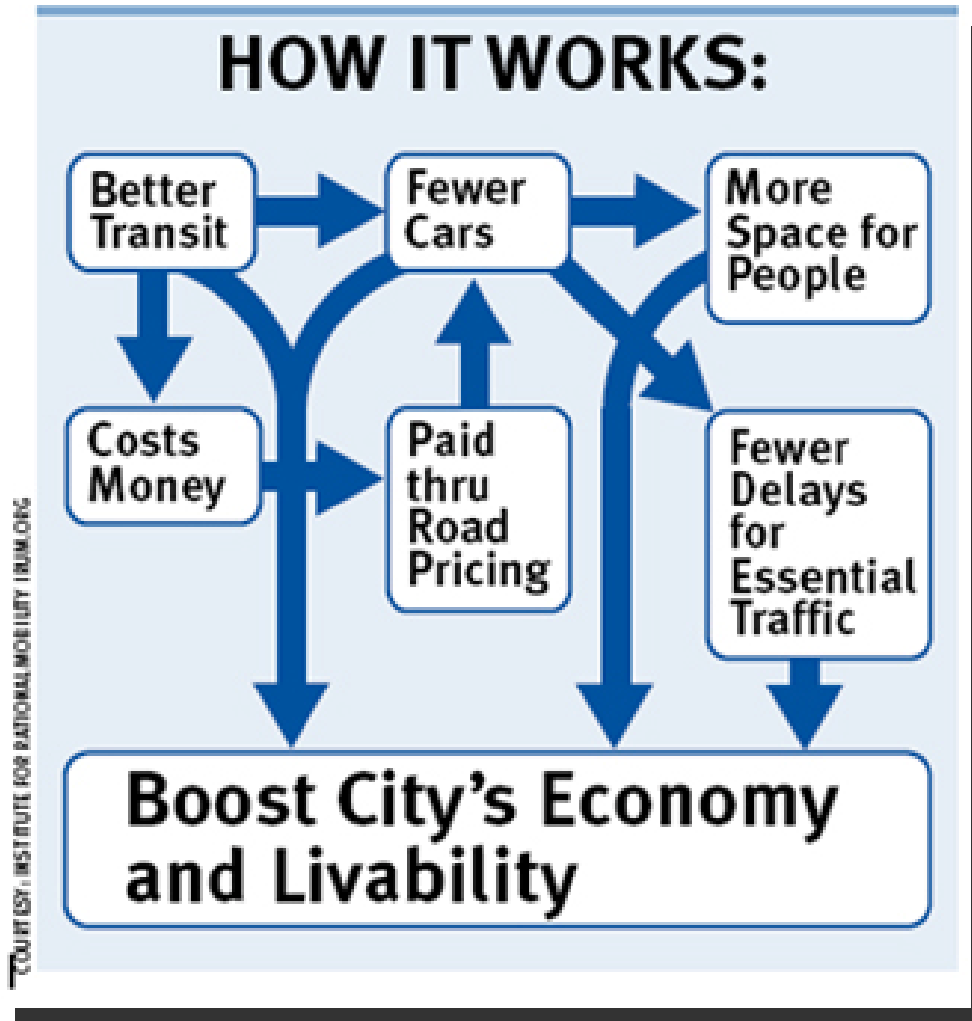
Traffic Solution or Tax Scheme?

# What is Congestion Pricing?



- **Definition** - A financial means of influencing when people drive in certain areas
- **Primary Goal** - To reduce traffic congestion during periods of peak demand
- **Secondary Goal** – To generate revenue
- **A.K.A.** - “Congestion Tax”

# Roadmap for Congestion Pricing



# Forms of Implementation



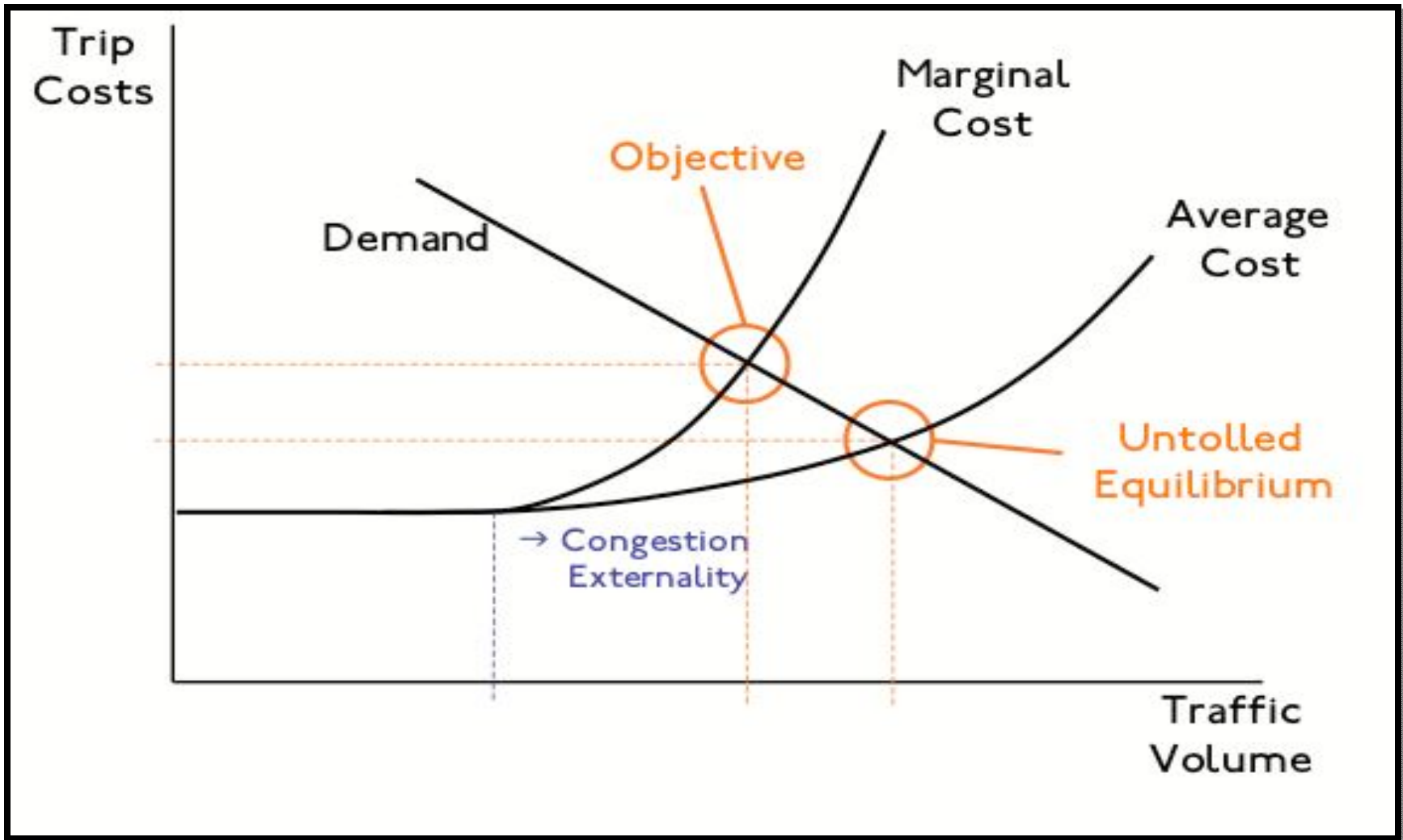
- Main Method:
  - ▣ Charge for driving within high congestion zone during peak hours, either a flat charge or on a sliding scale
- Similar Systems or Variations:
  - ▣ Road Space Rationing
  - ▣ Increased meter fees in certain zones
  - ▣ Sliding scale payments for commercial loading/unloading
  - ▣ Credit systems
  - ▣ HOT or ETL Lanes

# Economic Theory



- Suppresses demand instead of focusing on supply
- Forces drivers to pay for some of the negative externalities of driving:
  - ▣ Environmental Impact
  - ▣ Road Maintenance
  - ▣ Health Problems
  - ▣ Decreased Efficiency for Fellow Drivers

# Economic Theory (Cont.)



# Criticisms of Congestion Pricing



- ❑ Political suicide
- ❑ Bad for business
- ❑ Harder on the poor than the rich
- ❑ No accurate way to set pricing
- ❑ Will create “parking lots” outside of the pricing zone
- ❑ Only works if there are valid alternatives
- ❑ Civil liberty concerns

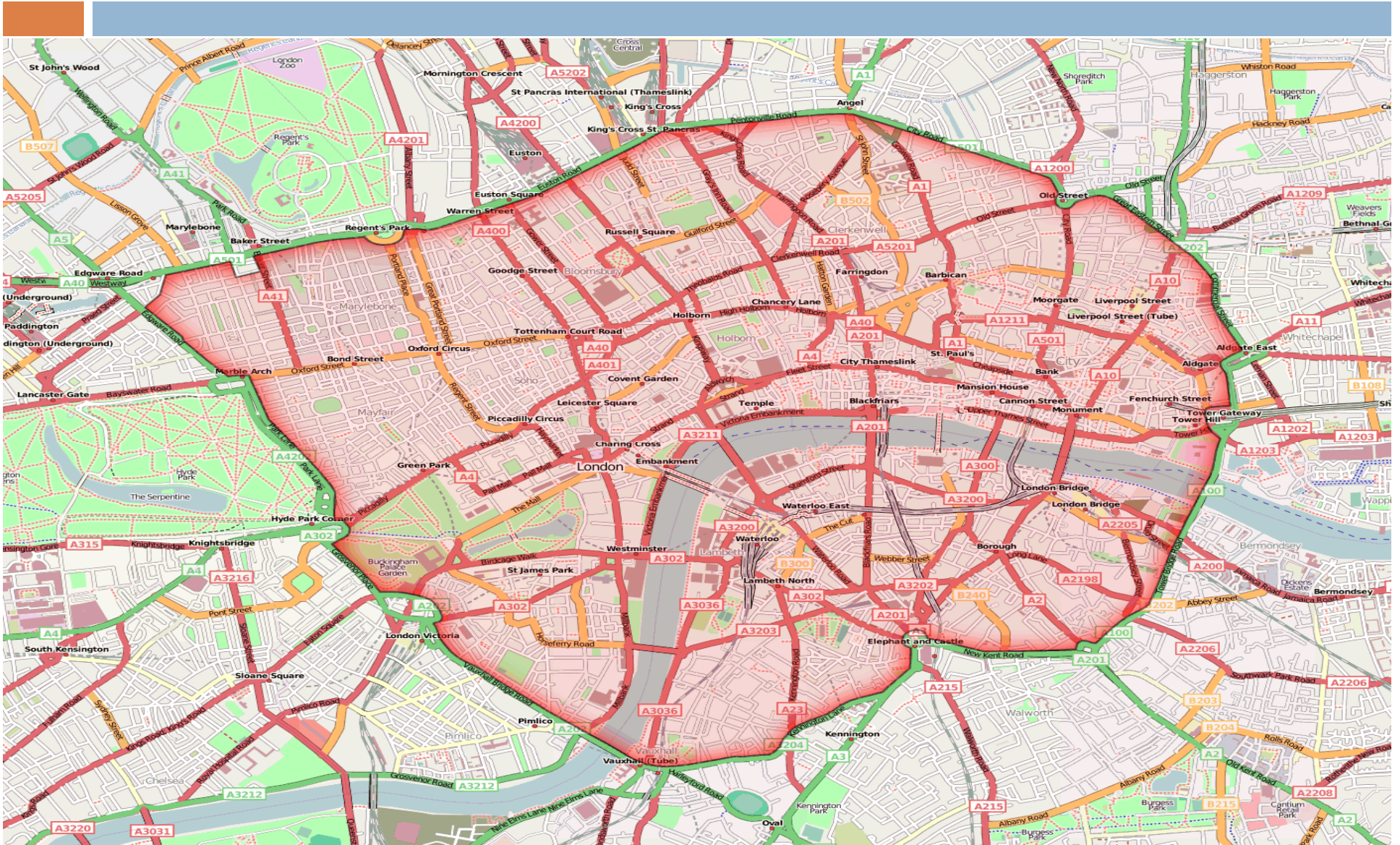
# Implementation: London



- First came into effect in 2003, and then expanded to West London in 2007
- Flat rate pricing during peak hours
- Can buy day/week/month/year passes
- Discount for residents
- Exemptions for certain vehicles
- Tracked by camera and has a fee/penalty system



# Implementation: London (Map)





# Implementation: London (Photo)



# Effect: London



- \$170 million in net revenue for 2005 largely spent on improved public transportation
- Over 30% reduction in total number of vehicles subject to the charge between 2002 and 2004
- 37% average increase in traffic speed
- 12% drop in particulate matter and nitrogen oxides
- 20% decrease in fossil fuel consumption and CO<sub>2</sub> emissions
- Only a 2% decline in the number of people ending trips within the pricing zone

# Effect: London (PBS Video Clip)



# Implementation: Singapore



- In 1975, Singapore became the first major city to institute a congestion pricing system
- In 1998, the city started its Electronic Road Pricing (ERP) system that is based around transponders in each car.
- Prices increase and decrease gradually throughout the day
- Extreme Flexibility: data is reviewed each month and pricing and coverage can both be easily changed to account for changing traffic patterns



# Effect: Singapore

- ❖ 10 mph increase in average speed
- ❖ 45% reduction in traffic
- ❖ 20% increase in use of public transportation
- ❖ 176,400 fewer lbs of CO<sub>2</sub> emitted



# Political Failure: NYC



- ❑ In 2007, Mayor Bloomberg pushed for a congestion pricing system in NYC
- ❑ The system would have charged \$8 to enter Southern Manhattan during peak hours throughout the week
- ❑ The federal government was willing to provide a \$350 million dollar grant to support the project, and it was backed by many civil and environmental groups
- ❑ The state legislature shot down the initiative, NYC lost the grant, and it is currently a stalled issue

**I LOVE  
THIS  
TOWN  
BUT  
THE  
TRAFFIC  
IS KILLING  
ME**

Pollution from traffic congestion increases the risk of cancer as well as heart and lung disease for millions of New Yorkers

Support Congestion Pricing

For more, go to [www.alchokedup.org](http://www.alchokedup.org)



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# Other Congestion Pricing Systems

## Success

- Stockholm
- Norway
- European  
“Old Town”  
Centers

## Failure

- Hong Kong
- Edinburgh

## Pending

- San Francisco

# Lessons Learned



- ☑ Emphasize the immediate social benefits
- ☑ Put the revenue immediately back into public transportation
- ☑ Have feasible options for pass-through drivers
- ☑ Make the system simple to use and simple to change
- ☑ Educate drivers and businesses about the system and its estimated effects

# Additional Reading & Viewing

## Most Recommended:

- <http://watch.thirteen.org/video/1145396186/> (A PBS video from the e2 series about traffic in London)
- <http://www.transalt.org/> (Transportation Alternatives – an advocacy group for bicycling, walking, and public transit)
- <http://www.edf.org/home.cfm> (Environmental Defense Fund)

## Other:

- [http://en.wikipedia.org/wiki/Congestion\\_pricing](http://en.wikipedia.org/wiki/Congestion_pricing)
- [http://en.wikipedia.org/wiki/Road\\_pricing](http://en.wikipedia.org/wiki/Road_pricing)
- <http://www.nytimes.com/2007/08/15/opinion/15wed2.html?pagewanted=print>
- [http://www.usatoday.com/news/topstories/2007-08-14-1196686448\\_x.htm](http://www.usatoday.com/news/topstories/2007-08-14-1196686448_x.htm)
- <http://www2.prnewswire.com/cgi-bin/stories.pl?ACCT=AZSAZPOL.story&STORY=/www/story/06-02-2009/0005037023&EDATE=TUE+Jun+02+2009,+12:01+PM>
- <http://www.grist.org/article/machiavelli-meets-the-big-apple/>
- <http://articles.latimes.com/2008/apr/26/opinion/oe-rutten26>
- <http://dconl.com/article/id36366>
- <http://www.mydigitalfc.com/opinion/bite-bullet-utility-pricing-868>
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- <http://www.wheelsunplugged.com/ViewNews.aspx?newsid=4877>