SESSION 4
Planning For Your Congestion Pricing Project

Communicating benefits to all users

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Overcoming Challenges of…

- Political support and public acceptance
- Funding and financing
- Equity
- Technology
- Enforcement
- Integration with long-range planning process

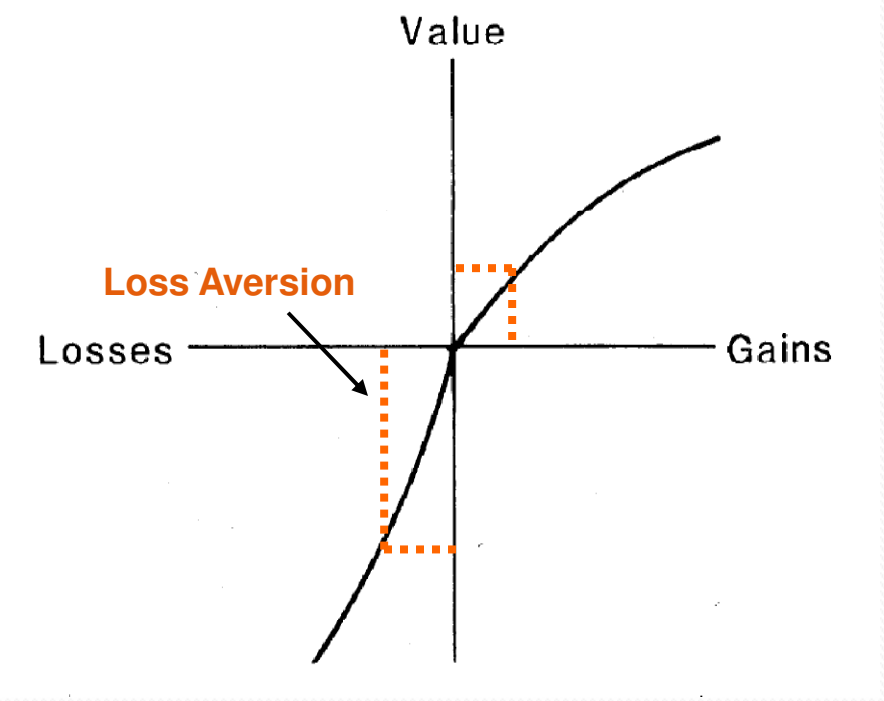
Political Support and Public Acceptance

Arguments against congestion pricing:

- It is double taxation
- It is not fair – "Lexus Lane" concern
- It costs too much; raise taxes instead, they are cheaper to collect than tolls
- It won't work
- It represents social engineering by elites
- The government can't be trusted to use the revenue properly
- The value of time savings won't be worth the price
- Alternative modes will become crowded
- Alternative modes will be underutilized

Loss Aversion

- In behavioral economics and decision theory, ***loss aversion*** refers to people's tendency to strongly prefer avoiding losses to acquiring gains.
- Behavioral studies suggest that losses are twice as powerful, psychologically, as gains.



Source: Amos Tversky & Daniel Kahneman. "The Framing of Decisions and the Psychology of Choice" *Science*, New Series, Vol. 211, No. 4481. (Jan. 30, 1981), pp. 453-458.

Funding and Financing

Challenges:

- Current and future funding situation is dire
  - Not enough funding to address all the needs
  - Motor fuel taxes unable to fully fund the system
  - Fuel taxes unsustainable in the long run
- There is a need to manage congestion and stretch the dollars
- Pricing represents a fundamental shift in funding approach
- Innovative funding and financing methods require legislative authority

Equity

Types of equity concerns:

- Income-based - "This will be a regressive tax on those who can least afford it."
- Modal – "Congestion relief will encourage choice transit riders to abandon transit and go back to their cars."
- Geographic – "Why do I have to pay for my road, when my tax dollars went to pay for the other guy's road?
- Fairness (paying twice) – "Why impose tolls on existing free roads already paid for with taxes?"

Technology

Challenges:

- Start-up costs
- Interoperability with neighboring systems
- Balance of operating costs versus customer service level
- Obsolescence – evolution of technology

Enforcement

Challenges:

- Related to technology challenges
  - Start-up costs, both technology and adjudication process
  - Interoperability/reciprocity with adjoining states
  - Balance in cost to pursue violators, revenue lost, and public perception of system integrity
  - Obsolescence – evolving technology
- Carpool discounts
  - Enforcement becomes more challenging and more resource-intensive
  - HOV legacy systems play a significant role in policy discussions

Long-Range Planning Integration

- How can pricing be implemented in a coherent, system approach?
- How can a region promote consistency in the application of pricing and in the allocation of revenues?
- How can design elements and technology applications across projects be consistent and coordinated?
- How can analytical tools be adapted to support public policy decisions?