



Oregon

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TO: Senate Finance and Revenue Committee
Senate Business, Transportation and Economic Development Committee

FROM: Jason Tell, ODOT Region 1 Manager

SUBJECT: Congestion Pricing Pilot Update

Introduction

Congestion pricing is application of market-based tools to encourage more efficient use of the transportation system. Examples of congestion pricing strategies include HOT lanes (high occupancy toll lanes) and variable toll rates linked to peak hours of congestion. The 2009 Jobs and Transportation Act (JTA) requires the Oregon Department of Transportation (ODOT) and partner jurisdictions to implement a congestion pricing pilot project(s) in the Portland metropolitan area.

Background

The pilot program has been a catalyst for advancing our understanding of congestion pricing and how it might help better manage congestion in the Portland region. Unlike prior studies of congestion pricing in Oregon, the work conducted by the Congestion Pricing Advisory Committee (CPAC) did not approach pricing as a long-range planning exercise but instead drilled down into the details of how to implement pricing, including: project evaluation and selection, project development, and implementation issues. This collaborative effort has engaged top officials in the Portland region, including the Mayor of Portland, Commissioners from Clackamas, Multnomah and Washington Counties, and the Metro Council President. This is important because successful congestion pricing projects elsewhere in the world have all required strong political support.

Each pilot proposal considered came with challenges. However, the evaluation process and technical analysis completed over the past year and a half has increased our understanding of the effects of congestion pricing on specific locations as well as the surrounding transportation system. Public opinion research also was conducted and added valuable insight to guide future decisions. Together, these lessons will serve us well as we move forward with implementation of Section 3 and further explore congestion pricing through other efforts at the regional, state and national level.

The CPAC and Technical Advisory Committee (TAC), with technical support from ODOT and consultant experts, were formed following the 2009 legislative session. An evaluation framework was adopted and analysis was performed during 2010 and the first quarter of 2011. During this time, the committees met publicly, reviewed technical information, discussed alternatives and made recommendations on how to proceed. The Oregon Transportation Commission (OTC) and the Oregon Legislature were given periodic updates throughout, including a preliminary findings report earlier this year.

The most recent meeting of the CPAC was held April 4. The group received a presentation on the pilot project proposals selected for further analysis at prior meetings. Following the presentation there was a discussion and a final unanimous recommendation made to move ahead with implementation of one pilot project: parking pricing in the City of Portland. The proposal displays the attributes of a good pilot project, useful in its own right while potentially useful if applied similarly elsewhere.

Additionally, the committee recommends other actions intended to support state and regional consideration of different ways of pricing and managing the highway system, based upon our experience with the pilot proposals.

ODOT will continue working with the City of Portland and CPAC to implement the pilot project and other recommendations, and provide updates to the Oregon Transportation Commission and Legislature as milestones are reached. A final report on the CPAC's decision containing all analytical and additional findings is being prepared and will be available to the OTC, Legislature and general public by the end of May. Subsequent reports on the Portland Pilot Project will be issued throughout implementation.

Development of Congestion Pricing Pilot

The Jobs and Transportation Act required ODOT and partner jurisdictions to implement a congestion pricing pilot project(s) in the Portland metropolitan area as a means of studying the ability of pricing to reduce traffic congestion.

Congestion pricing is the policy of charging drivers a fee for use of transportation system infrastructure that varies by time-of-day or with the level of demand for use of the system. Such surcharges in periods of peak demand are intended to reduce traffic congestion. It has been applied in various locales in two basic ways: variable pricing of new capacity, such as HOT lanes, or variable pricing of existing capacity, such as the area pricing of central London.

In addition to ODOT, CPAC consists of elected representatives of the City of Portland, Clackamas County, Multnomah County, Washington County and Metro. This committee was charged to develop and implement one or more congestion pricing pilot project(s). To assist the committee, ODOT commissioned a study of worldwide experience in developing and implementing congestion pricing in its various forms. The result was a Cambridge Systematics, Inc. report entitled *Assessment of Congestion Pricing and HB 2001* (November 2009). This report was presented to CPAC and several of its findings were incorporated into subsequent work.

Proposals were solicited from CPAC member jurisdictions in fall of 2009. CPAC then screened the proposals by their ability to meet the following minimum selection criteria:

- One or more local jurisdictions must sponsor the proposal for further study and be willing to take an active role in responding to inquiries about the project.
- Other local jurisdictions affected by the proposal must support its advancement for further study.

- The proposal needs to be able to meet the September 2012 implementation date set by the JTA.
- The proposal should demonstrate a reasonable likelihood of success.

After completing the screening process, three pilot project proposals were advanced for evaluation:

- Cornelius Pass Road Single Point, Time of Day Toll
- OR 217 Select On-Ramp Tolls
- City of Portland Parking Management Proposals

Evaluation of proposed pilot project performance and public acceptance included the following components:

- Degree of public support for stated policy objectives
- Proposal effectiveness at achieving policy objectives
- Identification of affected areas and stakeholders
- Quantification of direct highway user effects
- Quantification of overall social benefits/costs
- Degree of public support for proposals

CPAC Findings

1. Traffic diversion is a major challenge. Both of the tolling pilot proposals that were analyzed showed many drivers choosing to move to alternate routes to avoid paying a toll. This creates a significant hurdle to both the economic outcome and public acceptance of pricing pilot projects. As seen in the Cornelius Pass and OR 217 proposals, traffic diversion by those avoiding the toll results in too little revenue to make transportation improvements needed to deal with resulting traffic problems to nearby local roads.
2. Net revenue was less than expected. Traffic diversion and operating costs associated with collecting tolls left little revenue to pay for needed transportation improvements that are critical for gaining public acceptance.
3. Prior to any public outreach efforts, it appears public support for either roadway pilot proposal would be minimal. First, there is limited public support for the purposes given for the pilots. Second, people are skeptical the pilot proposal will result in improved transportation. Third, they question the need to pay a fee in addition to the gas tax. Fourth, the current recession leads people to say this is a bad time to increase user charges. The research demonstrated some flexibility in motorist attitudes that should be further explored.
4. The Portland Parking Proposal will provide a good demonstration of how variable time-of-day charges influence motorist behavior.

CPAC Recommendations

1. Proceed with Portland parking pricing proposal. The City of Portland proposed implementing a variable pricing pilot project as a means to manage event-related parking and to enhance vitality and livability in the Northwest District. The first phase of this proposal is event-priced parking around Jeld-Wen Field, in which meter hours are extended and rates are raised during Timbers games to manage event-related parking demand. This phase is currently being implemented. The City is working with stakeholders to develop later phases of the parking pricing pilot, which will likely include installation of a parking permit and meter district in Portland's Northwest District. ODOT is supporting the City's efforts to identify more complex or dynamic parking management approaches to improve the Northwest District by managing parking demand and related local street congestion.
2. Support other regional and state efforts that will examine system-wide application of congestion pricing and increase public understanding:
 - Metro Greenhouse Gas (GHG) scenario planning should consider systematic regional pricing applications
 - OTC should update state tolling/pricing policies to provide parameters and analytical requirements for tolling state highways
 - Road User Fee Task Force (RUFTF) should ensure analysis and advancement of statewide vehicle mile tax (VMT) includes consideration of pricing capability.

Summary

The 2009 Jobs and Transportation Act required ODOT, in conjunction with local partners, to develop and implement a congestion pricing pilot project in the Portland metro area. The Congestion Pricing Advisory Committee recommends moving forward with a Portland parking proposal. The Portland parking proposal is currently in the early stages of implementation with event parking pricing around Jeld-Wen Field, and the City of Portland is working with stakeholders to develop parking management approaches for the Northwest District.