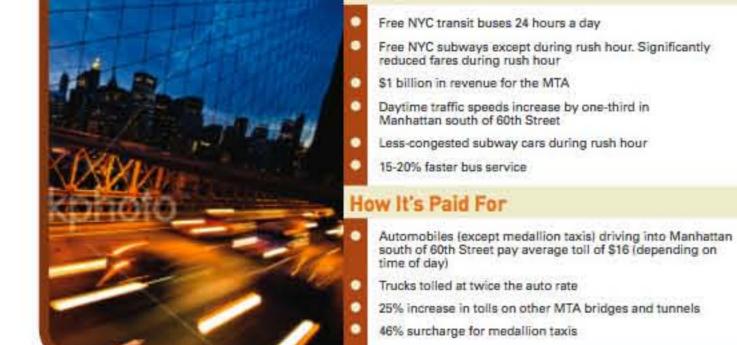
21 Comments Wednesday, December 10, 2008 Kheel Plan 2 Seeks to Plug MTA Budget Gap by Ben Fried on December 10, 2008 Ted Kheel and his band of transportation analysts are releasing an updated version of their low-cost transit

proposal, which they are pitching as an alternative to the Ravitch Commission's MTA rescue package. The revised Kheel Plan retains the original's congestion zone cordon, charging vehicles to drive into Manhattan below 60th Street. The major twist is that drivers and subway riders would be charged variable-rate fees depending on the time of day (straphangers would only pay a fare during the morning and evening peaks). I spoke to Kheel Planner Charles Komanoff about the new version, why politicians in Brooklyn and Queens should embrace it, and how it stacks up against the Ravitch Plan. We'll post the interview later today. Follow

the jump for the major points from Kheel Plan 2. The promo flyer: **HOW THE KHEEL PLAN WORKS**

How New Yorkers Benefit



Complete fare elimination on all NYC Transit buses at all times;

Peter

J. Mork

December 10, 2008 at 11:01 am 🔘 Link

More from the press release:

nearly two years, contains these key elements:

weekends and holidays, overnight and mid-day,

 Congestion pricing on car and truck traffic into the Manhattan Central Business District (CBD), with tolls varying sharply by time of day and averaging \$16 per trip; A 46% surcharge on medallion taxi fares (note that medallion taxis, and no other vehicles, would be exempt from the congestion pricing charge);

Kheel's plan, devised by a team of transportation planners and economists that Kheel has funded for

A dramatic cut in subway fares (75% on average), including a complete fare elimination on

A variable fare during the weekday peak periods that's lower than the current fare;

- 25% higher tolls on MTA bridges that don't directly access the Manhattan CBD. Using their comprehensive proprietary model of the city's transit system and road network, Kheel's team concluded that the plan would:
- Yield over \$1 billion in net revenue -- sufficient to wipe out more than three-fourths of the MTA's projected FY-2009 deficit;
- Increase overall subway ridership by 12% even as use of the system shrinks by 6% in the morning.
- peak hour (8-9 a.m.) and 10% in the evening peak hour (5-6 p.m.); Raise traffic speeds in the chronically gridlocked CBD by one-third during the day and one-quarter overall, while also boosting travel speeds throughout the City.
- 10 Last comment by Komanoff 21 Comments

Sounds great! Why do I think it will never happen?

December 10, 2008 at 10:54 am 🔘 Link #1

variable fares to spread out riders during the peak ridership times. Free buses are a no-brainer — fare collection wastes so much time. I, for one, would happily pay the same subway fare that I'm paying now if this could somehow happen. How far would that go towards eliminating the deficit?

One very cool aspect is that it provides congestion pricing for the subways also — time

lee Not a fan of the huge increase in taxi fares. If you want to raise some revenue sell some more taxi medallions. Taxis are a pretty efficient way to get around the city if you look at # of passengers per vehicle mile traveled. Also, is there a limit on how many times you can be charged the congestion fee? e.g. once per day for trucks. December 10, 2008 at 11:28 am 🔘 Link #3 Ian Turner One of the problems with the current system is that the city doesn't get the oligopoly profits

of the taxi medallion system. Those are paid to medallion owners. The best way for the city

auctioned yearly permits. Of course, this would create losers compared to the status quo,

to collect additional revenue from taxis is to expire medallions and replace them with

This sounds great. I'm not sure I follow why the subway usage drops during the rush hour. Is that due to the buses? Also, tolling trucks higher at twice the rate of cars is detrimental to business in the city. Trucks, unlike cars, are mostly traveling to carry items not transportable by other means. I am including small trucks in this definition. And many of these are for small businesses that are more tied to the fluctuations of the economy. Remove their livelihood, & then we are

stuck with big chains & other unsustainably-run companies for our commerce needs.

I would like to see, tho I don't know if it is doable with EZ-Pass, variable rate tolling on

Would tolling only trucks with more than 2 axles still give the revenue needed for the Kheel

passenger vehicles coming into the city. Let's say a \$20 toll for a car with 1 passenger, \$16

for 2 passengers, \$12 for 3, \$8 for for & \$4 for 5. Or something along those lines. Perhaps

adding that in on the Port Authority bridge & tunnels will make up reducing the truck revenue

so now you have the medallion lobby to care about.

& reduce the number of cars entering the city.

December 10, 2008 at 11:48 am 🔘 Link

December 10, 2008 at 12:06 pm 🔘 Link

December 10, 2008 at 12:25 pm 🔘 Link

December 10, 2008 at 11:42 am 🔘 Link

Miketivist

plan work?

J. Mork

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Hilary

congestion pricing.

of it?

Komanoff

equitable.

here.

lee

basis.

December 10, 2008 at 8:03 pm 🔘 Link

screaming for the Ravitch plan.

December 10, 2008 at 6:11 pm @ Link

watch the transit system collapse?

I think the usage drops during rush hour because some people will switch to free off-peak times, or as you say, free buses. Also, for trucks, the key is that the tolls vary sharply by time of day. The idea is to move deliveries to off peak times. If you have a good reason to bring your truck in at rush hour, it will be worth it to pay the toll. Otherwise, you will adjust your schedule. Also, charging per passenger is a pretty difficult problem for existing technology. The good

news is that there's a built-in discount for carrying passengers. If the toll is \$20, thats \$20 for a single occupant, or \$10 each for driver plus one passenger, \$5 each for 4 occupants,

A lot of the truck fees will simply be passed along to the consumer, so even if you're not congesting Manhattan expect to pay higher prices for a lot of things anyway. December 10, 2008 at 12:27 pm @ Link #8 Ian Turner

New taxi medallions generate revenue for the TLC, but old medallions (dating back to 1937)

are guaranteed to be reissued without additional payments. This is why medallions are so

expensive: They trade for roughly \$250,000, which is to say the city could collect an extra-

\$1419 per cab per month if medallions were not renewable.

lan, I'm not sure what you mean - isn't the price of a taxi medallion paid to the TLC?

#9 December 10, 2008 at 12:42 pm 🔘 Link Doc Barnett All costs are passed on to buyers, including pay for truck drivers stuck in traffic. December 10, 2008 at 12:43 pm 🔘 Link #10

I think incentives for off peak truck travel & delivery are great, but doesn't that also incur an extra cost to businesses needing to hire hands to receive shipments at 2 am etc. Not every place is open late nights and such high truck fees are the right idea, but I fear not practical.

It's been just a few days since the Ravitch report came out and I'm already sensing we're

bound for the exact same politic narrow-mindedness of the congestion pricing debate which claimed tolls were 'regressive taxes.' When will the squabbling stop so everyone, constituents and electeds alike, realizes we'll all need to throw in a few more bucks or

I proudly ride my bike to work now, but don't want my two wheels as the only option left

December 10, 2008 at 3:03 pm 😊 Link #11 Larry Littlefield "I proudly ride my bike to work now, but don't want my two wheels as the only option left

Just be glad you can ride your bike, and rest assured the MTA isn't all that will crumble. With

the damage already done by past decisions, and the kind of leadership we have, the money

(to the extent that anyone has any) is on an institutional collapse — public, private,

standing after these political standoffs let the MTA crumble.

standing after these political standoffs let the MTA crumble."

needs to be closed — or am I missing it? December 10, 2008 at 5:27 pm 😊 Link #13 momos Paco's right on point. The politics around bridge tolls is shaping up to be a repeat of

Where are the advocates?? The pro-congestion pricing coalition should be out there

Or better yet, the Kheel plan. This is truly visionary stuff. Can we get city officials to last hear

Is there no capturing of revenue from use of private cars within the cordon? What will stop drivers like me from taking advantage of the free open streets? This seems to be a gap that

Hi all — thanks for your interest in Kheel Plan 2. I have a few answers/comments: Hillary: We would love to be able to charge for "intra-cordon auto travel" (let's call it ICAT), but the technology for that isn't quite available yet. The good news is that ICAT is a very small fraction of total VMT inside the cordon — I estimate it's just 300,000 out of 4,800,000 miles, on an average weekday. (See the "Motor V's" worksheet of the BTA 1.1 spreadsheet, which is linked to on http://www.nnyn.org, and check out Rows 52 & 55.) Taxis, in contrast, are almost 1,300,000 miles. That's one reason it's vital to surcharge

them — otherwise they would constitute an enormous loophole in cordon pricing. (The taxi surcharge also generates a huge amount of revenue, \$690 million per year, mostly from

Lee and Ian — I hope the above answers your taxi questions. Would we limit truck charges to one per day? Most likely yes, though we might want to retain the option to charge more

than once to discourage gaming and/or dysfunctional business models like Fresh Direct.

I want to encourage S'bloggers to download the BTA spreadsheet and twirl the knobs — try

your own subway fares and cordon prices, or just have a look around. It's quite a trip. Click

Charles, thanks for the clarifications, regarding taxis, I would guesstimate that while taxis make up about 4X more vmt than ICAT, they are far more efficient on a VMT per passenger

Regarding the far increase revenue – how will it be collected? Is it basically a 46% sales tax

on top of current fares? I think that would be pretty unreliable as hacks would probably

J. Mork — thanks for answering Miketivist's questions.

Manhattan residents, thus ensuring that the Kheel Plan is reasonably geographically-

agree to go off duty and off the meter to save passengers the tax. Seems like there is a lot of room to game the system. December 11, 2008 at 12:41 pm 🔘 Link #16 Ian Turner

lan Turner You can eliminate taxi drivers' incentive to cheat (at least through off-meter customers) by

Drivers' tendnecy to cheat could be reined in through spot enforcement.

lan (#17) — I didn't understand your point? Care to roll that out again?

Lee (#16) — I don't think the facts support your belief that taxis are more efficient than cars on a per passenger basis. Passenger occupancy in taxis averages just 1.4, and that's for the 61% of taxi VMT that is carrying a fare (the other 39% is cruising). Since 1.4 x 0.61 is

As for collecting the revenue, since the average fare would rise by 46%, we would have 32% of the new metered fare (that's 46% divided by 146%) being allocated to the MTA ... except that we assign one-tenth of the increase to the industry (companies + drivers), which leaves

Now, under this new system, if you want to collect more money from taxis, just increase the statutory fare. Within a year, taxi drivers will pay most of their increased profits to the city through renewal fees. If they don't, then someone else will outbid them at permit renewal time.

permits on an annual basis. The phase-out can be accomplished through an

ever-increasing property tax on medallion ownership, say starting at \$25,000 and

transit only does that indirectly. In general items transported by truck generates business and adds money into the system through jobs and through taxes, helping to provide for transit and other municipal systems. Certainly some businesses can switch to cargo bike, but many will still need a large, covered, secure, engined vehicle for delivery. There are still plenty of low-tech deliveries in Manhattan — in the garment district, fabric & clothes are often delivered on racks pushed by people.

Perhaps the revenue could be pushed from truck usage to taxing commercial districts dependent on customer availability. Basically by making easy & free the transportation of their customers, businesses will be able to reap greater profits than a transit tax would cost

Variable truck pricing is good, but the spreadsheet explicitly says there is no variable price

My main concern with the trucks is that their usage is wealth generating, whereas other

Miketivist — I fully share your relative sympathy toward truck traffic vs. auto traffic. I trust it's clear that trucks pay a variable toll in Kheel Plan II, at twice the auto rate for that time period. We would certainly support weight- or size-differentiated truck tolls; we didn't include that in the spreadsheet due to complexity but we should mention it. That said, freight movement is

#21 December 12, 2008 at 11:53 am 🔘 Link

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Agreed, it would make a lot more sense to increase medallion fees and meter rates instead.

0.85, average passenger occupancy is less than 1.0.

28%-29% of the metered fare for the MTA.

is worth more as cabs become more profitable.

medallion with unpaid tax reverts to the city.

Miketivist

December 11, 2008 at 2:18 pm 🗯 Link

December 11, 2008 at 1:41 pm 🔘 Link

Komanoff

changing the tax structure from a per-customer fee to a per-taxi fee. In the aggregate there should not be a difference, but on a per-customer basis, it creates an incentive to serve rather than an incentive to cheat. In particular, what I am suggesting is a tax on taxi medallions and a coresponding increase in permitted taxi fares. Right now owning a taxi medallion is valuable because it grants the owner a share in the NY taxi oligopoly. Without the medallion system, there would be more cabs in the city than

there are now, the extra profits from those cabs that are not operating are instead passed to medallion owners. This has been going on since the 30s, though the value of the oligopoly interest varies depending on taxi fares. It goes without saying that the right to operate a cab

This status quo is indefensible, because the state creates this oligopoly system but then grants the benefits to private parties (medallion owners) rather than to the public. The right way to mend this would be to phase out existing medallions and then auction new annual

increasing by 30% per year until there are no remaining medallions. After 9 years, the tax

I'm not suggesting that you'd have to integrate the above-named system in its entirety, but

would be equal to to the current medallion value of \$250,000 per year. Of course, any

you can take a piece of it: Instead of asking taxi drivers to collect taxes on the government's behalf, just increase the statutory fare and then charge drivers a flat annual fee. The annual fee can match the estimated new income from the higher fare. If you'd like to discuss this more privately, feel free to get in touch. I think Messrs. Naparstek and White have my information, among others. December 11, 2008 at 2:39 pm 🔘 Link

on the truck tolls. Perhaps that should be added in:

them. Of course we could say the truck toll is doing that, but it may be an easier sell for a business to pay a flat additional transit tax rate than extra tolls on their freight.

I'm not suggesting to not toll the trucks, but I see making them pay twice as much as

passenger vehicles may not have the best consequences.

December 12, 2008 at 11:35 am 😊 Link

Komanoff

full of potential economies and there would be a wide spectrum of benefits from internalizing the costs of that movement. One little example: bottled water, an ecological as well as social absurdity in NYC, would rise in price, nudging users and the larger culture back toward tap water.

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