



# Memorandum

**To:** Hilary Ring; Lee Sander, Metropolitan Transportation Authority  
**From:** Kate Slevin; Veronica Vanterpool, Tri-State Transportation Campaign  
**Date:** 8/16/2007  
**Re:** *Value Pricing Recommendations for 2008 Toll Proposal*

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Over the past few weeks, the Tri-State Transportation Campaign has been collaborating with expert economist Charles Komanoff to assess the effect of various value pricing scenarios on travel patterns at MTA toll facilities.

We write to offer the results of our cursory study below, and to recommend that you include a value pricing scenario, preferably the “Case PlaNYC” option presented below, as part of your toll increase proposal, to be detailed next month.

We also urge you to implement technological advances, such as non stop and cashless tolls, to help speed trips through tunnels and across bridges.

Examining three different scenarios, our study shows that value pricing will not result in a significant reduction in vehicle trips made (or a loss in revenue), but rather will yield **time savings** for commuters, while remaining an equal revenue source for the Authority. In other words, value pricing would redistribute a greater number of trips from peak to off-peak periods reducing the time it takes for commuters to reach their destinations.

The three scenarios posited were:

- Case MTA: a 50¢ rise to \$5.00 for all trips;

- Case 1: a \$1.75 rise in the peak rate to \$6.25 while the off-peak toll remains at \$4.50. In this scenario, the peak is defined fairly tightly, based on volumes: 6-9 a.m. for in-bound trips, 3-7 p.m. for outbound;
- Case PlaNYC: a 75¢ rise in the peak rate to \$5.25 (while off-peak remains \$4.50); in this scenario, the peak is defined very broadly as all 12 hours from 6 a.m. to 6 p.m. embodying the same timeframe proposed in the City's congestion pricing plan.

The three cases are projected to generate the same revenue to within several million dollars — between \$1,358 million and \$1,365 million (low price elasticity) and between \$1,345 million and \$1,346 million (high price elasticity.) Increased tolls lead to greater time savings, though the amount varies by scenario, with the benefit being greatest for Case PlaNYC due to the greatest redistribution of vehicle trips through variable tolls. In total, commuters would save between **1.2 and 3.0 million hours per year**, with an associated value of \$38 to \$90 million. Drivers' time savings for Case 1 will be approximately half as much as for PlaNYC: 0.5 to 1.5 million hours, with an associated value of \$16 to \$47 million.

**Conclusion:** A variable tolling scenario at MTA toll facilities is an equitable means of raising funds to meet the MTA growing fiscal needs while giving something back to the commuter. The Case 1 and Case PlaNYC scenarios examined all yield some time savings over the Case MTA scenario, though Case PlaNYC yields the greatest, while still providing a steady stream of revenue. Though drivers may be paying more at peak times, the Case PlaNYC spares commuters a total of 1.2 to 3.0 million hours per year of traffic delays.

This data complements our suggestion to the MTA to implement **non-stop and cashless tolling** to further augment the time savings to the commuter. This benefit of the speedier toll facilities should be strongly communicated to the public to make a toll increase more palatable to the public.

We would be happy to discuss these numbers with you in more detail.