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Wednesday, December 10, 2008 7 Comments

Q & A With Charles Komanoff on Kheel Plan 2

by Ben Fried on December 10, 2008

Today Ted Kheel released a revised version of his plan to fund transit through a congestion pricing mechanism on motor vehicle traffic. Streetsblog spoke to one of Kheel's lead analysts, Charles Komanoff, about the updated plan (see the major components here) and why he believes it offers a more comprehensive answer to New York City's transportation problems than the MTA rescue package unveiled by the Ravitch Commission last week. The interview has been edited for length and clarity.



Charles Komanoff in the booth at WNYC earlier this year. Photo: WNYC/Flickr

Streetsblog: What are the major ways that the second version of the Kheel Plan differs from the original version?

Charles Komanoff: The major difference -- and it's kind of profound -- is the time of day and also weekend versus weekday pricing for both motor vehicles and the subways. A very cool result is that the average cordon fee under our plan would work out to be around \$16, so we're matching the number we had before, but we're doing it with a range from \$5 to \$25 that is geared to the amount of congestion that the trip causes. Which makes much more sense because the city gains a good deal more from eliminating a cordon car trip at eight in the morning on a Tuesday than from three in the morning on a Sunday.

A second difference is that we don't have 100 percent free subways anymore but we have something that is in some ways better, which is peak pricing. This will spread the peak load in the subways so that 22 out of 24 hours of the day -- and all the hours on a weekend -- there will be more subway use than there is now. During the two peak hours -- 8 to 9 a.m. and 5 to 6 p.m. -- there will be considerably less subway use than there is now, which means not only do we address the concerns that people had previously -- "My goodness the subway is so crowded not at rush hour, you're going to make it worse!" -- we've defused that argument because during those two worst hours there's going to be less subway use than there is now. And I should make clear the six hours a day in which we're going to charge on weekdays are 7 to 10 in the morning and 4 to 7 [in the p.m. rush].

There is a third important change. The tax surcharge is now 50 percent, previously it was 25 percent. Now remember that medallion taxis under our plan are not going to pay a cordon fee. You couldn't do it because they'd be going back four or five times. I wish we could charge for Manhattan residents who have cars that are just going to be driving within the CBD and not breaking the cordon. We can't get to that and that's got to happen in the future, but at the very least we can charge a healthy surcharge for medallion taxis and that accomplishes three things. One, it generates almost \$700 million and the system needs money. Second, it acts as somewhat of a break on what could otherwise be a big boom in taxi use as the streets get less congested... And third -- and this is where the politics come in -- who is going to pay the lion's share of this tax surcharge? It's going to be Manhattanites, so we are really trying to balance the equities geographically.

SB: So the major planning and environmental groups who lined up behind congestion pricing are starting to push the Ravitch plan, and at the same time we have the same opposing forces lining up against bridge tolls. How are you going to sell this politically?

CK: We're going to try and sell it to both groups. We're going to try to sell it to Brooklyn and Queens, and we're going to try to sell it to the big green groups and the planning groups in two ways. If we can get support from the boroughs, in a sense the green groups and the transportation groups will be thrilled, so of course they'll come in, but that's the big if. The other thing, though, is that the green groups ought to be thrilled about a plan that does something meaningful about traffic congestion and that also, finally, once and for all takes the subways off this treadmill of begging for money -- and that, philosophically, really links subways and autos in a holistic way that's never been done. I've been in [the environmental movement] since 1970 and this is a perfect moment for environmentalists in New York City and transportation reform groups in New York City. It's a revolutionary moment. It's like the system is cracking open and creating a true once-in-a-generation if not once-in-a-lifetime opportunity.

The prime underlying principle in the Kheel Plan is, I would say, "When New Yorkers use transit everybody wins, when New Yorkers drive everybody loses." And what we ought to be doing is maximizing the incentives for New Yorkers to use mass transit and we ought to be de-incentivizing or discouraging New Yorkers from driving.

The real arena is with Brooklyn and Queens, and with the populist -- or faux-populist, as Streetsblog would say -- forces. Why will they come in? Why they ought to support it is because it is geographically balanced, and it's providing an incredible value to everyone in the city, especially the boroughs, in the form of free buses -- buses being much more of a borough than a Manhattan medium -- and providing nearly free subways, 75 percent discounted subways. The way that I would put it is the way that I put it a year ago to Brooklyn and Queens, "How are you going to tell your constituents that you turned your back on a plan that could make mass transit virtually or practically free?"

SB: You do lose a bit of the pitch if you can't say totally free subways.

CK: We do, so why are we doing that? We're doing it for \$600 million, that's what we get by holding on to the fare box for those hours. The fare box now [collects] about \$2,300 million and we hold onto \$600 million. I don't think it's trying to make a silk purse out of a sow's ear. I think it's an ironclad answer to the very legitimate concerns about subway crowding, and if we had free subways during those three morning and three evening most-crowded subway rush hours we might stress the system just beyond what anybody is willing to tolerate.

It's a much easier sell and it's a terrific argument -- the time of day pricing on both modes -- it really solves a lot of problems and creates a lot of benefits.

SB: Does this plan recommend bus service improvements and reaching those parts of Brooklyn and Queens that say, "We don't have a transit option?" Is that part of this plan or is it implicit that that will be added?

CK: It's an input that needs to be added. There are some things that we don't have quite the reach to do, but we think it's really important to do that. I will point out that the existing bus fleet will experience a 20 percent boost in productivity from this plan because of the combination of reduced traffic and the fare-free boarding. So in that sense the existing bus fleet will run much more efficiently, and it will be a much more attractive form of service. That admittedly begs the question of adding the routes and we think it's vital to do that.

SB: What's the cordon in your model?

CK: It's the same as we had a year ago, but the so-called "offset" -- so that if a driver was already paying on a Hudson River crossing or the Queens Midtown Tunnel, the fee would be deducted -- we don't have that. Whatever tolls there are now stay in effect, and our cordon toll is in addition. When I say that our toll averages out to around \$16, that's \$16 in addition to what a driver may now be paying to drive into the cordon.

SB: So it would not equalize prices at cordon crossings across the board, you would have some variation in those prices?

CK: Yes, but what that means is that it would equalize the political impact, so the legislators from Brooklyn and Queens who were very irate about the virtually no-impact cordon toll on Jersey, we've defused that argument. Now there may be more cries from New Jersey, from the other side of the Hudson, but at least we've laid to rest this idea of geographic inequality that was a big problem with the mayor's plan.

SB: The Ravitch plan, they anticipate, would generate \$2.1 billion per year. How does Kheel Plan 2 compare to that?

CK: We generate 1.0, and yes that's only half as much as Ravitch. I feel we have a very good answer to that -- basically two things. One is that the deficit is 1.2 billion and we're basically trying to close that deficit and we think that we've come very close. The reason that Ravitch is trying to do all the way up to 2.1 is that he's trying to fund the capital expansion, which is important. We think that it's very reasonable to believe that the Obama infrastructure initiative is going to be a source of funding for the capital expansion and improvement of the city's new transport system. In other words, the federal government -- we shouldn't look to it as a source to fund operations but it's an infrastructure program, obviously it ought to be tapped. To the extent that the city and the region can tap those funds, they ought to be directing funds to transit, so we think in some ways the Ravitch Commission is overshooting what's needed.

The existing bus fleet will experience a 20 percent boost in productivity from this plan because of the combination of reduced traffic and the fare-free boarding.

The other is that we are not at all averse to having the MTA be able to tap some of Bill Thompson's weight-based registration surcharge. Clearly we don't think that that's an optimal answer to the whole MTA funding situation, because it's very unlikely that something of the magnitude Thompson is talking about is going to pass, and the Thompson plan -- just like the Ravitch plan -- isn't really going to do anything for traffic congestion. In fact it's not going to do anything for subway congestion either but there's nothing wrong with having that in a scaled down form. That seems like the kind of revenue source that really is most suited to reducing the state's budget deficit. It's not a transportation measure. It's a revenue raising measure and fine, I would support it as a tax measure primarily for the State of New York, so let the state tap it and then let the state earmark a fraction of it for the MTA.

SB: We are hearing a lot about the stimulus package coming up and how much the federal government might be putting towards transit projects, but once this crisis passes do you think we'll be able to count on heavy spending on MTA capital projects from the feds?

CK: It seems to me that if we can solve the problem of the moment, which is the MTA deficit and the fare, and if we can do it in a way that is as revolutionary and as liberating as [the Kheel Plan], I think we will have done enough and the landscape of transportation and transit will be so different five years after a plan like this has gone into effect. I don't think we need to fret now about what are we going to do in 2020. Not very many years from now it will be possible to charge VMT fees throughout the city and throughout the region, which will be a more comprehensive funding source, and ultimately the cordon fee ought to be superseded by a VMT fee-based system that will charge more to drive in congestion, or to create congestion, and less for driving that doesn't. People are beginning actually to talk about that in the transportation policy community, and that would be the next generation, but we're not quite there yet.

SB: One way to look at the Ravitch plan is as an attempt to shore up the MTA's finances according to the principle that every constituency who benefits from the transit system should pay into it. What would you say is the parallel principle undergirding the Kheel Plan?

CK: I don't think the Ravitch plan meets its own objective, most starkly in the continued exemption of any charge on drivers [from the Upper West Side and Upper East Side] coming in via 60th Street, which is just a stark omission, it's a giant exception. It's a real class issue. Who lives in those neighborhoods [that would avoid paying bridge tolls]? Relatively wealthy New Yorkers.

Equating the toll to drive into Manhattan on the Harlem River bridges to the transit fare epitomizes the superficial "balancing" in the plan, while effectively exempting Westchester and other drivers from the north from any meaningful congestion charge and any meaningful participation in funding the region's transit service. There is no *a priori* reason that the Harlem River bridge toll should equal the subway fare.

Why [Brooklyn and Queens] ought to support it is because it is geographically balanced, and it's providing an incredible value to everyone in the city, especially the boroughs, in the form of free buses -- buses being much more of a borough than a Manhattan medium.

And there hasn't been that much discussion of the payroll tax. It seems to [Kheel] and to me that it's practically inane to be raising payroll taxes in the face of a severe recession. It's discouraging employment and it's taking money away from workers and companies, and there's no way to mitigate that. Everybody is going to pay regardless of who they are and what they do. That may seem equitable, but it's really very penalizing and it goes completely in the wrong direction.

Probably the prime underlying principle in the Kheel Plan is, I would say, "When New Yorkers use transit everybody wins, when New Yorkers drive everybody loses." And what we ought to be doing is maximizing the incentives for New Yorkers to use mass transit and we ought to be de-incentivizing or discouraging New Yorkers from driving. Transit users are already giving something up. They are giving up the autonomy of getting around in a car. To me and to Kheel the playing field has been badly skewed to benefit drivers, the paradox being, of course, that they no longer truly benefit because there are now so many of them that they've gotten in each other's way, as well as our way. The principle that comes first for us, and certainly for Ted, is to provide all reasonable incentives for people to not drive and to use transit, and that makes for a better city.

SB: There's been repeated mention of the idea that fare payers should be expected to keep up with inflation and pay more into the system as costs rise. The Kheel Plan would go in the opposite direction...

CK: It's a standard argument that has as an implicit assumption that the current situation is equitable. For us it comes back to the feeling that the transit users are sacrificing through giving up or foregoing the use of cars, so we're not starting from an equal situation that otherwise should be preserved proportionally. It is a very disproportionate situation.

SB: Last week Ravitch said that a brisk timetable is necessary to head off some of the most severe austerity measures for the MTA. Before you were talking about Kheel Plan 2 being an issue in the 2009 elections. Have you advanced your timetable?

CK: Absolutely. We have advanced the political timetable because the moment of crisis and decision is here. But it could be that the [City] Council and [State] Legislature debate and reshape and vote on a modified Kheel Plan within the next several months, absolutely. I don't see any reason that they wouldn't be able to.

7 Comments | Last comment by J. Mark [Leave a comment >](#)

J. Mark
That BTA is pretty fun -- and complicated.
I tried the "Mork Plan", which is like the Kheel plan (the BTA default) but with \$2 rush hour subways and \$1 off-peak subways (buses remain free at all times).
That comes out to \$1.85 billion, which is close enough to \$2 billion for me (where's my checkbook?).
(But it says \$0 for Weekend Subway revenue in F15 on the Revenue tab -- so maybe I am doing it something wrong. I put in \$2 for the shaded Proposed Fares on the Subways tab, and \$1 for everywhere else.)

December 11, 2008 at 2:17 pm [Link](#) #1

J. Mark
Oops, there's no BTA link in this story. Here it is: http://nyny.org/kheelplan/BTA_1_1_7_Dec_2008.xls

December 11, 2008 at 2:19 pm [Link](#) #2

Komanoff
Hey Mork --
Glad you're fiddling w/ the BTA. Sorry that it's tricky in spots. It could definitely use a few days of restructuring to be made reasonably user-friendly.
It's hard for me to deduce where you changed what. I suggest you download a fresh copy of the spreadsheet and read the instructions under "Switches" in the Summary tab. Then work the switches.

December 11, 2008 at 3:37 pm [Link](#) #3

lan
So, what happens to the private bus companies, known as the "Mexican buses"? They provide a good, affordable service in New York and far superior to the cities buses in frequency.
Are they really supposed to compete with free buses, paid for by motorists, and what happens if the scheme is too successful? How do you then pay for the subway and buses? If you move to free buses, what happens in the longer term if there is a need to charge passengers? People will see free public transport as a right?

December 11, 2008 at 6:06 pm [Link](#) #4

Cap'n Transit
So, what happens to the private bus companies, known as the "Mexican buses"? They provide a good, affordable service in New York and far superior to the cities buses in frequency.
Please tell us more about these Mexican buses. All I know about are the Jersey vans, the Caribbean vans and the Chinese buses. Where can these Mexican vans be found?

December 11, 2008 at 7:45 pm [Link](#) #5

Komanoff
lan -- Because the price-elasticity of driving is almost certainly less than 1.0 (i.e., an X% increase in the out-of-pocket cost of a car trip provokes a less than X% drop in the number of car trips), raising the toll rate will always raise more revenue from the pool of drivers. Moreover, the "time-elasticity" helps by increasing the number of trips as the time required drops (due to less traffic), this factor is one of the reasons the Kheel Plan sequesters a fraction of the effective increase in street capacity and reserves it for non-motorized uses.

So far as exclusive bus lanes are concerned: your idea is solid, but the real catalyst for improving bus speeds and productivity is eliminating the fare so passengers can easily hop on/off, eliminating the time-killing human gridlock in boarding and exiting.

December 11, 2008 at 8:42 pm [Link](#) #6

J. Mark
Thanks, Komanoff.
I will do that.

December 12, 2008 at 10:43 am [Link](#) #7

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— StevenF

In response to "Odo: Bike Lanes Were Just to Grab Attention for Loosening Enviro Review"

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