

Value Pricing Pilot Program Reauthorization

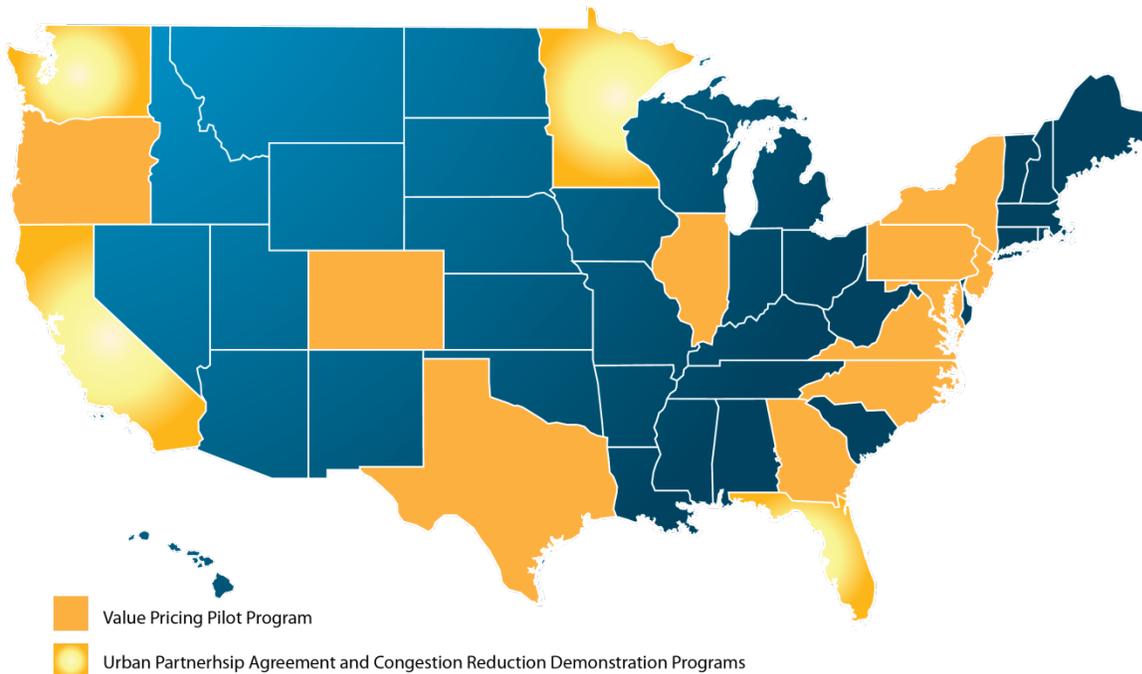
The Value Pricing Pilot (VPP) program in SAFETEA-LU and its predecessors in previous authorizations have had a significant impact in helping states and regions address and manage urban congestion far more effectively than through traditional roadway expansion projects. Not only have demonstration projects generally balanced revenues against costs and gained acceptance from travelers of all incomes as well as business and environmental groups, but projects have demonstrated the potential of new financing approaches for maintaining, rehabilitating and developing new roadways. By making more efficient use of scarce road space, congestion pricing as a tool not only saves money by reducing time spent in traffic congestion but also reduces the need for costly and increasingly less financially feasible investments in new highway infrastructure. The Value Pricing Pilot program has demonstrated that road pricing is by far and away the most cost effective tool that transportation authorities have to add capacity to the highway system.

Market-based pricing is also being used to reduce congestion related to drivers searching for on-street parking (responsible for up to 30% of downtown congestion) and for revising traditional toll structures to encourage traffic to spread from congested peak periods.

The VPP program encourages implementation and evaluation of value pricing pilot projects to manage congestion on highways through tolling and other pricing mechanisms. This is the only program that provides funding to support studies and implementation of new and promising highway and parking pricing projects. The program is limited to 15 slots (which FHWA has reserved for "states") of which only one vacancy remains. Each state can have multiple projects. All projects are accompanied by comprehensive evaluations to find and foster the most effective pricing, an approach strongly supported by a recent GAO review of many VPP supported projects.

SAFETEA-LU provided a total of \$59 million for fiscal years (FY) 2005-2009 for the VPP program. \$11 million was authorized for FY 2005 and \$12 million was authorized for each of FYs 2006 through 2009. Of the amounts made available to carry out the program, \$3 million has been set-aside in each of the fiscal years 2006 through 2009 for value pricing projects that do not involve highway tolls. The \$12 million per fiscal year funding level, along with the \$3 million set aside requirement, have been continued past fiscal year 2009 by Congress through numerous program extensions, with the most recent extension providing funds through the end of March 2012. Funds available for the VPP program can be used to support pre-implementation study activities and to pay for implementation costs of value pricing projects. With the extensions of SAFETEA-LU after September 30, 2009, the VPPP has continued to be available to States as a way to gain tolling authority, and States, regions, localities and tolling authorities continue to take advantage of the program. In fact, applications for pilot program support to FHWA number 23 this year.

The federal investment in the VPP program has been particularly important to states and regions to take the initial steps toward implementing the most promising pricing strategies, generating local support for these challenging projects and supporting comprehensive evaluations so all states and regions can learn about best practices. With relatively small grants the VPP has been able to give states and region the tools and resources to implement these projects in the way that makes the most sense given local traffic, policy, institutional and acceptability considerations. The list of value pricing projects by type and state follow.



1. Value Pricing Pilot Program Projects Involving Tolls: Priced Lanes

Express Toll Lanes involve the pricing of new and/or existing highway lanes, generally in conjunction with highway expansion. Users must pay a toll to gain access to the express lanes. Preference (e.g., reduced-toll access) may be provided for high-occupancy vehicles.

- CALIFORNIA: Express Lanes on State Route 91 in Orange County
- COLORADO: Express Toll Lanes on C-470 in Denver
- FLORIDA: Priced Managed Lanes in Miami-Fort Lauderdale Region
- FLORIDA: Priced Queue Jumps in Lee County
- GEORGIA: Express Toll Lanes on I-75 in Atlanta
- MARYLAND: Express Toll Lanes on Section 100 of the I-95/JFK Expressway in Baltimore
- MARYLAND: Express Toll Lanes on Section 200 of the I-95/JFK Expressway in Baltimore
- MINNESOTA: Priced Dynamic Shoulder Lanes
- MINNESOTA: Trunk Highway 77 Managed Lanes
- OREGON: Express Toll Lanes on Highway 217 in Portland
- TEXAS: Express Toll Lanes on I-30/Tom Landry in Dallas
- TEXAS: Express Toll Lanes on I-35 in San Antonio
- TEXAS: Express Toll Lanes on the LBJ Freeway in Dallas
- TEXAS: Value Priced Express Lanes on I-10 in San Antonio

Fast and Intertwined Regular (FAIR) Lanes involve providing toll credits to all highway users based on their monitored usage of free regular lanes adjacent to premium-service HOT or Express Toll lanes. Accumulated credits would allow periodic free use of the priced lanes by these motorists, so that members of all income groups would obtain the benefits of using the priced lanes in proportion to their travel needs. This

approach addresses income-based equity issues. Also, no one is asked to "pay again" for use of lanes "already paid for" through taxes - a common objection to pricing of existing free lanes.

- CALIFORNIA: FAIR Lanes with Dynamic Ridesharing in Alameda County

High-Occupancy Toll (HOT) Lanes involve converting existing high-occupancy vehicle (HOV) lanes into priced lanes called high-occupancy toll (HOT) lanes, or building new HOT lanes. These projects allow vehicles not meeting established occupancy requirements for use of an HOV lane to "buy-in" to the lane by paying a toll. Electronic tolling is used to ensure high-speed access to the lane and tolls are set at levels necessary to maintain the lane's speed advantage. HOT lanes provide a high-speed alternative for travelers wanting to bypass congested lanes. They can improve the use of capacity on previously underutilized HOV lanes, or to manage high traffic volumes on over utilized HOV lanes.

- CALIFORNIA: HOT Lanes on I-15 in San Diego
- CALIFORNIA: HOT Lanes on I-880 in Alameda County
- CALIFORNIA: HOT Lanes on State Route 1 in Santa Cruz County
- CALIFORNIA: I-15 Managed Lanes in San Diego
- CALIFORNIA: I-680 SMART Carpool Lanes in Alameda County
- CALIFORNIA: Violation Enforcement System on I-15 Managed Lanes in San Diego
- COLORADO: HOT Lanes on I-25/US 36 in Denver
- FLORIDA: Bus Toll Lane
- FLORIDA: HOT Lanes on I-95 in Miami-Dade County
- MINNESOTA: HOT Lanes on I-394 in Minneapolis
- NORTH CAROLINA: Charlotte Region Managed Lanes Study
- NORTH CAROLINA: HOT Lanes on I-40 in Raleigh/Piedmont Triad
- TEXAS: HOT Lane Enforcement and Operations on Loop 1 in Austin
- TEXAS: HOT Lanes on I-10 and US 290 in Houston
- TEXAS: HOT Lanes on the Katy Freeway in Houston
- WASHINGTON: HOT Lanes on SR 167 in the Puget Sound Region

Truck Only Toll (TOT) Lanes if use of priced lanes is restricted to trucks, the lanes are called TOT lanes.

- CALIFORNIA: Analysis of Environmental Effects of PierPASS and Dedicated Truck Lanes in Southern California
- GEORGIA: I-75 South HOT/Truck-Only Toll (TOT) Study in Atlanta
- GEORGIA: Northwest Truck Tollway

2. Value Pricing Pilot Program Projects Involving Tolls: Priced Roadways

Priced Tollways. This category of pricing introduces variable tolls on all lanes of roadway facilities (e.g., roads, bridges and tunnels) that already have fixed tolls, or are being constructed as toll facilities. In all cases where variable tolls have been implemented in the U.S., variable toll rates have applied only to motorists paying electronically, while cash toll rates have remained fixed all day. The goal is to reduce congestion by encouraging shifts to off-peak periods. Toll authorities have often introduced variable tolls in

conjunction with planned increases in the fixed cash toll rate and marketed the variable pricing program as an off-peak discount program for those paying electronically.

- CALIFORNIA: Peak Pricing on the San Joaquin Hills Toll Road in Orange County
- FLORIDA: Pricing on Bridges in Lee County
- FLORIDA: Value Pricing on the Sanibel Bridge and Causeway in Lee County
- FLORIDA: Variable Tolls on the Sawgrass Expressway in Broward County
- FLORIDA: Variable Tolls for Heavy Vehicles In Lee County
- FLORIDA: Pricing Options on the Florida Turnpike in Miami-Dade County
- GEORGIA: Variable Pricing Institutional Study for the GA-400 in Atlanta
- ILLINOIS: Illinois Tollway Value Pricing Pilot Study
- NEW JERSEY: Variable Tolls on the New Jersey Turnpike
- NEW JERSEY: Variable Tolls on Port Authority Interstate Crossings
- NEW JERSEY: Express Bus/HOT Lane Study for the Lincoln Tunnel
- PENNSYLVANIA: Variable Tolls on the Pennsylvania Turnpike
- TEXAS: Truck Traffic Diversion Using Variable Tolls in Austin

High-Performance Highways. According to the high-performance highway concept, transportation operators charge variable tolls on toll-free highways on all lanes but only during congested periods on critical congested segments, not on the entire system. The variable toll dissuades some motorists from using limited-access highways at critical bottleneck locations where traffic demand is high and where surges in demand could push the highway over the threshold at which traffic flow collapses.

- WASHINGTON: Variable Priced Tolls on SR 520 in Seattle

3. Value Pricing Pilot Program Projects Involving Tolls: Zone-Based Pricing

This project category involves either variable or fixed charges to drive within or into a congested area within a city. With cordon pricing, motorists are charged at a cordon location to enter or leave the zone, but trips made entirely within the zone are not charged. With area pricing, on the other hand, motorists are also charged for trips made entirely within the zone.

- CALIFORNIA: Area Road Charging and Parking Pricing in San Francisco

4. Value Pricing Pilot Program Projects Involving Tolls: Systemwide Pricing

This project category encompasses pricing at several locations throughout a metropolitan region, state, or country. Charges may apply only on limited-access facilities, or on both limited-access and lower class facilities. Systemwide pricing programs are operating on a citywide basis in Singapore and Santiago de Chile. In both cities, charges are adjusted based on speed of traffic. Germany has implemented nationwide tolling for trucks on its limited-access highways, but tolls do not vary based on traffic levels. Revenue-neutral credit-based systems have been conceptualized to address equity and fairness issues that arise with proposals to impose new systemwide charges, e.g., a "FAST miles" approach being studied in Minnesota. Listed below each project category are projects that are currently being studied or have been completed.

- CALIFORNIA: SR 237/I-880 Express Connectors
- FLORIDA: Sharing of Technology on Pricing
- ILLINOIS: Comprehensive Pricing in Northeast Illinois
- MARYLAND: Feasibility of Value Pricing
- MINNESOTA: FAST Miles in the Twin Cities
- MINNESOTA: Project Development Outreach and Education
- TEXAS: Regional Value Pricing Feasibility Study in Dallas
- TEXAS: HOT Lane Network Evaluation in Houston
- VIRGINIA: Regional Network of Value Priced Lanes
- VIRGINIA: The Public Acceptability of Road-Use Pricing
- VIRGINIA: Value Pricing for the Hampton Roads Region
- WASHINGTON: Express Lanes System Concept Study
- WASHINGTON: Tolling Strategies in the Seattle Area

5. Value Pricing Pilot Program Projects Not Involving Tolls

Projects that Make Auto Use Costs Variable. Fixed costs of auto ownership, such as insurance costs, auto lease costs or registration fees generally do not depend directly on the amount the auto is driven. Projects in this category are designed to convert those fixed costs into costs that vary according to the miles the auto is driven, thus giving the driver the incentive to recognize these costs when making the decision to drive. Projects include mileage-based insurance, lease charges, taxes and fees.

- CALIFORNIA: Car Sharing in the City of San Francisco
- CALIFORNIA: Car Share Innovations in the City of San Francisco
- FLORIDA: Dynamically Priced Carsharing in Tampa
- GEORGIA: Simulation of Pricing on Atlanta's Interstate System
- MINNESOTA: Mileage-Based User Fee Regional Outreach Statewide
- MINNESOTA: Variabilization of Fixed Auto Costs
- OREGON: Mileage-Based Road User Fee Evaluation
- WASHINGTON: Cash-Out of Cars in King County
- WASHINGTON: Global Positioning System (GPS) Based Pricing in the Puget Sound Region
- WASHINGTON: Mileage Based Automobile Insurance in Seattle

Parking Pricing. This project category encompasses parking policies that rely on market forces to influence the decision to drive, including variable pricing of curbside parking, commuter parking taxes, and parking "cash out" programs that require employers to provide their employees with the option to take the value of free or subsidized employee parking in cash in lieu of using the parking space provided by the employer.

- CALIFORNIA: SFpark Parking Management Program in the City of San Francisco
- CALIFORNIA: Smart Parking Initiative in San Diego
- MINNESOTA: Parking Pricing Demonstration in the Twin Cities Area
- NEW YORK: Parking Pricing in New York City
- WASHINGTON: Parking Cash-Out and Pricing in King County
- WASHINGTON: Right Size Parking

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