

Executive Summary

Auto travel and truck transport are essential to a vibrant economy.

- Auto travel is critical to New York City's economy. About 31 percent of the 3.6 million people who come into the Manhattan central business district every day – and about 55 percent of all domestic business and leisure visitors to the city – travel by car.
- The importance of auto and truck transportation to New York's economy means that it is vital to keep traffic moving as efficiently as possible. Concern about traffic congestion has recently led Mayor Bloomberg to propose that the City establish a “congestion pricing” system – similar to one now operating in London – in Manhattan below 86th Street.
- The City's goal should not be simply to reduce the total volume of traffic in the Manhattan CBD. Rather, it needs to make all of its transportation systems work together more efficiently, so that it can simultaneously reduce congestion and accommodate the increased demand for travel that a growing economy and a growing population will inevitably produce.

Despite continued growth in the City population and its economy, the number of vehicles being driven into the Manhattan CBD each day has actually declined.

- Between 1998 and 2004 (the last year for which data are available), the number of automobiles and trucks driven into the Manhattan CBD each day declined by 3.4 percent, while the number of people using mass transit to travel to the CBD rose by 10 percent.
- During the last decade, mass transit ridership has increased City-wide by 36 percent, far outpacing the growth of population and jobs during that period.
- The New York Metropolitan Transportation Council forecasts that even with continued population and job growth through 2030, congestion will be less severe than it was in 2005.
- Since the number of cars entering the Manhattan's CBD is not rising, we need to look elsewhere for the major causes of congestion – double-parked vehicles, blocking the box, poor construction site management, etc. – and for practical ways to reduce it.

The debate over congestion pricing risks diverting attention away from the very real need to invest more in our mass transit system.

- In part because ridership has grown by 36 percent during the last ten years, many of the City's bus and subway lines are overcrowded.
- At the same time, many residents and businesses located in the outer boroughs are underserved and lack convenient mass transit options.

- Congestion pricing would lead 90,000 people to switch to an already overburdened mass transit system. Many will have to travel substantial distances to get to an overcrowded subway.
- The money which would be spent building a flawed congestion pricing system would be better spent directly on mass transit improvements.

London's congestion pricing system should not be seen as a success.

- Advocates for congestion pricing point to the “success” of London's system. But London's congestion charging system has been successful only in the sense that it has reduced the number of cars traveling into central London each day. By many measures, London's system is a major failure.
 - It is expensive and highly inefficient. The initial set-up of the system cost £190 million (about \$376 million); and even with a daily charge of £8 (about \$15.81), annual operating and administrative costs in 2005-06 ate up 42 percent of total revenues.
 - Businesses within the charging zone have been hurt.
 - Even with reduced traffic volumes, congestion in central London is once again getting worse.
 - In the wake of Mayor Livingstone's decision, despite strong local opposition, to go ahead with expansion of the congestion charging system, residents and leading London business groups have become increasingly vocal in their criticism of the system.
 - Based in part on dissatisfaction with congestion pricing in London, 1.8 million people have petitioned Prime Minister Tony Blair urging that the government not adopt a proposed road pricing program.

The costs associated with the proposed congestion pricing system would far outweigh the benefits.

- *In New York City, the costs associated with the proposed congestion pricing system would far outweigh the gains from reduced congestion.* The congestion pricing scheme proposed for Manhattan would reduce the costs that excess congestion now imposes on the City's economy by approximately \$140 million annually. The costs incurred to achieve this rather modest economic benefit would be substantial. They can be measured in the following ways:
 - Initial set-up costs that – given the more complex system that has been proposed for New York City, and the fact that it would have to handle many more vehicles and payment transactions per day than London's – could significantly exceed the \$376 million set-up cost of London's system. (The City intends to seek federal funding to offset some of these up-front costs – but that funding is by no means guaranteed.)
 - The direct cost of \$620 million in congestion charges paid by people who live, work, do business in or visit New York City.
 - Approximately \$100 million annually in “compliance costs,” the value of time motorists and businesses will

have to spend paying congestion charges (or appealing fines for late payment, etc.)

- A reduction in overall economic activity in the City of as much as \$690 million, and a loss of as many as 8,700 jobs.
- The cost of longer commuting times experienced by people who switch from autos to transit (\$77 million or more).
- The cost of increased congestion in certain areas where the volume of traffic is likely to increase – such as the Cross-Bronx Expressway – as a result of diversion of traffic away from the CBD.

Congestion pricing is an inefficient way to raise new revenues for mass transit.

- As a means of generating new revenues for mass transit, congestion pricing is extraordinarily inefficient.
 - In London, operating and administrative costs eat up 42 percent of all revenues generated by the City's congestion charging scheme.
 - In New York City, the Office of Long-Term Planning and Sustainability estimates that the proposed system's annual operating costs would total \$240 million annually – 39 percent of estimated gross revenues. People who live, work, do business in and visit New York would be paying \$620 million each year to generate \$380 million for regional transit improvements.

Congestion pricing fees could rise quickly, as they did in London.

- The system's high operating costs, could quickly lead – as they did in London – to a sharp increase in charges.
- In London the fee started at \$9.89 (£5) in 2003, and rose to \$15.81 (£8) in 2005. In 2007, the size of the zone in which the congestion charge applies was doubled, and now the Mayor of London seeks to raise the charge to \$49.43 (£25) on certain vehicles.

Congestion pricing is an unfair flat tax on small businesses and working people.

- London-style congestion pricing also raises serious issues of fairness. Commuting to the CBD by car is not necessarily a sign of affluence. In 2000, the average income of Brooklyn, Queens, Bronx and Staten Island residents who commuted to Manhattan by car was \$43,300. For many of these New Yorkers, mass transit commuting options are limited.

Claims that congestion pricing will significantly reduce greenhouse gas emissions are misleading.

- According to data published by the City, the total volume of greenhouse gases generated in New York City by on-road vehicles declined by 5.6 percent between 1995 and 2005, while those generated by all other sources rose by

12.8 percent.

- Congestion pricing would reduce City-wide traffic by only 2 percent. Vehicular emissions, moreover, are only one source of greenhouse gases. PLANYC2030 acknowledges that 79 percent of all such emissions come from buildings, and only 20 percent from on-road vehicles. Even if the system is as effective as its proponents claim, it will reduce emissions by only 0.4 percent.
- The claim that the proposal will make a significant impact on the reduction of greenhouse gas emissions - or that it will significantly reduce the severity of asthma in the City's poorer neighborhoods thus appears to be somewhat disingenuous.
- Congestion pricing could lead to a decline in air quality in those parts of the City where congestion would increase as a result of diversion of traffic away from the CBD – for example, along the Cross-Bronx Expressway or the Staten Island Expressway.
- In the long run, it would make far more sense to focus on speeding the transition to cars and trucks that produce fewer emissions. The City might consider what types of incentives it might provide to encourage that transition.

There are fairer and more effective ways to mitigate congestion.

- There are more effective, more efficient and fairer ways to reduce congestion in the Manhattan central business district – without hurting the City's economy. They include, for example:
 - More active enforcement of existing traffic and parking rules;
 - More intensive use of information technology to manage traffic – as in Lower Manhattan; and
 - Improving mass transit options – for example, through the use of bus rapid transit and ferries, and through carefully-planned expansion of the subway system.

Congestion pricing fails the test of equity, efficiency and economic sense.

- Any initiative that aims to reduce traffic congestion or to provide additional funding for mass transit has to be judged in terms of efficiency, equity and the need to minimize any adverse effects on the City's economy. By all three tests, the proposed congestion pricing system fails.