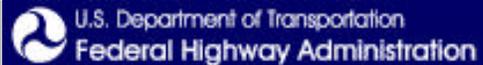


VALUE PRICING NOTES

No. 8, Spring, 2002



Value Pricing Notes is prepared by the Highway Pricing and System Analysis Team of the Federal Highway Administration's (FHWA) Office of Transportation Policy Studies. **Value Pricing Notes** provides periodic updates on the FHWA Value Pricing Pilot Program and summarizes recent news of interest to the value pricing community. This issue of the newsletter features:

- New Value Pricing Website
- Status of the 2002 Program
- Milestones and Meetings
- International Pricing News
- Upcoming Workshops and Forums

If you have suggestions for **Value Pricing Notes**, contact:

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If you would like to receive information about the Pilot Program, please see the Value Pricing Homepage at:

www.valuepricing.org

or e-mail us at:

Patrick.DeCorla-Souza@fhwa.dot.gov.

CHECK OUT THE NEW WEBSITE!

On the newly designed Value Pricing Website you'll find updated information and new materials for beginners and long-time professionals alike. The new site is easier to navigate and will continue to grow. The Humphrey Institute is continuing to work on developing more materials, on adding more international links, and on providing more resources for professionals. Watch your e-mail inbox for news about further updates and additions. In the meantime, check out the new site at www.valuepricing.org and contact Todd Anderson at slpp@hhh.umn.edu to tell him what you think.

Status Of The 2002 Program Proposals

As we reported in our Fall issue of VP Notes, 25 proposals were submitted by the October 1 deadline set for FY 2002 proposals. The proposals sought a total of over \$55 million in value pricing funds, whereas only \$8.8 million is available in FY 2002. After review comments were sent to the applicants, several withdrew their applications. The remaining applications are under consideration by the US DOT for funding in FY 2002. Funding decisions are expected soon.

Milestones and Meetings

San Joaquin Hills Transportation Corridor (SJHTC)

The Transportation Corridor Agencies (TCA) Board of Directors recently approved a nominal \$0.25 peak period mainline premium northbound a.m. and southbound p.m. weekdays, except holidays effective February 2002. Mainline cash transactions will increase \$0.50 to encourage conversion to FasTrak use. The SJHTC toll road is in Orange County, southern California.

A major effort will be undertaken to monitor diversions resulting from peak period premium implementation. Refinement will be an ongoing effort.

The project was originally funded in 1999 (pre-implementation). More than 80,000 people each weekday use the SJHTC and total revenues have increased by 11.3% during the past fiscal year. The project managers are Terry Swindle and Dave Lowe. TCA website: www.thetollroads.com

Atlanta Insurance and FAIR Lanes Simulation Project

In beginning a full-scale project rollout, Georgia Tech conducted a large and successful project kick-off on February 28. In addition to FHWA and a broad range of government participants, Rick Martinez, the former NHTSA Administrator attended as a representative of a partnering company providing data services to all 400 U.S. insurance

companies. The GPS technology being deployed has very broad capabilities, including identifying whether a seatbelt is on, windshield wipers are operating, and possibly even if a cell phone is in use. A graduate student has agreed to do his dissertation on the FAIR lanes simulation portion of the project.

TRB Joint Subcommittee on Pricing meets during 2002 TRB Annual Meeting

Patrick DeCorla-Souza chaired the meeting, held on January 16, 2002. There were reports on several issues. The first was from Lee Munnich, who provided a report from the outreach subcommittee. Lee reminded everyone that when the subcommittee met last January they identified four working groups. A double session at TRB was the result, as well as discussions of how to deal with outreach and public officials. Lee said that the outreach issue has additional urgency because of the rescission of \$9.2 million in value pricing funds. The lesson is that there is a long way to go in communicating the importance of this program. Many felt the immediate issue is to avoid a rescission next year.

Members expressed continued interest in conducting sessions on outreach and getting more success stories on the table. Suggested session topics included: (1) a comparison of alternative pricing strategies (road pricing, weight-distance taxes, parking pricing, etc.) that would contrast their effectiveness on reducing congestion as well as look at acceptability and other factors; (2) technology needs, especially for replacing the gas tax; and (3) evaluating the long-term effects of pricing (e.g., commute distance, and location of jobs and housing). Since David Forkenbrock will have results from his study by this summer on a variety of issues related to the technology of pricing, he will be invited to present the results of his study at the mid-year meeting. Members also expressed interest in presenting a special session on Nobel Laureate Bill Vickrey's work.

The subcommittee considered whether to request TRB committee status. A vote was called with the following results: 16 yes, 14 no, and 21 abstentions. Patrick will work with Jon Williams to develop an application for review at the mid-year meeting.

Value Pricing Sessions at January's TRB Annual Meeting

There were several Value Pricing sessions at the 2002 TRB Annual Meeting. They included a poster session on "*Innovations in Transportation Pricing*," and two sessions on outreach. The first session, "*Political and Institutional Issues in Value Pricing, 1: What have we learned?*" focused on the work of the outreach task force of the Joint Subcommittee on Pricing. It included presentations on the meaning of value pricing, public perceptions of value pricing, the involvement of public officials in value pricing efforts, and responses of transportation organizations to value pricing. The second session, "*Political and Institutional Issues in Value Pricing, 2: Addressing Challenges through Public Involvement*" included a discussion of the public participation process used in the planned extension of HOT lanes in San Diego's I-15 corridor. Contact Lee Munnich of the Humphrey Institute for further information (lmunnich@hhh.umn.edu).

San Diego I-15 Express Lanes

During the meeting of the TRB Joint Subcommittee on Pricing, Ed Regan of Wilbur Smith Associates showcased some of the results from the San Diego I-15 public opinion telephone survey. An 800-person telephone survey of I-15 users in the Summer/Fall of 2001 found that support for value pricing is deep among the people who have the most extensive experience with lanes.

- *Overall Support:* 91% of citizens think it is a good idea to have a time saving option on I-15.
- *Low Income and Minority Support.* Despite equity concerns that have been raised in states without value pricing, over 80% of lowest income users of I-15 agree with the following statement: "People who drive alone should be able to use the I-15 Express Lanes for a fee". Low income users were more likely to support the statement than the highest income users
- *Regular Lane Users Support.* Almost two-thirds (66%) of users who do NOT use the HOT lanes also support the HOT lane program.
- *Congestion Reduction.* 73% of non-HOT lane users agree that the HOT lanes reduce congestion. Extending the lanes was the top

choice for reducing congestion for both HOT lane and non-HOT lane users.

- *Support for Expansion.* 89% of I-15 users support extending the HOT lanes.

New York City Mayor Considers Variable Tolls

On February 14, 2002, the Manhattan Institute sponsored a value pricing forum to discuss how value pricing concepts can be implemented to address congestion problems in the City of New York. A recent Tri-State Transportation Campaign bulletin (2/19/02) indicates that Mayor Bloomberg included congestion pricing in a plan designed to address the budget deficit. It notes that Governor Pataki supports congestion pricing as a means to address mobility problems and generate revenues to implement much needed transportation projects. According to the *New York Times*, the Mayor has suggested that tolls could vary according to the vehicle owner's residence, thereby placing a "commuter tax" on people who live outside the city.

Value Pricing Workshop held in Atlanta

On October 29, 2001, the Federal Highway Administration and the State and Local Policy Program at the Humphrey Institute of Public Affairs, in conjunction with the Georgia Regional Transportation Authority, hosted a day-long workshop on congestion and value pricing in Atlanta. For more than 140 community leaders in the Atlanta metro area, value pricing found its way onto a list of tools to be used to help reduce congestion, finance transportation infrastructure, and limit air pollution.

Workshop participants included business leaders, local government officials, transportation planners, and civic group representatives. They heard from transportation practitioners from around the country that Atlanta's problems are not unique. Presenters representing localities in Florida, Texas and California talked about how value pricing strategies have been used to change driving patterns and behavior. Presenters from Minnesota and Washington state also relayed their experiences with building public support for value pricing and implementing innovative project designs.

In a survey taken during the workshop, uncontrolled growth, poor planning, a lack of funding, and lack of new capacity were cited as the major contributors to increased congestion.

Local participants included value pricing among solutions to Atlanta's congestion problem, alongside increased investment in mass transit and staggered work hours. Participants rated congestion in the Atlanta metro area as 8.5 on a 10-point scale. In addition, a significant number of participants indicated that the Georgia 400 roadway, which already charges tolls for use, would be the most appropriate site for any new value pricing initiative.

The day after the conference, the Atlanta Value Pricing Task Force held its first meeting. The task force will study and evaluate whether and how to implement a value pricing project in Atlanta.

INTERNATIONAL ROAD PRICING NEWS

Congestion Charging in London

After a lengthy evaluation, discussed in the Fall 2001 issue of *VP Notes*, the Mayor of London approved an ambitious plan for congestion charging in central London. The pricing plan will begin February 2003 and will charge all cars present in the streets of the charging area. This is different from a cordon toll because it would toll those within the charging area as opposed to those entering the area.

Motorists will be charged about \$7 a day to drive within the central city zone between 7 a.m. and 7 p.m., Monday through Friday. Collection of the charges will be based on roadside video-based automatic license plate recognition. Drivers using a vehicle in the central zone would pay the charge, either in advance or on the day of travel. Drivers would be able to pay on a daily, weekly, monthly or annual basis by telephone, regular mail, internet, or at retail outlets. The registration numbers of paid-up vehicles would be entered into a database. A fine of \$120 per day will be levied upon drivers who do not pay the fee in a timely manner.

For details, see:
www.streetmanagement.org.uk/Initiatives/congest_charge/

European Transport Pricing News

As noted by Peter Samuel in issue #58 of the *Tollroads* newsletter, Australia has differential pricing on its Citylink toll road. CityLink offers night-time (8pm-6am) discount "Trip Caps" on the

maximum cost for one-way continuous travel. The night trip cap allows light and heavy commercial vehicles to use the facility for A\$4.25 compared to a daytime trip toll cap of A\$5.65. It is the only toll rate time-differential in Australia, and has been in effect since tolling began on January 3, 2000. The system has been effective in encouraging some commercial vehicles to travel at night.

See www.transurban.com.au

Britain Launches PAYD Insurance

Norwich Union has announced the launch of Britain's first pay-as-you-drive" insurance policy. Motorists will have their cars equipped with "black boxes". These boxes will calculate individual premiums according to how often motorists use their cars, what time of day they travel, and what type of roads they drive on.

UPCOMING WORKSHOPS AND FORUMS

Everything You Should Know About Pricing In One Day!

Please join the Federal Highway Administration and the Humphrey Institute on May 29, 2002, at a conference entitled, "Imagining Our Transportation Future: The Role of Value Pricing and Innovative Financing in Shaping Our Region." The conference will be held in Bellevue, Washington, and is part of a series of national workshops we have been conducting to educate regions about the positive benefits of value pricing. A local steering committee has worked with the FHWA and Humphrey Institute to tailor an agenda for the central Puget Sound region. Local elected officials, business and community leaders, and transportation professionals will be providing insight and discussion. Space is limited, so register as soon as possible. For more information and to register, contact: Marit Enerson (612) 625-8575, e-mail: menerson@hhh.umn.edu.

Mid-Year Meeting of the TRB Joint Subcommittee on Pricing

You can further enhance your pricing knowledge at the mid-year meeting of the TRB Joint Subcommittee on Pricing. The meeting will be held in the morning on July 11, during the TRB Joint Summer Meeting in Providence, Rhode

Island. The agenda includes a meeting of the Full Joint Subcommittee on Pricing from 8:00 a.m. – 10 a.m. The meeting will be followed by a lively discussion of strategies for addressing future surface transportation challenges and the implications for reauthorization. This discussion, entitled, "Paying the Price: Is there a Better Way to Fund Transportation and Manage Congestion" will be from 10:00 a.m. – noon. Representatives from transportation organizations will share their organization's priorities for reauthorization and will chat about the potential of pricing to address future challenges. If you're interested in sharing your organization's views by participating in this discussion, contact:

Patrick DeCorla-Souza 202-366-4076,
e-mail: Patrick.DeCorla-Souza@fhwa.dot.gov.

Join Project Partners As They Probe Pricing in Providence

If you're currently working on pricing projects or contemplating the value of pricing, be sure to arrive in Providence a couple of days before the TRB Joint Subcommittee's Mid-Year Meeting. On July 9 and 10, the Federal Highway Administration and the University of Minnesota's Humphrey Institute of Public Affairs are sponsoring a two day forum featuring experts in the various areas of pricing. Take advantage of this opportunity to talk with project partners about the various aspects of developing and implementing pricing projects, to exchange ideas with peers, and to hear about other current and proposed projects around the country. Project partners will discuss lessons and challenges, the upcoming TEA-21 reauthorization, the future of the Value Pricing Program, and value pricing outreach activities. The registration fee for the forum is \$100 before June 10, and \$115 after June 10. For more information and to register, contact Marit Enerson at (612) 625-8575 or menerson@hhh.umn.edu.