

## \$500 million from USDOT for congestion pricing: How real is this deal? And is it worthwhile?

Mayor Bloomberg has cited the one-time availability of as much as \$500 million in federal transportation aid as a compelling argument for quick action by the Legislature on his proposal to establish a new system of “congestion pricing” for private automobiles and trucks traveling in Manhattan below 86<sup>th</sup> Street on weekdays between 6:00 AM and 6:00 PM. If the Legislature fails to approve his proposal by Monday, July 16, the Mayor says, it will have lost a “once-in-a-lifetime opportunity.”

Holding aside the question of whether the system proposed by the Mayor deserves to be approved on its own merits, how seriously should the Legislature treat the supposed availability of \$500 million in federal aid as a factor in its decision-making? The answer to that question is not entirely clear.

Under U.S. Department of Transportation’s Urban Partnership initiative, the City has applied for a total of \$537 million in federal aid from several DOT programs. Of this total:

- Approximately \$191.4 million would be used to create the physical, technological and administrative infrastructure needed to support congestion pricing;
- \$35.5 million would be used for related information technology initiatives;
- \$306.5 million would be used to acquire nearly 300 buses, and to pay for related infrastructure, that would be used to expand both express and local bus services in the City, and begin the implementation of a bus rapid transit project; and
- \$3.5 million would be used for new facilities needed to support expansion of ferry service on the East River.

As it weighs the significance of this one-time opportunity, the Legislature might want to consider the following.

- The various notices posted by USDOT regarding its Urban Partnership program appear to indicate that a total of \$130 million is available *nationwide* for grants to help finance the technology infrastructure needed to support congestion pricing initiatives. DOT has said it expects to approve from one to five applications for this funding. Even if DOT awards the entire amount to New York, the City would still have to come up with \$145 million in order to pay the estimated \$275 million cost of building out the infrastructure needed to support congestion pricing, and related IT initiatives.
- The \$306.5 million requested by the City for expansion of bus service represents 70 percent of the total of \$437 million available nationwide for bus projects under the Urban Partnership program. How realistic is it to expect that New York City would receive this large a share of the nationwide total?

- (The \$3.5 million requested for ferry improvements is 10 percent of the amount available nationwide for ferry projects – perhaps a more reasonable expectation.)
- The Urban Partnership initiative does not provide any operating assistance for new transit services. The MTA would presumably be responsible for the additional operating costs associated with the proposed expansion of express and local bus service.

Despite frequent assertions by proponents of congestion pricing about “leaving \$500 million on the table,” it is not in fact clear how much the City could reasonably expect to get under DOT’s Urban Partnership initiative; or what the long-term implications would be for the MTA’s operating budget.

Moreover, if new investments in bus and ferry services and in traffic management technology are priorities for the City and the MTA, it is not clear why such investments can’t proceed without funding through USDOT’s Urban Partnership program.

The City’s application commits the City and the MTA to providing \$134 million in local matching funds. That amount – plus the additional money (perhaps \$100 million) that the City would no doubt have had to provide for up-front implementation of congestion pricing – would provide a good start toward funding the priorities outlined in the City’s application.

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