

KEEP NYC CONGESTION TAX FREE

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Testimony to the NYC Traffic Congestion Mitigation Commission

Presented by Walter McCaffrey

York College, Queens, NY

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Thank you for this opportunity to comment on the need to address traffic congestion in the City of New York. I have stated many times that Mayor Bloomberg deserves credit for helping to focus attention on the need to make headway. At the same time, the problem identified receives no monopoly to proposed fixes.

Keep NYC Congestion Tax Free, a broad-based coalition, includes many community based organization which represent everyday New Yorkers. We take pride that our coalition proposes sound alternatives; we do more than say no to a controversial, regressive, exorbitant and complex congestion pricing scheme.

Before I direct attention to our report and testimony from Hugh O'Neill that I include with my statement and ask that it be part of this evening's record, I think New Yorkers also need to know a few items that receive very little attention. There continues to be little, if any, discussion, and certainly almost no public discussion that the city plan would include an exemption from "Buy American" provisions. This could have deleterious impact; using government resources to invest in American industry and American labor just makes sense.

The City plan also – as the documents released to date make clear – intends to privatize the construction and operation of the complex system it needs to build and maintain to collect its congestion tax. These kind of done deal approaches to this issue – a my way or the highway mentality belongs someplace else, not in public policy discourse.

Hugh O'Neill, president of Appleseed, a consulting firm that has been working with Keep NYC Congestion Tax Free, assisted our coalition in preparing a report that identified a series of sound alternative measures. Through their implementation, the City could achieve reductions in traffic congestion, and in vehicle-miles traveled, equal to or greater than those that the proposed congestion pricing system would achieve.

I commend the report to you. His testimony offers four points I paraphrase this evening.

- 1) The City can achieve a 6.3 percent reduction in VMT (and an even greater reduction in congestion) without the proposed congestion pricing system.
- 2) Reducing VMT alone presents an inadequate measure of success in alleviating congestion. Several initiatives described in the report reduce congestion, even though they would have little or no effect on VMT.
- 3) Rather than assuming that congestion is simply a product of the number of private cars entering (or driving within) the CBD, the City should focus on specific sources of congestion – such as taxi and "black car" traffic, under-pricing of on-street parking, abuse of parking placards by public employees, etc.

4) The City should focus on those alternatives that produce the greatest benefit at the least cost – and that are clearly do-able.

The Keep NYC Congestion Tax Free report offers measures consistent with these imperatives. Compared to the City plan, they would cost much less to implement, mostly involve actions that the City, the MTA and the Port Authority already have authority to undertake; and in practical terms, are clearly do-able.

Rather than rely on a single, expensive, complex – and ultimately inflexible – solution to the problem, the Keep NYC Congestion Tax Free array of options could be employed in different combinations, with varying degrees of intensity, while the City continues to monitor its progress in reducing congestion.

For those congestion tax proponents who really only want its alleged revenue and lack any interest in addressing congestion, the City's revenue estimate doesn't account for the system's full capital and operating costs; this includes the costs of the system itself, and the increased costs to the transit system recently cited by the MTA and let us note last week's Daily News expose' suggesting the real possibility of no net revenues from the congestion tax. The London experience actually falls in line with what the Daily News reported. Imagine a tax that collects money and nary a cent for programs or projects. If I did that as a public officials, my constituents would have vilified me until there was nothing left of me.

For your convenience, I attached Hugh O'Neill's testimony from last week. I commend it to the you (including those who heard him last week at Hunter College).

Keep NYC Congestion Tax Free urges the New York City Traffic Congestion Mitigation Commission to fully review our coalition's sound proposals and all alternative approaches before making any recommendations that will adversely affect our mass transit system and residential neighborhoods.

There exists no need to implement a drastic, costly plan with all of the strong solutions and innovative alternatives that have been promoted by many talented traffic experts and are well within our reach. An 'all-or-nothing' approach is a one-way street New Yorkers do not belong on.

**Testimony of Hugh O'Neill, President, Appleseed
New York City Traffic Congestion Mitigation Commission
October 25, 2007**

Mr. Shaw, members of the Commission: My name is Hugh O'Neill. I am president of Appleseed, a consulting firm based in New York City that, as some of you may know, has been working with Keep NYC Congestion Tax Free, a coalition of groups opposed to the City's proposed congestion pricing system. Most recently, we assisted Keep NYC Congestion Tax Free in identifying and evaluating a series of alternatives through which it might be possible to achieve reductions in traffic congestion, and in vehicle-miles traveled, equal to or greater than those that the City's proposed system would achieve.

A few weeks ago, Keep NYC Congestion Tax Free released a report that identified thirteen alternatives that could potentially be implemented within the next two years, and several others that – while requiring a longer lead-time – could also have a significant impact on congestion in the central business district.

The report noted that our review of these alternatives suggested a number of broad conclusions about how the City might deal most effectively with the problem of traffic congestion in the CBD. It is on these broad conclusions that I would like to focus tonight.

1) A 6.3 percent reduction in VMT can be achieved by other means.

First, we believe that it is clearly possible for the City to achieve a reduction of 6.3 percent or more in VMT (and an even greater reduction in congestion) without resorting to a complex and expensive congestion pricing system. Several measures that could help achieve this reduction are listed in the table on the following page, and described in greater detail in the report, copies of which have already been provided to members of the Commission.

The figures on possible reductions in VMT presented in the table are preliminary estimates, based on previous research conducted by a variety of experts on New York City traffic. Further research and analysis will be needed to refine these estimates; but there is clearly sufficient evidence to show that if the City wants to reduce VMT in the Manhattan CBD by 6.3 percent, there are other (and, I would suggest, better) ways to achieve that goal.

2) Reducing VMT should not be the primary measure of success.

Second, we think it's important for the Commission to recognize that reducing vehicle-miles traveled is not by itself an adequate measure for assessing strategies for alleviating congestion. Several of the initiatives described in this report could be very effective in reducing congestion, even though they would have little or no effect on VMT.

We recognize that in the near term the Legislature's charge to the Commission effectively requires that you focus initially on VMT. In the long run, however, it makes far more sense to focus on measures of congestion and overall traffic mobility. As Professor John Falocchio, Director of Polytechnic University's Transportation Research Institute, has suggested, the City's goal should be to maximize overall mobility.

Alternative approaches to reducing congestion: Possible reductions in VMT

	Possible reductions in VMT, Manhattan below 86th Street
Options for 2008-09	
1) "Value-pricing" on-street parking	1.8 – 2.4%
2) Reduction in cabs cruising for fares	1.3 – 2.6%
3) Restructuring fares for cab rides in the CBD	1.2 – 1.8%
4) Reform of the placard system	1.2 – 1.5%
5) Higher tolls/variable tolls	1.0 – 1.5%
6) Higher parking fines/more aggressive enforcement	0.6 – 0.9%
7) Expanding express bus and ferry service	0.4 – 0.6%
8 Restoring two-way truck tolls on the Verrazano	0.1 – 0.2%
SUBTOTAL	7.6 – 11.5%
Long-term options (2010 and beyond)	
1) Major transit improvements	2.0 – 3.0%
TOTAL	9.6 – 14.5%

3) Focus more directly on specific sources of congestion in the CBD.

Third, rather than implicitly assuming that congestion is largely a product of the aggregate number of private cars entering (or driving within) the CBD, the City should be focusing on specific sources of congestion – such as taxi and “black car” traffic, under-pricing of on-street parking, abuse of parking placards issued to City employees, double-parking, parking in bus stops and loading zones, etc.

If the City does not begin to deal with the problems more directly and more aggressively, the proposed system is unlikely to have more than a marginal effect on congestion in the CBD. If, however, the City does commit to addressing these specific problems more directly, we believe that an area-wide congestion pricing system is likely to prove unnecessary.

4) Focus on those alternatives that produce the greatest benefit at the least cost – and that are clearly do-able.

Fourth, we believe the City should focus on those alternatives that produce the greatest benefit at the least cost – and that are clearly do-able. The alternatives identified in the Keep NYC Congestion Tax Free report embody a variety of approaches to reducing congestion – value pricing, stricter enforcement, more effective use of technology, improving transit alternatives. But they have several characteristics in common.

- They would generally speaking cost much less to implement than the proposed congestion pricing plan.
- They generally would not impose significant new costs on New York’s economy. (Increased tunnel and bridge tolls might be an exception – but the need to generate additional revenue for mass transit probably makes higher tolls inevitable in any case.)
- With few exceptions, they involve actions that the City, the MTA, the Port Authority and other agencies are already authorized to undertake.
- They are clearly do-able. Some – such as increasing tolls, on-street parking charges or fines for illegal parking – are clearly-defined actions for which “we know the drill.” Others – such as modernizing traffic signals – represent an extension or acceleration of initiatives already under way.

Additional analysis will be required to determine precisely which combination of alternatives, in what order, will deliver the greatest benefit at the least cost, and whether there might be others that should also be included. But we believe the thirteen initiatives presented in the report are a solid starting point for the Commission's, the Council's and the Legislature's deliberations.

5) *Proceed incrementally – and stay flexible.*

Fifth rather than relying on a single, capital-intensive, technologically-complex – and ultimately inflexible – solution to the problem, the alternatives we outlined represent an array of options that could be employed in different combinations, with varying degrees of intensity, while the City continues to monitor its progress in reducing congestion.

This incremental approach is more in tune with the reality that predictions about growth in population and traffic are uncertain at best. Various forms of mass transit have in recent years absorbed most of the growth in demand for travel into the CBD – and with planned improvements, they can continue to do so. Meanwhile, improvements in the management of traffic can be effected as needed, step by step.

Moving quickly to implement a more radical approach might be justified if the volume of traffic in the CBD, and the severity of congestion associated with it, were clearly getting worse. But the City has not presented any evidence that this is in fact the case. Indeed, data recently released by the New York Metropolitan Transportation Commission (NYMTC) show that in 2005 – even as the City's economic recovery was accelerating – the total number of autos, taxis and trucks entering the Manhattan CBD on a typical fall weekday *declined* by 2 percent.

A more cautious, incremental approach seems particularly advisable at a time when a variety of economic warning signs are already visible. In his call for City agencies to tighten their belts, Mayor Bloomberg has acknowledged that an economic slowdown is already under way, and could last through 2008. History suggests that as New York's economy slows down, the overall level of traffic in Manhattan will decline. This could give the City some breathing room in which to move ahead incrementally with less dramatic – but in the long run, less costly and potentially more effective – ways to manage congestion.

The City and the State should also keep in mind that several of the New York industries that tend to get hit first in times of recession – such as retailing, restaurants, and Broadway theaters – are among the industries that could be hit hardest by congestion pricing. The next eighteen months could thus be a particularly inopportune time to be treating the City's traffic problems with a new form of shock therapy.

6) *Better ways to raise revenues*

For some advocates of congestion pricing, the City's proposal has always been more about "pricing" than about "congestion" – more a way to raise more money for mass transit than a way to address the problem of congestion.

But the proposed congestion pricing system is simply not a very efficient way to raise money. The City claims it would generate \$390 million a year in net operating revenues that could be dedicated to transit and other transportation improvements. But this estimate doesn't really take into account the system's full capital and operating costs.

Those costs include:

- An annual operating cost of about \$240 million for the system itself;
- A projected increase of \$104 million in the MTA's operating annual deficit; and

- Amortization of about \$900 million in unfunded City and MTA capital costs – the cost of the congestion pricing system itself, and the amount the MTA says it will need to spend to accommodate the anticipated shift of commuters and other travelers from autos to transit.

After taking these costs into account, the amount of money available to support mass transit improvements will be more on the order of \$220 to \$230 million annually. In other words, for every dollar in congestion charges paid by people who live, work, do business in or visit the Manhattan CBD, about 35 to 37 cents would actually be available to fund mass transit improvements.

This calculation, moreover, assumes that the City’s estimates of the system’s up-front and ongoing costs are accurate. Based on London’s experience – and New York City’s own recent experience with the cost of capital projects – both of these estimates could well be on the low side. The net amount available to fund transit improvements could well wind up being less than a third of total revenues.

For the past twenty-five years, New York has benefited greatly from the framework that was put in place in the early 1980’s to fund the turn-around of what had been a rapidly deteriorating subway, bus and commuter rail network – a combination of farebox revenues, dedicated taxes, capital appropriations from all levels of government and subsidies from motorists. To sustain its transit system into the future, New York will probably have to seek additional funding from *all* of these sources.

Motorists will have to pay their share, along with everyone else. In fact, several of the alternatives presented in the report released by Keep NYC Congestion Tax Free would – in addition to relieving congestion – generate substantial new revenues, some of which could be dedicated to financing transit improvements. The table on the following page provides some rough estimates of the possible revenue impact of these alternatives. I’m not suggesting that these alternatives are in themselves a solution to the need for greater investment in transit. They are not. They are meant only to illustrate that the City’s proposed congestion pricing system is not the only approach to reducing congestion that could also generate substantial new revenue.

Estimated annual revenues from selected initiatives

Initiative	Annual revenues
<i>Higher/variable tolls</i>	\$195 million
<i>Value-pricing on-street parking</i>	\$80 – 100 million
<i>Placard reform</i>	\$50 – 60 million
<i>Higher fines/stronger enforcement</i>	\$75 – \$150 million
<i>“Block-the-box” enforcement</i>	\$15 – 25 million
<i>Verrazano two-way truck tolls</i>	\$10 million
<i>Strict regulation of construction contractors’ use of street space</i>	\$3 – 5 million
TOTAL	\$428 – \$545 million

Especially when measured against the alternatives, we believe the proposed congestion pricing system is simply not a cost-effective way either to reduce congestion or to raise more money for transit. After weighing all of the evidence, we believe the Commission, the Council and the Legislature will reach the same conclusion.

Thank you for giving me an opportunity to testify tonight.