

**MINUTES OF JOINT SUBCOMMITTEE ON PRICING MEETING**  
**Washington, DC**  
**7:30 PM, 10 January 2001**

Patrick De Corla Souza opened the meeting with introductions and passing around a sign up sheet for check in and update.

**Summary of Summer Meeting**

Lee Munnich gave a summary of the summer meeting, saying that the meeting included a discussion of the goals and objectives of the value pricing program, updates from related committees, planning for sessions for the annual meeting (which led to poster session), presentations by Wayne Berman on the hot lane guidance manual and Tony May on sustainability efforts in Europe, and a discussion of NCHRP/TCRP research proposals.

**TRB Staff Report**

Jon Williams gave the TRB staff report. He said that there will be an international forum that Martine Micozzi has been laying ground work for. The partners include FHWA, TRB and OECD. The tentative date for it is the fall of 2002. The location is still under discussion. Patrick conducted a straw poll that indicated the most of the attendees were interested in the conference and most of these could make it to Europe. **(Update: The venue chosen is Florida, and Florida DOT will co-sponsor it).** Jon apologized for the jammed nature of the poster session.

There was some discussion of whether the subcommittee should become a full committee. Jon explained that there are pros and cons: subcommittees have more flexibility, including unlimited members. Committees get more support, including a conference session and a paper session. On the other hand, Jon is promising a conference session next year for this subcommittee.

Myron Swisher spoke about a related need to contain the discussion of HOT lanes; this time, there were parallel discussion in TDM and HOV committees. Gui Shearin suggested including them in the joint subcommittee. Gabriel Roth argued for letting a thousand committees bloom. Abe thought that it was appropriate if the HOV committee needed to discuss pricing as it affected HOV lanes, but that if it dealt with taxation, economics, or economic development, it should be contained within the pricing subcommittee. Patrick suggested going another year and seeing how the subcommittee status works with a poster session and a conference session.

**Review of Project Status**

Jeff Holm gave a review of the San Diego project, saying that nothing much had changed. The biggest problem is dealing with perceived violators. The California Highway Patrol (CHP) is working hard to deal with this. There is also a problem with trailers, who assume they can use the lane. Clarifying signs is a response to this problem. There is also an information problem with sharing information with the Transportation Corridor Agencies (TCA), which should recognize the San Diego transponders.

Ed Sullivan gave an overview of SR-91, saying that the evaluation is coming to a close with a final report. The report has a choice model that Ken Small has worked on to describe driver's choices by time of day. Ed noted that the evaluation has been from an arm's length and has not been part of the project itself, which is on-going and is successful. He said that the use of SR 91 took a hit with the opening of the Eastern/Foothills Corridor toll road, but patronage is now growing again. There are some difficulties with the non-compete clause, which has become awkward with Caltrans trying to make nearby improvements and the project owners objecting. He hopes that will be resolved in the next year. There is also a study of extending SR-91 ten miles that will be completed this spring. Issues have come up relating to who owns the new section; Riverside County is lower income and there is some reaction to charging for the HOV lane use.

Bill Stockton talked about the I-10 Katy Freeway project, which he described as continuing in a stealth mode. It makes enough money to cover expenses, allows two-person carpools to buy in, and keeps a low profile. **(Update: HOT lane on US 290, similar to Katy freeway, opened late last year).** Houston has applied for a planning grant for an adjacent corridor (I-45).

Mark Burriss gave a summary of Lee County and passed out a brochure.

San Francisco car sharing was described by Jeff Holm. It is being run by a non-profit corporation sponsored by the City. There should be some vehicles on the street by February, with reservations made by the internet, and pick up of the car on the street. Patrick explained that the pricing component is converting the fixed cost to a variable cost and getting the user to perceive it. The evaluation by a UC professor will also start in February. The car sharing technology is being advanced in this demonstration, and the evaluation is more rigorous than for previously implemented projects.

Peter Samuel described the peak-period pricing differential on the NJ Turnpike, that currently charges a 7% premium during the peak, going upto 20% premium in the future. He said that given that this is an "old line" toll road, this is an important step. This led the way to a more aggressive proposal by the NY NJ Port Authority, with a significant increases for the peak on the Lincoln and Holland Tunnels, and smaller increases on other Hudson river crossings. While NJ and NY Governors still have to agree, it is a very positive step. **(Update: the Governors agreed, slightly lowering the peak cash toll from \$7 to \$6. With E-Z pass, the peak toll agreed to is \$5, a 25% increase above the off-peak toll of \$4.)**

## **Feasibility Studies**

Mark Burriss described two projects awarded to Lee County by FHWA that are just starting. One involves the current project, extending the pricing option to commercial vehicles. The second is a queue jump project to avoid spot congestion by paying a small fee, e.g., a flyover ramp or, more cheaply, a queue jump bay or lane. The latter is very preliminary to determine what might be done in an implementation study.

Orange County TCA toll road studies were described by Jeff Holm. The Eastern/Foothills Corridor study should be done by spring, with the concept of doing variable tolling to see if the

backups could be eliminated. Jeff said that it was unusual to deal with a profit-making corporation in comparison to San Diego. Phase II to implement was just approved this fall.

Bridget Weighart said that the Portland plan now requires consideration of pricing when considering the implementation of new capacity. The corridors are I-5 Trade Corridor Study over the Columbia River bridges, Sunset Highway being examined in the short-run for adding lanes, and a South Corridor that will be primarily a transit project. Findings from the study included some process points that helped the success of the study, including:

- Study committee structure reflecting the geographic composition
- Strong media outreach, with ongoing briefings and a consistent message that could be accessed quickly.
- Information exchange between groups
- Non-agency people trained to deal with media and outreach
- Sophisticated travel models are needed that can consider pricing, time of day, mode, and the like.
- Have a clear goal at the beginning of the study—having both a broad study of the region and a focus on one specific project was something of a conflict. It would have been better to be simple.

Myron Swisher said that the Denver study was at the concluding phase after 18 months of study. The study partners voted unanimously to go ahead with “minimum modifications” to the concept. For example, one problem is the City of Denver’s reluctance to allow more SOVs into the City. One finding was that 96% of the traffic would be shifted from the general lanes, with very little induced traffic or shifting from other corridors. Check their web page for details.

Michelle Hoffman talked about the Maryland program, an 18-month feasibility study that is in its 15th month and is coming up with some recommendations. Workshops will come later this month, with the recommendations being finalized after that. The study report should be available by March 2001 and will be put on the web page. Some conclusions include a suggestion that pricing be considered as a component of all corridors except on the Baltimore river crossings, where the MTAG has been implemented and congestion has already been reduced. The web site, [www.mdotvaluepricing.com](http://www.mdotvaluepricing.com), has details.

Gabe commented that the Maryland monthly pass concept, which was selected because it is inexpensive, but has no disincentive for lower use. He suggested a ticket book that would allow unused tickets to be credited toward the next month.

Adeel Lari gave a summary of the Minnesota project, referring to the web page or tomorrow’s meeting at FHWA headquarters for details.

Jeff Holm gave an overview of the I-880/I-680 study. The I-880 proposal is a freight buy-in only for UPS-style trucks. Focus groups have been done, with some good response from the larger users. The small truckers do not think it would be of benefit. A permit type scheme may be used for the freight buy in; price has yet to be decided, and an auction may be used. There is very limited capacity available. There should be results in the next two months.

Linda talked about the Santa Cruz project which looks at a short section of Route 1. The study is in phases, with the first phase looking at the operational and technical feasibility of the project, with an up or down decision before moving into the public outreach phase. There is a web site, or call Debbie Hale, 831 460-3209 for more information.

Bill Roach talked about the parking pricing program in Seattle, with subsidies going as high as \$160 to \$170 per month. Bill thinks that cash-out and other techniques have some potential. By June, the project will have put together incentives to move the 37% of those who receive subsidized parking to 25%. Car sharing is another element that the project hopes to introduce to address the need for a car during the day.

Kiran Bhatt talked about international projects. Trondheim is still “around the corner” from pricing differentials by time period. The Netherlands are talking about peak period cordon charges some time next year. The new London mayor ran on a program of cordon charges, which might see some implementation over the next year with a paper-based system in place by 2003.

Bridget had a question about applying parking pricing in a way to affect congestion. The question also addressed what elements fit into the congestion pricing pilot program, such as car sharing. This discussion was tabled until the end of the meeting, although Patrick said that the program was broadened to see what effect they have on behavior. Some may or may not have effects on congestion, but the program is open to trying. Patrick later asked Lee Munnich to set up a conference call to discuss these issues further. **(Update: The conference call was held on January 23, 2001. The minutes from that conference call are attached to the end of this document.)**

### **Review of New Pricing Ideas**

Mileage-based insurance was addressed by Todd Litman and Allen Greenburg. Insurance is converted from an average cost to a variable cost. In conversion, insurance costs about five cents per mile. Greg Harvey found that this level of fee would reduce congestion about ten percent. If it were implemented well, so that the motorist sees the fee, it would reduce all mileage across the board, including peak-hour versus off peak, highway or arterial. Todd's online TDM encyclopedia has a chapter on this and thinks that the technical difficulties can be overcome. Because the total premiums would go down, most companies do not have any incentive to implement it, but some will support it.

Lee Munnich will arrange a conference call for up to twelve to continue the discussion of new pricing ideas, and the issues raised by Bridget.

There was a brief discussion of tax shifting. Allen Greenberg (Allen.Greenberg@fhwa.dot.gov) had a handout Tax shifting would convert fixed taxes and leasing fees to a mileage based schedule.

Patrick quickly highlighted paper 01-2053 on FAIR lanes, that is presented on the CD. There is a search for a city to hold a FAIR lane symposium. Contact Rob Ritter with the Eno Foundation if

interested in advancing your city for this symposium. **(Update: The FAIR lanes Symposium is scheduled for September 6, 2001 in New York, NY).**

### **Updates from Related Committees**

The pricing outreach subcommittee met today and developed four sub-groups to address (1) a good glossary, (2) s for public outreach (3) organization outreach, and (4) political outreach. Whenever the Denver conference is scheduled, a half-day meeting will be scheduled for the subcommittee. **(Update: The Denver Conference has been postponed indefinitely. Instead, a Project Partners Workshop is being scheduled for July 17 and 18 in Vail, CO, in advance of the TRB mid-year meeting, which runs July 19-21. The outreach subcommittees will meet on July 18 in the afternoon, in conjunction with the conclusion of the Project Partners meeting. The full Joint Subcommittee on Pricing will meet on July 19 morning, from 8:00am to noon. See the PDF file being sent with these minutes for TRB meeting info.)**

### **Value Pricing Pilot Program**

Patrick would like projects no later than April 30, 2001, else the application will slide into the next fiscal year. He will give emphasis to implementation projects rather than studies. There are a total of 17 states already with projects or in the pipeline, but there is a limit of 15 states that can get money. Any state that wants to join that is not currently a TEA-21 program partner should hurry and get its projects in. On the outreach issues, some outreach can be funded as long as they are part of a project from a state with 20% non-federal matching funds.

### **Plans for the Summer Meeting**

The outreach subcommittee is suggesting a meeting in Denver in May. **(Update: See above for change of date and venue).** The full committee would meet in July in Vail on the 19 - 21. Patrick asks for emailed ideas for the next year's January session; the conference call can also be a forum for this.

### **Updates from those Present**

No updates were offered in favor of adjournment at 9:32pm.

**Attachment:** Minutes of the ad-hoc group which met by conference call on January 23, 2001 to discuss the scope of the federal Value Pricing Pilot Program

## **Minutes of the ad-hoc group which met by conference call on January 23, 2001 to discuss the scope of the federal Value Pricing Pilot Program**

This ad-hoc group, which was formed at the January 2001 meeting of the Joint Subcommittee on Pricing in Washington, DC, included the following:

Wayne Berman  
Kiran Bhatt  
Ken Buckeye  
Patrick DeCorla-Souza  
Allen Greenberg  
Roger Herz  
Jose Holguin-Veras  
Jeff Holm  
Angela Jacobs  
Lee Munnich  
Myron Swisher  
Bridgette Weighart

The group met by conference call at 2:00 EST on January 23, 2001. The issues discussed included the following:

- Eligibility for program funds
- Priorities
- Timeline for submission of project proposals
- Limit on number of projects
- Information on funded projects

Eligibility for program funds: The ad-hoc group agreed that pricing projects funded under the federal program may include a variety of types of projects, including those that may not involve tolls on highway facilities. Examples of such projects are parking pricing, distance-based insurance, and car-sharing. There were some reservations expressed with regard to car-sharing. The ad-hoc group agreed that the important features of a project should be its effect on price of vehicle use as perceived by the motorist and its hypothesized effect on reducing congestion. Some were not convinced that car-sharing could have an effect on congestion, even if it did reduce VMT.

Priorities: The ad-hoc group felt that the program should support a balance of various types of projects, provided that they support a pricing strategy. Implementation projects involving innovative use of tolls (e.g., HOT lanes, FAIR lanes, Q-jumps, and peak period differentials on existing toll facilities) should be given higher priority with regard to funding.

Timeline for submission of project proposals: In view of the increase anticipated in FY 2001 in the number of project proposals, for the first time FHWA may get requests for more funds than are available. In order that all projects in the pipeline (and particularly tolling projects) get fair consideration, FHWA program staff is encouraging all potential grant applicants to submit their proposals no later than April 30, 2001, in order to receive consideration for FY 2001 funding.

This timeline will allow for a fair comparison among proposals received. (In the past, due to the limited number of proposals received, program funds were committed on a first come, first served basis.) The timeline will also allow staff to make timely recommendations to the FHWA Administrator on how to expend funds available in FY 2001, in accordance with the criteria discussed above and in the solicitation notice in the Federal Register dated October 5, 1998.

Limit on number of projects: Some members of the ad-hoc group were concerned that proposals for projects involving tolls take a much longer time to develop. This is because of the need to overcome public and political resistance to tolls, and oftentimes the need to wait for new lanes to be built. On the other hand, some thought, proposals for projects not involving tolls are less difficult to develop, and can be developed within a shorter time frame. The concern expressed was that, by the time that the more difficult projects are proposed to FHWA, all of the “15 project slots” authorized under the program would have been used up on other “less difficult” projects, and, additionally program dollars may be unavailable because they have already been spent on “less difficult” projects. FHWA staff then explained that:

1. There is no limit to the *number* of projects that could be funded by the program. The limit of 15 applies to the number of public entities that can be FHWA grantees. Since FHWA generally provides grants only through State DOTs, in effect the limit of 15 applies to the total number of *State DOTs* that can be grantees. A grantee State DOT can have any number of projects in the State funded through the program. Currently, only 6 State DOTs are grantees under the program, so FHWA does not anticipate that the limit will be reached any time soon.
2. Funds are allocated on an annual basis, and unobligated funds in excess of \$8 million must be returned for expenditure on other Federal-aid programs. In other words, only \$8 million can be “saved” for future use on more difficult projects. Therefore, if funds are expended on non-toll projects early in the program, this has little effect on the total amount of funds that would be available later in the program for more difficult projects.

Information on funded projects: The ad-hoc group recommended that FHWA make available on the web site ([www.valuepricing.org](http://www.valuepricing.org)) the Work Plans of funded projects, provided that the web site, which is supported by the Hubert H. Humphrey Institute in Minneapolis, can accommodate the volume of material.

Minutes prepared by: Patrick DeCorla-Souza