

Daily News exposes revenue flaws in City scheme

http://www.nydailynews.com/news/2007/10/22/2007-10-22_mayor_says_congestion_plan_will_raise_39-4.html

Mike's congest profit may be EZ-myth

Special Report: Mayor Bloomberg says congestion pricing will raise \$390 million a year for mass transit, but that figure is nothing more than an educated guess, a Daily News probe has found.

Mayor says congestion plan will raise \$390M for mass transit

By ADAM LISBERG

DAILY NEWS CITY HALL BUREAU

Monday, October 22nd 2007, 4:00 AM

Mayor Bloomberg says congestion pricing will raise \$390 million a year for mass transit, but that figure is nothing more than an educated guess, a Daily News probe has found.

The expected profit could be swallowed by operating costs if any of the city's assumptions go awry - like how much it costs to identify each car and truck, and how many times a day sensors will spot each vehicle, internal city documents show.

And although the city counts on billing 70% of drivers through their E-ZPass tags, the remaining 30% will be tracked by their license plates - a process that costs much more and fails more often, industry experts say.

Bloomberg wants to charge most drivers \$8 to enter Manhattan below 86th St. on weekdays from 6 a.m. to 6 p.m. Trucks would pay \$21, and cars that move within the zone but don't enter or leave would pay \$4.

In London, a similar congestion pricing plan cut traffic dramatically when it was unveiled in 2003. But it produced far less profit than originally predicted until the daily fee was hiked from about \$10 to about \$16.

New York officials acknowledge that key parts of Bloomberg's plan are estimates. They say the goal is to keep cars off the street, not raise money.

"We believe our revenue estimates are conservative and that our cost estimates are on the high side, which means we should reach the anticipated level of revenue from congestion pricing," Bloomberg spokesman John Gallagher said. "The true benefits of the plan are derived from reducing traffic-choking congestion."

The mayor has repeatedly sold the plan as a moneymaker for buses and subways - which are expected

to be crammed with tens of thousands of former drivers.

"We've got to get some cars and trucks off our streets, and we've got to generate money for mass transit," Bloomberg said while stumping for his plan in July.

The city plans to track cars and trucks as they make 1.4 million trips each day, using a network of 340 sensors costing \$395,000 apiece, according to Department of Transportation data obtained by The News through the Freedom of Information Act.

Every time the system reads an E-ZPass tag on a car or truck, the city expects the cost to be 30 cents - even though E-ZPass transactions cost far less for the MTA's bridges and tunnels (15 cents) and the New Jersey Turnpike (6 cents).

The city expects cameras will be able to automatically read license plates for just 15 cents each - down from 75 cents each in earlier drafts.

Yet industry experts tell The News it is always more expensive to decipher license plates than E-ZPass tags.

That's why two toll roads in Texas and Toronto that use the latest technology both charge drivers more when they are billed by their license plates.

"You have to charge a premium for video tolling," said Peter Samuel, editor of Toll Roads News. "I'd be a bit surprised if they didn't do a price differential to urge people to use the transponders."

London's camera-based system consumes almost one-third of its revenues just to run itself. In its first year of operation, it spent 97 million pounds to collect 165 million pounds - of which 50 million pounds were fines against drivers who didn't pay the fee.

New York's cost projections changed several times from January to April, when Bloomberg first threw his support behind the plan. An early draft estimated that 44.4% of the system's revenue would be swallowed by operating costs, but by April, the figure was down to 35.2%.

The costs shrank, in part, because the city simply removed the cost of chasing down violators from its projections - figuring it would charge fines high enough to recover those costs. And although the city at first projected cars and trucks would pass four of the 340 sensors on each trip, it later cut that assumption to just two sensors - which instantly cut processing costs in half.

While the mayor's plan assumes it will cost \$232 million a year to operate the system, just two little tweaks in the model - four sensors per trip, and 75cents to read a license plate - would raise the cost to \$685 million per year, leaving nothing for mass transit. City profit would also be squeezed if the MTA or Port Authority raises tolls on bridges and tunnels, because those tolls are credited against the congestion pricing fee.

MTA Executive Director Elliot Sander has said he expects congestion pricing to raise \$100 million to \$200million for mass transit - not enough to cover the agency's extra costs.

Other experts say that even if some of the city's assumptions are off, the scheme will likely be a moneymaker.

"It represents a near-perfect setup for tolling," said Scott Trommer, an analyst at Fitch Ratings who studies the feasibility of toll roads.

Congestion costs

City officials made educated guesses about the costs of a congestion pricing system before Mayor Bloomberg endorsed it on April 22. Internal documents obtained by the Daily News show how those estimates changed:

Jan. 18:

System runs 346 days each year, capturing cars and trucks four times on every trip, processing 6,052,000 transactions each day. Each license plate costs 75 cents to read. The annual operating cost is \$884,168,938, or 44.4% of total revenue.

April 10:

System runs 248 days each year, capturing cars and trucks two times on every trip, processing 2,796,000 transactions each day. Each license plate costs 15 cents to read. The annual operating cost is \$232,640,000, or 35.2% of total revenue.

Source: N.Y.C. Department of Transportation

alisberg@nydailynews.com