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# The Kheel-Komanoff Plan: A congestion toll to liberate New York

BY Charles Komanoff  
 7 JAN 2009 7:02 AM

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Back in 1993, I took a scalpel to the "AUTO-FREE NEW YORK" sticker on my bike, excising the first "R" so that "AUTO-FREE" became "AUTO-FEE." After years of battling motor vehicles, first as an urban cyclist and later as president of the bike-advocacy group Transportation Alternatives, I became convinced that it made more sense to charge for cars' use of roads than to try to eliminate them. "Don't ban cars, bill them!" Discourage vehicle use by internalizing the harms from driving in the price to drive, and invest the revenues in mass transit and other alternatives.

Since then, cities like London, Stockholm, and Milan have demonstrated the power of road pricing to reduce driving and cut travel times, pollution damages, crash costs, and the like. But even those gains pale beside the profusion of benefits for New York City promised by a new plan I've developed with Ted Kheel:

- Enough revenue to finance an average 60 percent cut in transit fares;
- A 15 percent-or-greater improvement in traffic speeds in gridlocked Manhattan;
- Yogi Berra made real: greater usage of less-crowded buses and subways;
- More car-free spaces, and fewer cars, in the heart of the city.

The Kheel-Komanoff Plan (so named to distinguish it from the "pure" Kheel Plan approach, with 100 percent-free transit) delivers all this with just four measures:

1. A new toll on car and truck trips into Manhattan's Central Business District (CBD), ranging from \$2 to \$10 for cars, depending on time of day and day of week. Trucks -- bigger and more polluting than cars -- will pay double. *Revenues, after netting tolling costs: \$1,230 million.*
2. A surcharge on medallion taxi fares. To ensure that Manhattan residents, who drive across the CBD line relatively little but use taxis regularly, pay their fare share, we hike taxi fares by a third and allocate the proceeds to transit. *Revenues: \$440 million.*
3. Smart transit fares. We eliminate subway fares at night and on weekends, reduce them except during the a.m. and p.m. peaks, and abolish bus fares altogether. Benefits include a 15-20 percent speedup of local bus service from eliminating queuing to pay fares, less rush-hour crowding as some subway trips time-shift out of the peak, and higher overall transit usage. *Cost: \$1,610 million.*
4. A hike in non-Manhattan bridge tolls. While not primarily a traffic-reduction measure, a 20 percent rise in tolls on outlying New York City bridges will raise \$170 million and pay for elimination of all fares on intracity express bus and commuter rail service.

Bold claims? Yes. But supported by evidence gathered over the past 15 years about the behavioral effects of road pricing, much of which I've woven into a computer model I've assembled over the past year-and-half, the *Balanced Transportation Analyzer* [XLS].

Grist readers may recall the BTA, and famed NYC labor attorney and civic activist Ted Kheel, from our Jan. 2008 report [PDF] that detailed huge time savings and other benefits from charging a steep Manhattan congestion-pricing fee and using the proceeds to fund free buses and subways. That plan had two drawbacks, however: our congestion fee didn't vary by time of day or week, and its \$16 price was too radical for some tastes, even though New York City is so transit-rich that fewer than 5 percent of the workforce commutes by auto into the Manhattan CBD.

To fix the first flaw, we spent months programming the BTA to incorporate drivers' responses to time-varying congestion fees -- a crucial change that allows congestion pricing to reflect congestion causation and maximizes drivers' time savings by discouraging car use precisely when roads and bridges into the heart of Manhattan are most gridlocked. To address the second, we designed a more modest array of CBD entry prices; the Kheel-Komanoff congestion fee averages less than \$6.00 -- low enough to pass the political laugh test yet high enough to generate the revenue needed to cut the average subway fare by nearly half and make buses free outright.

Kheel-Komanoff leverages pricing in other creative ways: discounting off-peak subway fares will ease rush-hour crowding even as overall subway use rises, and tolling medallion taxi use will fix a glaring problem with Mayor Bloomberg's dead-on-arrival congestion pricing plan from last year (Queens and Brooklyn paid most of the price, and Manhattanites got a free ride.)

We'll address where Kheel-Komanoff stands politically in a future post. Meanwhile, we urge you to read more -- and to download the BTA [XLS], plug in your own pricing choices, and see if you can improve our plan.

Above all, if you're a New Yorker, write your elected officials and urge them to give Kheel-Komanoff serious consideration. If, as they say, invention is 1 percent inspiration and 99 percent perspiration, we're going to need a lot of sweat.

Charles is an activist, energy-economist and policy-analyst. He "re-founded" NYC's bike-advocacy group Transportation Alternatives in the 1980s, helped found the Tri-State Transportation Campaign and Right Of Way in the 1990s, and co-founded the Carbon Tax Center in 2007. Charles's writings include books, journal articles, op-ed essays and landmark reports such as Subsidies for Traffic, Killed By Automobile, and the Kheel Plan on financing free transit in New York City. In the 1970s and 80s Charles gained prominence for deconstructing the spiraling costs of nuclear power as author-researcher and expert-witness for state and local governments and environmental groups such as NRDC and EDF. A math-and-economics graduate of Harvard, Charles lives with his wife and two sons in lower Manhattan. For more, click here.

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Comments

**Koen** 7 JAN 2009 12:46AM  
**Dimished returns for the freedom fee**Sirs,  
 This plan looks as good as any I have seen, and seems to carry the same defects as well :(  
 As London has learned, once you start raising an entrance fee, traffic will diminish, so your revenues will fall. The figures you give may be accurate for the first year, but you may expect diminishing returns for the future, and increasing costs: as more people take more public transit, they will ask for more buses and metros, that are better equipped and travel more frequently etc...  
 On the other hand, my (small) hometown in Belgium did it the other way round: the city council made public transportation for free (by paying with public money the transportation companies), and then started work on the infrastructure, making life 'hell' for cars - and drivers couldn't complain, as they had a free alternative at hand. I can't speak about financials for that situation, but from a user point, most are happier now than in the past.  
 Regards,

**Gar Lipow** 7 JAN 2009 1:34PM  
**Parking fees?**A lot of the cost of cars entering a congested area occurs when they park and thus block traffic. Could simply raising prices on parking and enforcing parking fees stringently be included as part of the plan? Should it be?

**Charles Komanoff** 7 JAN 2009 11:16PM  
**Author replies**Gar -- You're spot-on re parking fees and regulation. Look for them in the next iteration.  
 Koen -- Since the price-elasticity of driving is less than one and, moreover, the congestion toll is only one component (albeit a large one) of the cost to drive into the CBD, it's fairly certain that revenue erosion can always be averted by raising the congestion toll.  
 Charles  
<http://www.komanoff.net>

**Erik Hoffner** 8 JAN 2009 1:30AM  
**re: cars**Koen: really interesting observation. Only (big) difference is that since NYC is in the US, and we just loooooove our cars, I don't think the analogy is 1:1.  
 Erik  
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**nycentral321** 12 JAN 2009 1:41AM  
**Making progress now, but...**This is great stuff! Three comments:  
 The 20% increase in bridge tolls is the major stumbling block to this plan. Is that 20% above existing tolls or 20% above the proposed tolls (i.e. \$14 for Verrazano plus another 20% = this plan is in major political trouble)? Either one it seems like an afterthought and will enrage the outer borough/suburban folks who were so against the initial congestion pricing plan.  
 The plan makes no mention of parking. Changing parking policy is low-hanging fruit (doesn't require Sheldon Silver and the Albany Gang's OK) and probably should be included in this. Perhaps switch out the revenue generated by a non-Manhattan bridge toll increase with a Manhattan parking price increase?  
 Don't call it the freedom fee. It's terrible marketing in that it sounds like something Karl Rove (or NYC's equivalent) would come up with to bash this idea. Don't give ammunition to your enemies.  
 Keep up the good work!

**socialscientist** 26 JAN 2009 2:00AM  
**benefits understated**The reduction in street congestion will be a shot in the arm to small business, when delivery trucks and couriers can stop and go quicker. This is just one of the hundreds of direct and opportunity benefits of reducing auto traffic. Komanoff has done a great job quantifying this sort of thing. But what is the price of frustration?

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