

**Reducing Congestion – Financing Transit  
– Improving Air Quality:**

**Alternatives to Mayor Bloomberg’s Congestion Pricing Plan**

**Keep NYC Congestion Tax Free**

**July 13, 2007**

In April, Mayor Michael Bloomberg proposed that New York City begin levying a charge of \$8.00 on private cars, and \$21.00 on trucks, driven into Manhattan below 86<sup>th</sup> Street on weekdays between 6:00 AM and 6:00 PM. (For trips that take place entirely within Manhattan below 86<sup>th</sup> Street, the charge would be \$4.00 for cars and \$5.50 for trucks.) Supporters of the Mayor's proposal have argued that if the City wants to reduce the cost of excess traffic congestion, raise new revenues to support mass transit, and improve air quality, there is no real alternative to this form of "congestion pricing."

But there are in fact a number of other ways to achieve the objectives set out in the Mayor's plan – alternatives that could prove to be more effective, less costly, easier to implement and more equitable. Before it authorizes an expensive and potentially disruptive experiment with congestion pricing, the Legislature should take the time to explore these alternatives fully, and determine which combination of initiatives will best meet New York's needs.

Members of the Legislature have already called attention to some of the possible alternatives. Assemblyman Rory Lancman, for example, has proposed new incentives for carpooling and telecommuting.

This paper highlights some additional ways in which New York City might reduce excess congestion, provide additional revenues for mass transit and improve air quality. It is not our intention here to offer a comprehensive plan for achieving these objectives, but rather to demonstrate that there are in fact realistic – and preferable – alternatives to the Mayor's seriously flawed congestion pricing proposal.

## **Reducing excess traffic congestion**

There are several ways in which New York City could reduce excess congestion without imposing such heavy costs on people who live, work, do business in or visit the Manhattan central business district. The Bloomberg administration, to its credit, has already begun to pursue some of these actions – but there is more to be done.

### ***1) More aggressive enforcement***

Traffic and parking violations – "blocking the box," double-parking, parking illegally in delivery zones – are a major contributor to excess congestion. More active enforcement could significantly reduce these violations. Mayor Bloomberg has already begun to move in this direction, calling for legislation that would reclassify "blocking the box" from a moving to a standing violation, thus making it easier for traffic agents to issue citations. The City could go farther by seeking authority to issue citations for blocking the box based on photographic evidence, as it already does for running red lights.

Construction projects also contribute to traffic congestion in the Manhattan central business district, because they often require that the City allow contractors to use some part of the street for construction-related activities – in some cases for extended periods of time. While the loss of street space to construction projects is sometimes inevitable in an area that is already as densely developed as the Manhattan CBD, the City needs to ensure that the impact of such disruptions is minimized. This could, for example, involve more intensive monitoring to ensure that contractors comply with the terms of their

permits for use of street space. The City could also increase the fees paid by contractors for use of City streets during construction.

More aggressive enforcement of existing rules against double parking and parking in loading/unloading zones would also help to alleviate congestion. This would require additional manpower – but the additional positions could be financed from fines collected from violators.

## ***2) More effective use of information technology***

The City could make greater use of information technology to manage traffic and reduce congestion. In Lower Manhattan, it has already begun to do so. The Lower Manhattan Construction Coordination Center and the Department of Transportation have developed a plan that involves use of 41 wireless cameras and a network of sensors to collect real-time information on traffic conditions between Canal Street and the Battery. The information is fed into a central location, where it can be used to guide immediate, short-term traffic management and enforcement actions – to advise the public about traffic conditions – and in planning longer-term solutions in areas of chronic congestion.

Traffic congestion, like crime, is in many respects a highly localized, frequently shifting phenomenon. The program developed by LMCCC and DOT is in effect applying to the problem of traffic congestion the approach that the NYPD used so successfully with COMPSTAT – using information technology to identify emerging or recurring congestion “hot spots,” to direct resources to those locations, and to take remedial actions tailored to specific local conditions.

The City should consider expanding the program developed by LMCCC and DOT to Midtown. Especially in areas where a large volume of new development is expected during the next decade – such as the west 30’s – more effective use of information technology may prove to be the single most important contributor to more effective use of the streets.

## ***3) More extensive metering, and more realistic pricing, of on-street parking***

Research by some of the nation’s leading traffic experts has found that free or low-cost on-street parking contributes to urban traffic congestion in several ways. It encourages drivers to cruise the streets looking for free or low-cost spaces. At the same time, it reduces the rate of turnover, thus ensuring that at any given time fewer spaces are available and encouraging double parking. In New York City, a 1995 study found that cruising for on-street parking accounted for 15 percent of all vehicle-miles traveled in West Midtown during the mid-day period; and the slow, stop-start nature of such cruising means that it undoubtedly accounts for an even larger share of congestion in the area. A survey of motorists conducted in Soho in 2000 found that 28 percent were looking for a place to park.

Despite enormous demand for parking in the Manhattan CBD, the majority of on-street spaces in the area (22,100 out of 29,000) are not metered. Moreover, the cost of

metered on-street parking is only a fraction of the typical cost of parking in a garage; one recent study found that the average charge for parking in a metered space in the CBD was \$1.73, while charges for parking in a garage averaged \$24.42.

Elimination of un-metered on-street parking in the busiest commercial areas within the CBD, coupled with a significant increase in on-street parking charges, could have a significant impact on excess congestion in some parts of the CBD.

#### ***4) Ending abuse of the placard system***

The City has for many years issued “police placards” to selected City employees that not only allow them to park on the street at no cost, but to park where it would otherwise be illegal. In theory, placards are supposed to be used for travel on official City business, but it is widely acknowledged that they are routinely used for commutation to work and for personal travel. The number of placards issued to City employees has been estimated to total approximately 150,000.

Especially in Lower Manhattan, abuse of the placard system is a significant contributor to traffic congestion. A 2006 study conducted for Transportation Alternatives found that 90 percent of all illegally parked cars in the area around City Hall had police placards.

The City needs to undertake a thorough reform of the placard system. Issuance of placards should be limited to employees who have a clearly documented, frequent need to use their own vehicles to travel within the City on official business. And while it is reasonable not to charge such employees for on-street parking, placards should not confer an unlimited right to park in places, such as loading zones, where it would otherwise be illegal.

Recent reports suggest that part of the problem with placards results not from abuse of the system by City employees, but from the printing and sale of fake placards. The City should develop systems to guard against this type of fraud – for example, a data base that would allow traffic enforcement agents to match valid placards with plate numbers.

#### ***5) Reducing congestion caused by trucks***

Trucks are simultaneously contributors to and victims of excess congestion in the Manhattan CBD. There are several steps that the City could take that would help to increase the efficiency of freight movement in the central business district, and at the same time reduce the role of commercial vehicles in aggravating congestion.

Perhaps the single most important step the City can take is aggressive enforcement action against illegal parking in loading/unloading zones – including illegal parking by cars with police placards. The fact that curb space in delivery zones is illegally occupied does not, of course, stop truckers from making deliveries; it simply forces them to double park. The result is less street space in which to move traffic, and more congestion.

Because the continued growth of the Manhattan economy inevitably means more truck traffic, the City should consider – along with more aggressive enforcement – a gradual

expansion of the amount of curb space in the CBD that is reserved for loading and unloading.

In the long run, the City should also seek to develop new standards aimed at ensuring that all large new commercial buildings in high-density areas – including offices, retail buildings and hotels – provide adequate off-street space for loading and unloading. The same requirement could be applied to large residential buildings as well.

## **6) Reducing congestion caused by buses**

While commuter buses are an essential element of New York City's and the region's transportation system, they also contribute to peak-period congestion in certain areas, notably Lower Manhattan. The Alliance for Downtown New York has long urged development of a downtown bus terminal, which would help alleviate the problem. As the redevelopment of Lower Manhattan moves ahead, the City and State should begin planning for the development of a downtown terminal.

## **7) Providing alternatives**

Both advocates and critics of the Mayor's congestion pricing proposal acknowledge the importance of providing new alternatives – or improving existing alternatives – for those who now travel by automobile into (or within) the CBD. While some of the major alternatives could take many years to complete, there are many that could be implemented fairly quickly, and at relatively low cost.

New ferry services, for example can be introduced relatively quickly, at a relatively small up-front cost. Ferries could potentially provide an attractive alternative to commuting by car from a number of City neighborhoods, including the South Shore of Staten Island and Rockaway; or where existing transit services are seriously overcrowded, as in Williamsburg. Bus rapid transit (BRT) also represents a relatively low-cost way to improve transit services, especially in areas not well served the subway system.

Among all of the various options that have been proposed, the quickest and least expensive may be to support and encourage increased use of bicycles. There are a variety of ways in which the City could do so, including creation of segregated bike lanes in selected high-traffic areas; providing bicycle parking at ferry landings; using small parcels of publicly-owned land in the CBD and elsewhere to provide bicycle parking; converting some on-street parking spaces to bike parking; and requiring new office buildings – and perhaps existing parking garages – to offer parking for bicycles.

The City should also take care to ensure that as new development occurs in areas outside the Manhattan CBD – for example, in downtown Flushing – that it does not result in a net loss of park-and-ride capacity. Indeed the City and the MTA should be seeking opportunities to increase park-and-ride capacity; and in areas such as Staten Island's South Shore that offer opportunities for new ferry services, "park and sail" capacity.

Over time, other options can also be considered – for example, using the existing infrastructure of Metro North and the Long Island Rail Road to offer new commuting

options in parts of the Bronx and Queens who are not well served by existing transit systems. Improvements such as these, however, will take more time to implement.

The Mayor's plan includes major initiatives in all of these areas – ferries, bicycles, bus rapid transit and more effective use of the commuter rail lines for intra-city service. And while these are relatively inexpensive ways to encourage people to leave their cars at home, they all require some level of public investment. Where – if not from congestion pricing – might the City find the money to finance these and other transit improvements?

## **Financing mass transit**

For some of its most vocal supporters, congestion pricing is less about improving the flow of traffic than it is about finding a new source of revenues to support mass transit. Contrary to what they have sometimes suggested, however, revenues from congestion pricing would not be adequate – nor could the Mayor's proposed system be put in place quickly enough – to avert increases in subway and bus fares.

Under Mayor Bloomberg's original proposal, net operating revenues from congestion pricing would be used not to reduce the MTA's operating deficit, but to finance capital improvements in transit and other transportation systems. Even in this case, however, revenues from congestion pricing would be sufficient to cover only a fraction of the capital needs outlined in the Mayor's plan.

For the past 25 years, New York has been financing both investments in and day-to-day operations of its mass transit systems with revenues drawn from a variety of sources. They include fares paid by subway, bus and commuter rail riders; a series of dedicated taxes; charges imposed on motorists; State and City appropriations; and (for capital purposes) federal funds. Given the magnitude of the MTA's operating and capital needs, the City and the State will probably have to generate additional revenues from all of these sources – including additional subsidies from motorists.

However, even if we acknowledge that motorists will in all likelihood have to pay more to help finance mass transit, the proposed congestion pricing scheme is simply not a very efficient way to get them to do so. Under the system proposed by the Mayor, only \$380 million of the projected \$620 million in annual congestion pricing revenues; \$240 million – 39 percent of all revenue, or \$3.12 of every \$8.00 charge levied on motorists – would be used to pay the system's operating and administrative costs.

There are much more efficient ways to extract additional revenues from motorists than the Mayor's proposed congestion pricing scheme. Here we offer two examples.

### ***1) Increasing MTA and Port Authority tolls***

Bridge and tunnel tolls collected by the Metropolitan Transportation Authority and the Port Authority are already used in part to subsidize mass transit operations; and a portion of the MTA New York City Transit capital program is financed using bonds that are backed by bridge and tunnel revenues. Thus, if the City and the State decide as a

matter of policy that they want motorists to pay more toward the cost of transit, there is already a well-established system in place that would allow them implement that policy.

In contrast to the proposed congestion pricing system – which would take at least 18 months to two years and \$250 million to set up, and \$240 million a year to operate – a toll increase could be implemented in a few months, at an incremental operating cost close to zero. A dedicated toll increase could thus fulfill a promise on which congestion pricing will never be able to deliver – that all of the revenues collected will be used to support and improve mass transit and other transportation infrastructure.

MTA Bridges and Tunnels, moreover, need not be the only source of new toll revenues. The State could work with New Jersey and the Port Authority to secure agreement on a parallel increase in tolls on Port Authority crossings, with the proceeds to be used to finance transit and other transportation improvements in both states.

How much revenue could a toll increase provide? To take a hypothetical example, an increase of \$2.00 round trip in the automobile tolls charged on the major MTA and Port Authority crossings that link Manhattan to the rest of the region (the George Washington and Triborough bridges, and the Lincoln, Holland, Brooklyn-Battery and Queens-Midtown tunnels) along with lesser increases on other MTA and Port Authority facilities – and corresponding increases in truck tolls – would generate approximately \$425 million in new revenues annually.

## ***2) Increased revenues from on-street parking in the CBD***

By metering parking spaces that are now free, and by increasing parking charges – especially in the busiest commercial areas – the City could, as noted above, help relieve excess congestion in the central business district. But it would also mean additional revenues. If the City were to increase on-street parking charges in the CBD by an average of 50 percent, and increase the number of metered spaces by 10,000, we estimate that it could generate approximately \$50 million annually in additional revenues.

Increased bridge and tunnel tolls and increased on-street parking charges and would together generate approximately \$475 million in new revenues to support improvements in mass transit. Even if we assume that half of the additional toll revenues collected by the Port Authority are used for projects that benefit New Jersey, this would leave approximately \$370 million to support transit and other transportation improvements in New York – nearly matching the net revenues that the City expects to generate from congestion pricing.

Like congestion pricing, increasing bridge and tunnel tolls and on-street parking charges would increase the cost of living, working, doing business in New York City, and would inevitably have some adverse impacts on the City's economy. But one way or another, additional revenues to fund mass transit will likely be needed – and motorists will undoubtedly be expected to bear part of the burden.

The revenue-generating measures described above would, however, spread the burden more broadly than would the proposed congestion pricing system; and they offer a much more efficient way to secure the needed revenues.

## **Improving air quality**

The third major objective cited by proponents of congestion pricing is to improve air quality and reduce greenhouse gas (GHG) emissions. But the City's own data suggest that the impact of congestion pricing on air quality and greenhouse gas emissions would be minimal, especially in areas outside the proposed Manhattan congestion pricing zone.

All on-road vehicles, for example, account for about 20 percent of all greenhouse gas emissions generated in New York City. The City estimates that congestion pricing would reduce total vehicle-miles traveled in the City by about 2 percent. Thus, if congestion pricing is as successful as the City claims it will be, the proposed congestion pricing system would reduce Citywide GHG emissions by *0.4 percent*.

In the long run, it makes more sense to focus on how the City can help accelerate the transition to cleaner cars and trucks. Mayor Bloomberg has already begun to take some important steps in this direction. Yellow taxis, for example, account for one-fifth of all greenhouse gas emissions generated by on-road vehicles in New York City – about 4 percent of total GHG emissions Citywide. Over the course of next five years, the Mayor has proposed that the entire taxi fleet be converted to hybrid vehicles. City officials estimate that this shift will reduce emissions from taxis by about 50 percent – thus effecting a reduction of 2 percent in GHG emissions Citywide. *With this one measure, the City will have achieved five times the reduction in emissions that it says would be achieved through congestion pricing.*

There are other ways as well in which the City can reduce automotive pollution and greenhouse gas emissions.

### **1) Focusing on City-owned vehicles**

The City itself owns and operates about 26,000 cars, trucks, buses and other on-road vehicles. As with the taxi fleet, the Mayor has proposed to accelerate the City's transition to hybrids and other types of low-emission vehicles. Completing this transition as quickly as possible should be a priority for the City. And while for some purposes – such as police, fire and other emergency services – there are clearly no real substitutes for motor vehicles, the City should also work to ensure that its own employees, to the greatest extent possible, use mass transit for work-related travel within the City.

## ***2) Providing incentives for private use of low-emission vehicles***

New York State can also accelerate the shift to low-emission vehicles by providing incentives to private owners. The State could, for example, provide a substantial but time-limited tax incentive to encourage conversion of corporate fleets to cleaner technology. The State might also explore the use of various forms of state aid – such as funding for school transportation and reimbursement for transportation of Medicaid patients – to provide incentives for use of low-emission vehicles.

## **Conclusion**

In laying out his vision for New York City's future, Mayor Bloomberg has rightly called attention to the need to reduce traffic congestion – to invest more in the City's and the region's transit systems – to improve air quality and reduce greenhouse gas emissions. He has sometimes suggested that his proposed congestion pricing system is essential to meeting all of these objectives.

But it is in fact not essential to any of them. The alternatives presented here will be at least as effective – and in many cases more effective – in meeting the objectives of the Mayor's plan.