Evaluation Study of the PANYNJ’s Value Pricing Initiative
Task 5 - Monitoring of Media & Decision-Makers’ Reactions

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ABOUT THE RUDIN CENTER FOR TRANSPORTATION POLICY & MANAGEMENT

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EXECUTIVE SUMMARY

The NYU Wagner Rudin Center for Transportation Policy & Management undertook a descriptive analysis of the decision-making process to gauge the acceptability of value pricing to opinion leaders and decision-makers before and after implementation of the new toll schedule. These analyses are part of a larger study entitled “Evaluation Study of the Port Authority of New York and New Jersey’s Value Pricing Initiative” with Professor José Holguín-Veras (Rensselaer Polytechnic Institute) as the lead Principal Investigator. The overall project is intended to assess the behavioral impacts produced by the Value Pricing initiative. As part of the NYU component, the project team relied on two primary sources of information: (1) interviews with the key stakeholders, opinion leaders, and decision-makers involved in the process; and, (2) an intense review of media statements both prior to and immediately following implementation of the new toll schedule.

Background

The concept of value pricing on roadways has been gaining support for several years now both around the United States and worldwide. While applying value pricing to transportation was first described by William Vickrey in the 1950s, the technologies necessary to implement his ideas did not exist at that time. Over the ensuing decades, value pricing has come to be used by many other industries – electric utility companies charge more in peak periods, restaurants offer “early bird” specials, and commuter rails have long been offering peak and off-peak fares – but the use of value pricing on roadways is still a relatively recent application. Proponents argue that value pricing is the key to reducing congestion in a world where we can no longer build ourselves out of traffic. Detractors point to privacy issues and regressive fare structures that place undue burdens on lower income individuals, among other concerns.

In 1975, Singapore became the first country to experiment with value pricing. Countries in Europe soon followed, with Norway (1986-1991), Paris (1989-1991), and most recently London, all implementing different variations on the theme and meeting with generally positive results. The first value pricing effort successfully implemented in the United States was launched in December 1995 in Orange County, CA. It was soon followed by additional projects in California, as well as in Florida and Texas, with New Jersey introducing its own variation on the New Jersey Turnpike shortly before the Port Authority’s announcement of its own plans.

The Port Authority’s value pricing initiative is, to date, one of the most ambitious efforts launched in the United States, not only with respect to the numbers of people affected and the volume of traffic utilizing Port Authority facilities, but also in its attempt to change a culture that had for many years rewarded commuters traveling in peak periods. It is also very different from most of the earlier U.S. examples since it added no new capacity and provided no free alternatives as did the 91X project in Orange County, CA, for example. Whether or not the initiative turns out to be successful with respect to changing travel behavior remains to be seen and is the focus of the larger study mentioned above. However, in implementing the plan in the first place, the Port Authority managed to overcome a major hurdle since many value pricing schemes throughout the county have been derailed long before they reached the stage of implementation. Thus, the question of acceptability becomes an interesting issue. What was it that allowed the plan to pass here and would other value pricing initiatives be acceptable as well?

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Though often interchanged, the terms variable pricing, congestion pricing, and value pricing do have slightly different meanings. Variable pricing is the most general phrase, simply meaning that prices fluctuate; congestion pricing signifies that the prices fluctuate based on demand, with lower prices at off-peak times; value pricing implies some additional benefit to those paying premium prices. See C. Kenneth Orski, “Charging for the Use of Roads,” Transportation Quarterly 56, 3 (Summer 2002): 33-35 and Peter Herman, “Who Should Pay? Choosing from a Menu of Transportation Funding Sources,” New York Law Journal (21 May 1999), p. 5, Lexis-Nexis Academic Universe: General News Topics, Online, Accessed 1/9/03. Throughout this report, the term “value pricing” will be used as the default phrase unless specified since this is the term the Port Authority of NY & NJ used to describe their initiative.
Broad Findings

The purpose of this report was to gauge the acceptability of value pricing to opinion leaders and decision-makers before and after implementation of the new toll schedule. The initial assessment reveals that those who were supportive of value pricing have remained so and those who opposed value pricing in this region have not changed their stance. Thus, additional attempts at value pricing in this region are likely to meet with similar resistance and support. However, this statement is tempered by the fact that the ability of the Port Authority to implement the new toll schedule is likely to add leverage to other attempts, especially if the data demonstrate a positive impact.

As to gauging acceptability of value pricing initiatives outside this region, the Port Authority example cannot easily be extrapolated. In different regions where value pricing is introduced, the politics, economics, and social frameworks are different. Further, the way value pricing is accomplished can vary from place to place. What likely made the California projects more acceptable, for example, was the existence of non-tolled alternatives as well as the added capacity – something that did not exist with the Port Authority example. Nevertheless, some broader lessons from the Port Authority experience can be shared.

- **Obtaining the political support of key leaders within the organization and at the State level was critical.** The New Jersey Department of Transportation leadership, for example, was effective in communicating the new toll plan and its alternatives to the Governor’s Office.

- **Education of the media and the public was important.** This helped to generate an open and public debate so nobody was surprised when the final plan was implemented.

- **Integration of stakeholders at the beginning and during the process is key.** By having a process where stakeholders were involved early on and discussions were held throughout the debate, plans could be modified and language could be changed as needed to gain additional support.

- **Consistency in language and goals is important.** Much of the Port Authority’s value pricing concept was lost in the print news media as they focused on the toll hikes alone. Then, possibly because the Port Authority began to change its own language, there was additional lack of consistency when referring to the plan.

- **Ongoing discussion and follow up is important.** Several people noted their surprise that it had taken so long for any type of follow up on the new toll scheme. For the groups that had opposed the plan, this has translated into ongoing distrust that any of their concerns will be eventually integrated as the Port Authority moves ahead.

- **Finding value may still be important.** Because opposition remains to the plan, any modifications of the initiative may meet with resistance. One way to move beyond this is to look for effective ways of adding value for both commercial and passenger traffic.
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1. INTRODUCTION

On January 25, 2001, the Port Authority of New York & New Jersey (PANYNJ) approved a value pricing\(^2\) initiative on its tunnels and bridges that varied the pricing on its facilities according to time of day and the corresponding demand. It entered into effect three months later, on March 25, 2001. As part of a larger initiative to finance its overall capital budget, the PANYNJ also saw the plan as a means for reducing congestion, increasing the use of mass transit, increasing the use of E-ZPass, and facilitating commercial traffic control management.

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1.1 A Brief History of Value Pricing

Prior to its implementation on the PANYNJ facilities, value pricing had been gaining support around the United States and in several cities worldwide. As Peter Herman and Jeffrey Zupan point out their New York Law Journal article, the concept of value pricing was not new – electric utility companies had adopted similar pricing schemes as a means for lowering peak demand; hotels and resorts had changed their prices based on peak season demand for many years; and restaurants had long had “early bird” specials. In the transportation industry, commuter rails had long been differentiating between peak and off-peak fares. Indeed, the concept of value pricing for transportation had been described as early as 1952 by William Vickrey when he recommended that New York City Subway fares be tied to peak periods and high-traffic areas of the system; he later made a similar proposal for instituting “congestion pricing” on roadways. However, the technologies did not exist for many years to effectively implement his ideas.\(^4\)

In 1975, Singapore became the first country to experiment with value pricing, when it instituted its Area License Scheme (ALS) in which an imaginary cordon was drawn around the congested area and anybody entering the restricted area was charged a fee. Norway was the second country to institute some form of value pricing when it introduced a series of toll rings around several key cities – Bergen (1986); Oslo (1990); and Trondheim (1991).\(^5\) France soon followed with a variable toll on its intercity expressway between Paris and Lille in 1989 as a means for controlling congestion.\(^3\) Such experiments were not to be seen in the United States for several more years. However, two key pieces of legislation helped refocus attention on value pricing in the United States.

The first critical piece of legislation was the 1989 California Assembly Bill 680, aimed at attracting private capital to highway projects. It was under this Bill that the first practical application of value pricing in the

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\(^5\) Though not always included as an example in discussions of value pricing since the goal was to generate revenues rather than to reduce congestion, they could be readily adapted for congestion management by varying the rates charged throughout the day or on different days. Thus, they are included here.

United States was launched four years later, on 27 December 1995, in Orange County, California. The initiative consists of a 10-mile-long express-lane roadway that runs in the median, parallel to the Riverside Freeway (SR-91), which remains free of charge. Operating under a public-private partnership, the four-lane toll facility, referred to as the 91X lanes, has two express lanes in each direction separated from the adjacent freeway lanes by a “soft barrier” (i.e., painted buffer with pylons). The express lanes have several innovative elements:

- Tolls that vary during the day in response both to demand and to congestion on the adjacent freeway lanes;
- A requirement for users to be registered customers using transponders;
- Discounted tolls for high occupancy vehicles (3 or more riders);
- Photo enforcement of toll collections; and,
- Creation of the tollway as a for-profit enterprise.\(^7\)

A December 2000 study noted that “the continuing experience shows that increasing numbers of commuters are willing to pay tolls to enjoy the benefits of reduced travel time, improved driving comfort, and the perception of improved safety.”\(^8\)

The second critical piece of legislation was the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), under which a Congestion Pricing Pilot Program was established to test and assess the potential of value pricing initiatives. Under this program (renamed the Value Pricing Pilot Program in the 1998 Transportation Equity Act for the 21\(^{st}\) Century – TEA-21), several more demonstration projects were planned and/or implemented, beginning with I-15 in San Diego, California (1996). Similar to the 91X value pricing scheme, the I-15 initiative is an 8-mile stretch of roadway consisting of two reversible lanes in the median of the I-15 freeway. Vehicles on the median lanes with 2 or more occupants are not charged a toll, while single occupancy vehicles are charged variable rates according to the level of congestion on the main roadway. Again, the adjacent freeway lanes remain untolled.\(^9\)

A different version of value pricing was instituted in 1998 on the Katy Freeway (I-10) in Houston, Texas. A 13-mile reversible lane in the median of the freeway does not allow single occupancy vehicles, requires a peak-hour toll for vehicles with 2 occupants, and is always free to vehicles with 3 or more occupants. In 1999, a similar system was established on Houston’s Northwest Freeway (US 290).\(^10\)

The first example of value pricing on bridges began in August 1998 in Lee County, Florida with variable tolls instituted on two of the four bridges connecting Cape Coral and Fort Meyers. Deep discounts (50\%) were offered to those traveling immediately before and after peak hours (6:30 – 7:00am; 9:00 – 11:00am; 2:00 – 4:00 pm; and 6:30 – 7:00pm) and using electronic tolling.\(^11\)

While minor differences existed, all of the U.S. examples had several features in common. First, they represented point pricing – in other words vehicles passing a particular point are charged depending upon the toll schedule in place – as opposed to cordon pricing as was seen in several of the European examples.\(^12\) Second, all of these examples continued to offer a free alternative to the tolled lanes. Third, with the exception of Lee County, FL (in which severe congestion was not a problem), all of the examples added capacity as the value pricing initiatives were implemented. Thus, when the Port Authority instituted its new toll schedule, not only was value pricing of roads still a relatively new application of the concept, but most of the U.S. examples that could be drawn upon were very different in nature. The Port Authority was facing a situation in which the bridges were already at or above capacity and tolls were already existent; there would be no free alternatives and no new capacity. In fact, the only example similar in this respect was the New Jersey Turnpike initiative which was implemented just before the Port Authority’s plan (in 1998 for commercial vehicles and in 2000 for passenger vehicles). Further, at least as initially

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\(^8\) Ibid.

\(^9\) See http://argo.sandag.org/fastrak for more information.


\(^12\) For a more detailed breakdown of types of value pricing, see Gomez-Ibañez and Small, Road Pricing for Congestion Management, p. 8. The authors describe 6 types of congestion pricing.
constructed, the Port Authority’s value pricing initiative also sought to mix a cordon pricing scheme with the point pricing schemes typical of the other U.S. examples.

Trying to implement a value pricing toll structure on Port Authority facilities was no easy task, and not just because of the political climate and public opinion. Instituting value pricing meant changing a culture that had historically run contrary to value pricing. During the 1970s, 1980s, and 1990s, tolling on Port Authority facilities offered deep discounts for commuters to New York City who generally utilized the facilities during peak periods – the exact opposite of what one tries to achieve with value pricing. The Port Authority had already begun to eliminate frequency discounts on those facilities which were the most congested and which offered the most alternatives – in particular, the tunnels. Nevertheless, while the past three decades saw those discounts lessen each time tolls increased, they still remained well into the 1990s on the Port Authority’s bridges.  

1.2 A Word about Successes and Failures and Objections Often Raised

Though there are still few examples of value pricing, a review of those that have succeeded (at least in terms of being implemented) and those that have failed, have generated some initial findings. First, in terms of the kinds of objections often raised, among the most common are the following:

- Privacy issues;
- Undue burdens on low-income individuals;
- Negative impact on business; and,
- Lack of return for most motorists, especially when revenues are not spent on the roadways.

All of these objections were raised with respect to the Port Authority’s proposal, with particular emphasis on the last three bullet points. According to Gomez-Ibañez and Small, most of these objections are relatively easy to overcome; indeed, doing just that is critical since “winning political approval is the most serious obstacle to congestion pricing.” In terms of privacy, for example, systems can be used that do not store certain types of data collected. With respect to undue burdens, many low-income individuals already utilize transit. Perhaps the most cogent objection is the lack of return for most motorists. Again, this appears to have been the longest-standing point of contention made by skeptics of the Port Authority initiative as well. Reinvesting in the facilities is helpful but sometimes, as the authors point out, the monies generated are far more than needed on the roadways themselves.

When gauging acceptability, Edward Sullivan identifies five attributes often shared by those projects successfully implemented in the United States.

- Effective advertising and public relations;
- Emphasis of the benefits gained by travelers;
- Benefits were identified in simple, tangible terms and evidence of their existence was clear after implementation;
- Traveler participation optional; and,
- Strong proponents willing to overcome objections.

Failed projects, according to Sullivan, not only lack the attributes of the successful projects, but also often share some of their own common characteristics. Among them, the presence of influential adversaries, the perception that new pricing proposals are little more than schemes to extract additional revenues, the concern that promised benefits are unlikely to be realized, and concerns over the technology practicality of implementing the pricing plans.

Interestingly, the Port Authority initiative shares attributes both from the successes and failures. In terms of the former, the efficacy of the Port Authority’s advertising and public relations shows a mixed picture.

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14 Gomez-Ibañez and Small, Road Pricing for Congestion Management, pp. 3 and 61.
15 Ibid, p. 3.
17 Ibid., pp. 5-6.
when looking at the media coverage and when speaking with stakeholders. The Port Authority certainly “got the word out” but as will be shown in Section 2, most of the coverage focused on the toll hikes rather than on the value pricing concept. Certainly, the Port Authority was weak on the second bullet as evidenced by so many questions of "where’s the value" in the value pricing plan. Similarly, with Sullivan’s third attribute, several stakeholders are still asking to clearly see the benefits. (Admittedly, this may take time as the initiative has only been in place a little over two years, but it does speak to the need for greater public follow up in a more timely manner.) The Port Authority initiative clearly fails on the fourth attribute since no new capacity was added and few alternatives are available.\footnote{One could make the argument here that since travelers need not purchase E-ZPASS they may "opt out" of participating in the value pricing scheme, but given the higher cost associated with paying cash, this is very different than examples of value pricing in which there were optional routes with no pricing schemes. In other words, while one may "opt out" of the Port Authority plan, there is an economic penalty associated with such behavior.} Indeed, from the beginning, this was not a goal of the Port Authority plan. Instead, the value pricing component was wedded to the much needed toll hike as a way to take the first step in the direction of congestion management. Finally, on the fifth point that Sullivan makes, the Port Authority’s plan did have strong supporters, but also very strong opponents.

Looking to Sullivan’s attributes of failed value pricing plans, the Port Authority shared three of the four. Yet, it still managed to overcome these obstacles and implement its initiative. Why this is the case is not clear as yet as this report is only a part of the larger study that will help address the question of what has resulted and how have people benefited. Once the larger study is complete, some of the analysis in this report may be revisited based on those results.
2. THE UNFOLDING OF THE PROCESS

As with many decisions in the public sector, the decision-making process leading up to the implementation of value pricing on the PANYNJ’s facilities, had both an internal and an external dimension. The following pages outline the process that took shape and the dynamics that played out in terms of support for and opposition against the plan, both in its original form and the modified version eventually instituted.

2.1 The Internal Dynamics

According to Mark Muriello, Assistant Director of Policy & Business Programs at the PANYNJ’s Tunnels, Bridges & Terminals Department, the Port Authority had been looking at value pricing at least since the early 1990s. In fact, according to Jeffrey Zupan, an internal Port Authority report had been produced as early as the late 1970s on differential prices by time of day. However, the report concluded that implementing such a system would be impractical and unsafe without a more streamlined means for collecting tolls.

In 1993 the Port Authority again revisited the concept of differential pricing based on time of day, going so far as to conduct behavioral analyses and stated-preference surveys. In 1994, the Caliper Corporation distributed surveys during a nine-day period on the six Port Authority crossings. Information on origin and destination addresses, trip purpose and duration, plaza delay, vehicle occupancy, payment method, other facilities used, out of pocket costs, and the facility planned for the return trip was collected. A technical manual on auto pricing demand prepared for the Port Authority by Caliper Corporation in 1995 detailed the results of the survey, providing the data relating to demand and operation impacts of changes to the tolling structure.

Thus, the Port Authority’s research preceded many applications of value pricing on roadways, but the results of that research were generally not disseminated beyond the agency, primarily because they wanted to focus first on deploying the necessary technology before taking any action on implementing value pricing.

The impetus leading to the renewed interest in value pricing seven years later was financial necessity. Financial projections out to 2015 showed that the Port Authority’s “Interstate Transportation Network” would be unable to ensure financial self-sufficiency even in the short-run without raising fares and tolls or dramatically cutting operations and maintenance expenses and capital investments. With no taxpayer and State subsidies, the Port Authority was looking for new ways to sustain its capital program as a whole, while recognizing that some of its business generated revenues (e.g., airports, the World Trade Center site (at the time), and the tunnels and bridges) and others operated at a loss (e.g. PATH, the seaport, and bus terminals).

Discussions about the financial situation of the Port Authority had been taking place against the backdrop of ongoing policy disputes revolving around the share of expenditures in each State and which was benefitting more. The resulting impasse was characterized as the worst stalemate in the agency’s history even as key issues – including whether the Port Authority should be in the real estate business (i.e. collecting rent from the World Trade Center site), whether it should continue to operate the New York City airports, and whether it should combine its airport and seaport businesses and think of them more as gateway areas – were in need of resolution. Among these policy discussions, value pricing once again was raised, particularly after deployment of E-ZPass (which made such a tolling schedule technologically possible) and the positive results from initiatives in other parts of the country, most notably Lee County, FL, and Interstate 15 in San Diego and State Route 91 in Orange County, CA.

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22 The Interstate Transportation Network includes: 6 tunnels and bridges; the Port Authority bus terminal; the George Washington Bridge Bus Station; the Journal Square Transportation Center in Jersey City; PATH; and private ferry contributions.
24 Mr. Muriello noted that while these examples were pointed to, they did not offer solid models for the New York metropolitan region. Though a nationally recognized example, Lee County was a much smaller and less densely populated and utilized area and Southern California’s plan instituted value pricing on expansion roadways rather than an already existing system.
Given the bleak projections with respect to financial self-sufficiency of the Port Authority’s Interstate Transportation Network, finding internal agreement on the need to raise fares and tolls was relatively simple, particularly when there had not been an increase in over a decade.\(^{25}\) However, the key leadership at the Port Authority preferred to institute straight increases without incorporating value pricing. (While the reason for their reluctance is unclear, it is likely that given the need to enhance revenues and a political climate in which this would be hard to achieve, the tendency was to lean toward the expeditious and not complicate matters with a new and potentially objectionable pricing scheme.) To gather support, the Tunnels & Bridges staff developed several analyses and policy dimensions demonstrating the long-term effects of both a straight fare increase and an increase incorporating value pricing, and found several internal champions for their cause. After three months of multiple rounds in which several different combinations of pricing and fare increases were modeled, the staff was able to demonstrate that a value pricing plan could be incorporated without detriment to expected revenues. They were able to obtain the final internal support necessary for implementation, at which point the external effort began.

### 2.1.1 The Initial Plan\(^{26}\)

The Tunnels & Bridges staff made a strong argument for the benefits of value pricing. They noted that the annual cost of regional congestion in the region was $10 billion and that peak volumes at key links throughout the system exceeded capacity leading to air quality concerns, decreased competitiveness, and continuously increased delays.

The key objectives of instituting a value pricing policy, in addition to helping deal with the financial concerns noted above, were to:

- Encourage shifts in travel to off-peak periods to address peak-level congestion;
- Encourage increased use of mass transit where possible;
- Eliminate frequency-based toll discounts to support traffic management objectives (these had been eliminated on tunnels in 1991 but still remained on the bridges);
- Create pricing incentives targeted toward commercial traffic management;
- Establish toll rates that would be easy to implement and collect; and,
- Increase the E-ZPass market share.

Thus, the initiative included variable pricing based upon two factors: geography and time of day. With respect to geography, the plan distinguished among three key corridors of the Interstate Transportation Network: (1) the Southern Corridor, which included the Goethals and Bayonne Bridges as well as the Outerbridge Crossing; (2) the Midtown/Downtown Corridor, which included the Holland and Lincoln Tunnels; and, (3) the Northern Corridor, which included the George Washington Bridge. Each, they argued were different in terms of market characteristics, levels of congestion, and degrees of access to alternate routes or modes of transportation. As such, it made sense to the Tunnels & Bridges staff to target them differently in the value pricing initiative. In particular, facilities with the most limited capacity and the greatest number of transit options were targeted with the highest prices (e.g. the tunnels); tolls for the George Washington Bridge, which had some additional capacity but no transit options were a bit lower, and the lowest tolls were indicated for the Staten Island links where there was a great deal of capacity but no alternate modes.

As it stood at the time, all facilities were tolled at the same rate with E-ZPass offering a 10% discount on all toll rates. Passenger cars were charged $4.00 cash per trip with a $0.40 discount to use E-ZPass. The toll for trucks was $4.00 per axle, with a similar discount so using E-ZPass resulted in a toll of $3.60 per axle. Buses were charged $3.00 cash and $2.70 if they used E-ZPass. There were several additional discounts, including a carpool program in which the E-ZPass toll was only $0.50 if 3 or more people were in the car; an “All Bridges Program” that reduced the toll to $3.00 per trip for 20 trips at all Port Authority bridges in a 35-day period; and, recognizing that the options for travel to/from Staten Island are especially limited, a “Staten Island Bridges program” that decreased the toll to $2.00 per trip for 20 trips in a 35-day period over the Goethals and Bayonne Bridges and Outerbridge Crossing.

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\(^{25}\) In 1991, the Port Authority raised round-trip passenger car tolls on its bridges and tunnels to $4.00 from $3.00.

\(^{26}\) The overall budget plan also included an increase in the PATH fares. However, since this report focuses on the value pricing portion of the plan, only information pertaining to the toll increases will be described here.
The new proposal put forth by the Tunnels & Bridges staff dramatically increased the cash toll for passenger cars and trucks at all facilities (from $4.00 per trip to $7.00 per trip for cars and the same increase per axle for trucks). Though the E-ZPass tolls were also significantly increased, deep discounts were provided in the off-peak periods for passenger cars, and during overnight hours for trucks (Figure 1).

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<tr>
<th>Facility</th>
<th>Passenger Cars*</th>
<th>Trucks (per axle)</th>
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<td>Off-Peak</td>
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<td>Staten Island Bridges</td>
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* The Carpool program provided an additional $1.00 discount on E-ZPass trips if 3 or more people were verified in the vehicle.
** Peak period is defined as Weekdays 6:00am – 9:00am and 4:00pm – 7:00pm, and Weekends 12:00pm – 8:00pm.
† Overnight is defined as weekdays from 12:00am – 6:00am.

2.2 The External Dynamics

Once internal agreement had been reached, the next step moved the plan out into the public domain for comment. All stakeholders were identified, including business and industry groups, elected officials and community groups, transportation agencies, and other special interests. A series of individual meetings with key stakeholders were held prior to making the plan public. Once public, special attention was paid to reaching out to the media, including the editorial boards of key newspapers around the region, radio, and television stations. As Mr. Muriello explained, their philosophy at the time was that “a well-informed opponent is better than an ill-informed opponent.” Several different modes of interaction were utilized, including distribution of materials, a web site, toll-free telephone information, direct mail, limited print advertising, in-lane materials, and toll plaza handouts, as well as public hearings in New York and New Jersey.

2.2.1 In the News – Media Coverage

A search on Lexis/Nexis and ProQuest, as well as on specific sites of major newspapers and magazines in the region resulted in 41 articles prior to the Board’s approval of the Port Authority’s value pricing initiative and another 7 thereafter. Another 16 articles were found on specific media web sites or, in some cases, copies were supplied by individuals from their organization’s files. Shorter articles which solely noted that an increase might occur or had occurred without further explanation are not included in this assessment, though there are at least as many of these as the longer discussion articles described here. In reviewing the media coverage, two aspects were focused upon in particular: (1) The apparent ability or inability of the Port Authority to make clear the concept of value pricing, thus demonstrating effective use of the media; and, (2) The general tenor of the coverage and the support or opposition conveyed regarding the public participation process.

Media coverage of the Port Authority’s plan began to be seen in November 2000. Coverage was most comprehensive in The New York Times. An initial article by Randy Kennedy on 16 November 2000 described the proposal and provided a balanced overview but focused on the increase in tolls rather than on the use of value pricing. A second article one day later, by Ronald Smothers, went a little further in describing some of the other goals of the plan, but again focused on the increases and financial implications.

27 It is important to note here that the public hearings were not a statutory or regulatory requirement but reflected an agency policy to seek input from the public and stakeholders.
28 Unfortunately, as a result of the events on September 11, 2001, much of the formal media documentation was lost. However, sufficient information existed in the form of news articles that ran in the newspapers and magazines.
29 Search terms included “Port Authority of New York and New Jersey” and “value pricing” or “congestion pricing” or “tolls.”
ramifications for the PANYNJ, still not mentioning value pricing. Articles in the Daily News were similar, though an editorial on 17 November 2000 made use of the term “congestion pricing,” and an editorial in New York Newsday noted that “congestion pricing is worth a careful look.”

The Star Ledger carried the most comprehensive discussion early on, describing how the Port Authority assigned different pricing plans for each crossing, noting that the different price structures were related to the proximity of mass transit or alternate transportation means. This article also focused on the differences in pricing between E-ZPass users and cash users and pointed to the benefits being structured for trucks. However, in an editorial that same day (11 November 2000), the tenor was very different. “The Port Authority of New York and New Jersey should look up “reasonable” in the dictionary – because raising cash bridge and tunnel tolls 75 percent…doesn’t fit the definition of the word,” they wrote even as they noted that the overall plan deserved an “open-minded review.”

On 18 November 2000, an editorial in The New York Times expressed similar support for the “congestion pricing” plan, noting that “beyond its fairness, the plan’s embrace of congestion pricing is most heartening. Transportation authorities can no longer ignore basic economics and price a vehicle’s use of a regional asset…with no regard to demand for that asset when used.” However, an editorial in the 19 November 2000 edition of the Bergen Record was more critical, observing that while the plan was not “half-bad,” it was “no excuse for a toll increase of 75 percent.”

Within a week, the first Letter to the Editor appeared expressing opposition to the initiative. Written by John Corlett, Assistant Director of Government Affairs at the Auto Club of New York. Mr. Corlett noted in his letter that “The Port Authority of New York and New Jersey has not offered any study demonstrating that congestion pricing…will benefit commuters or reduce traffic congestion in Manhattan.” Two days later, an article in New York Newsday described the toll hike plan as “outrageous” and depicted the public process as one in which “the fix was in.”

Of particular note here is the lack of the appearance of the phrase “value pricing” in both the news articles and editorials. “Value pricing” was a term that had already been used quite extensively at that point to describe the earlier initiative by the New Jersey Turnpike Authority. It is also the expression the PANYNJ used in all of its early public statements and discussions. Less than eighteen months earlier, on 29 June 1999, an article appeared in The Record (Bergen County, NJ) describing the plan to introduce value pricing on the New Jersey Turnpike. The article provided a more in-depth discussion and description of value pricing than any of the early news articles covering the Port Authority plan. The author described the benefits and the concerns related to value pricing and identified other initiatives around the country as well as the interest in such types of initiatives on the part of the Federal Highway Administration and other states and cities.

A follow up article on 19 November 1999 provided a much more positive spin on the headline than was the case with most of the coverage related to the Port Authority plan. Again, the article stressed the value pricing concept and highlighted the discounts rather than the toll increases. The article further pointed out that “of all the components of the plan, value pricing may be the most controversial,” pointing to the opposition by the trucking industry in particular. Additional articles throughout December 1999 and September 2000 all made mention of the “value pricing” plan.

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36 “Too Big a Toll Hike: But the Proposal Contains Worthwhile Features,” The Record (19 November 2000).
41 See for example, Gilbert and Jeffrey Page, “E-ZPass Toll Hike Coming to Turnpike: Drivers Won’t Pay as Much in Off-Peak Periods,” The Record (12 September 2000): A-1, Lexis-Nexis Academic Universe: General News Topics, Online, Accessed 1/9/03.
Yet, only two months later, there was scant attention paid to the value pricing part of the Port Authority’s plan. Not only did the print media focus on the toll hikes, even when they mentioned price differentials they used different language from that of the Port Authority. This leads one to wonder several questions related to the efficacy of the Port Authority’s advertising, educating, and public relations: (1) Why was there so little discussion of the value pricing component of the initiative and so much focus on the magnitude of the toll hikes? (2) Why, when the value pricing component was discussed, was the use of the phrase “value pricing” so inconsistent when they had been with the Turnpike initiative only a few months earlier? When asked these two questions, Mr. Muriello agreed that the Port Authority’s message on value pricing and congestion relief was lost in the news media, though he felt that the Port Authority was much more successful with the editorial boards. As to the second question, he suggested that the Port Authority backed off the use of the term “value pricing” in the midst of discussions as various people expressed confusion over the phrase and “congestion pricing” seemed more readily understandable to those outside the transportation community. This may have resulted in the lack of consistency and to some degree clarity seen throughout the articles covering the plan.42 Finally, one must consider that the value pricing initiative was implemented at the same time as a major toll hike, thus even though discounts were being offered, all prices were still higher than previously. As a result, this fact became the news, overshadowing the pricing initiative.

Almost one month passed before the next flurry of articles. On 14 December 2000, the phrase “value pricing” rather than “congestion pricing” was used for the first time in the print media when Lewis Eisenberg, Chairman of the PANYNJ, was quoted in an article that described the cash toll increases and mentioned that public hearings were being considered.43 Articles in The Record and The Associated Press that same day also mentioned that public hearings were being considered and would be held in January 2001. Notably, while the Times article focused only on the cash toll increases, The Record and The Associated Press described the discounted tolls and the differences between the Corridors.44 After approval of the public hearings by the PANYNJ Board, The New York Post, The Daily News, and The Record all ran articles further describing the “congestion pricing” plan, with The Post emphasizing the cash toll increase of 75%, but also describing some of the projects under the capital plan that would benefit from the increase in funds.45

This last point relating back to the capital plan had been one of the key aspects of the approach used by the Port Authority to convey the need for the initiative to the general public and other interested parties. The feeling was that if they placed the new value pricing plan within the context of the greater capital program that would benefit many people around the region, they would generate greater support for the initiative. It is unclear that this occurred. Certainly, in some cases – most notably the trucking industry – portraying the value pricing scheme in the broader framework of the capital program appears to have exacerbated skepticism.

In a Journal of Commerce article published on 22 January 2001, John Schulz described in detail the opposition of the trucking industry to the Port Authority’s plan. In particular, he wrote:

But truckers won’t see the benefit of much of that money. The lion’s share ($3 billion) will go to New York area airports….Another $1.8 billion goes to port projects, including dredging to allow larger cargo ships, which tangentially helps truckers in that end of the business. About $1.6 billion would actually go to improving Hudson River crossings in and out of New York City….The tolls increase would reinforce New York City’s image among truckers as the most expensive place in the country to do business.46

42 Personal Communication, Mark Muriello, 26 August 2003.
As the first public hearings approached, several articles focused on opposition to the PANYNJ plan, beginning with "Molinari Rips PA Proposal to Hike Tolls," which focused on the opposition by Staten Islanders to the abolition of the Staten Island Discount Program. Others highlighted the support the plan was finding from transit advocates, business, labor, and environmental groups. In particular, an Associated Press article on 11 January 2001 noted the Tri-State Transportation Campaign's recommendation to support the PANYNJ plan. A more detailed article in The Record on that same day described the plan with much more specificity than any prior news statements, though several in following days followed suit. However, in none of these articles did the phrase “value pricing” occur. Though mention was repeatedly made of how the plan would help decrease congestion, even the phrases “congestion pricing” and “variable pricing” were rarely used, the focus instead often on the “toll increases” or new “toll pricing.”

Coverage of the public hearings themselves was similar, the Daily News at least made mention of “congestion pricing though the headlines remained focused on the toll hikes, while The New York Times referred to the Port Authority’s “pricing plan.” While both papers noted that supporters for the plan were present and briefly mentioned opposition to the plan, neither provided much more detail of the discussions. (Following the hearings, The New York Times continued to refer to the “proposed toll and fare increases,” though it did mention “another goal” of “variable pricing,” in its description of the modifications being considered as a result of the public debate.) The Star Ledger, however, provided additional nuance, pointing out that while the trucking and automobile associations were the most vocal opponents (not to mention New York City’s planning department), support was to be found among several regional planning and environmental groups as well as among some of the contractors and unions. Moreover, an editorial in The Star Ledger on 18 January 2001 was particularly supportive, noting that “what initially seemed to be a case of picking the pockets of those who don’t have much choice doesn’t look all that unreasonable.” Indeed, although suggesting a modification such as phasing in the highest toll increase, the editorial urged the two Governors to accept the proposal. (A concurrent argument found in The Star Ledger’s editorial section that same day was that while toll increase on the bridges and tunnels were justified, simultaneous fare increases on the PATH were not.)

Though mention was made from time to time in the print media of the internal political debate, on 25 January 2001 articles in The New York Times and The Star Ledger clearly noted then Governor Christie Whitman’s opposition to the “increases in tolls and PATH rail fares” as proposed by the Port Authority staff, stating that they were “much too high.” However, the next day’s news articles focused primarily on the Board vote (10-1-1) and the changes made to the “congestion pricing” plan (Figure 2), with only brief

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50 The first time the phrase “variable pricing” was seen in the press coverage on the PANYNJ plan was in Smothers, “Hearings Put Port Authority’s Toll Pan on the Line,”
mention in the Daily News about the internal difficulties in getting the Board to approve the plan. Further, even though the changes to the plan were described, again the focus was on the degree of the toll hikes, not on the other changes made, like doing away with the differentials according to Corridor.

Figure 2. The Final Proposal
(Source: The Port Authority of NY & NJ)

<table>
<thead>
<tr>
<th>Passengers (per axle)</th>
<th>Buses</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-ZPass</td>
<td>Cash</td>
</tr>
<tr>
<td>Peak***</td>
<td>Off-Peak</td>
</tr>
<tr>
<td>$5.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>$2.70</td>
<td>$3.00</td>
</tr>
</tbody>
</table>

* The Carpool program provided an additional $1.00 discount on E-ZPass trips if 3 or more people were verified in the vehicle.
** Peak period is defined as Weekdays 6:00am – 9:00am and 4:00pm – 7:00pm, and Weekends 12:00pm – 8:00pm.
† Overnight is defined as weekdays from 12:00am – 6:00am.

Articles over the next few weeks focused on the critics’ point of view. One article in The New York Times described earlier critics and proponents as both unhappy with the outcome, noting that “those who vehemently opposed the original plan to raise cash tolls…were not mollified by the lesser increase to $6.” and that “those who supported the original plan…were skeptical that the lesser discounts in the approved plan would be enough to decrease congestion or alter driver behavior.”\(^5\) Several articles described the public and interested parties as not feeling there was a true open process; for example, Steve Carellas, Executive Director of the New Jersey Motorist Association, was quoted as saying “You could see this whole process being set up to ram this down our throats.”\(^6\) and Gail Toth, Executive Director of the New Jersey Motor Truck Association noted that her constituency was “extraordinarily upset” and felt like “a safe that doesn’t have a bottom to these people.”\(^6\) An article in Car & Travel’s February 2001 issue noted, while motorists are not opposed to paying their fair share, Port Authority tolls exceed the expenses necessary to maintain bridges and tunnels. It is bad enough that few of the projects will benefit motorists who pay for them, but this time the Port Authority adds insult to injury by parading its toll hike as some grand scheme to ease traffic congestion.\(^6\)

The new toll schedule was implemented on March 25, 2001. Three days prior to this, the Tri-State Transportation Campaign (TTC), an early advocate for value pricing in the New York metropolitan region, released a press statement commending the Port Authority for its initiative. Janine Bauer, Executive Director of the TTC predicted that “other metropolitan toll agencies won’t be able to ignore the success of the Port Authority in moving traffic better and faster with value pricing.”\(^6\)

Very few articles were published immediately thereafter. Those that were tended to focus on the effect the new pricing scheme was having on traffic. For example, on 26 March 2001 and 27 March 2001, articles in The New York Times, The Journal News, and The Star Ledger all noted that traffic was moving smoothly at the George Washington and the Tappan Zee bridges as well as at the tunnels, and that there was no increased flow to the latter as many skeptics had predicted.\(^6\) Beyond that, little more was said

\(^6\) Ibid.


until mid-late 2002 when another flurry of articles appeared making mention of the Port Authority initiative as a backdrop to discussions over the tolling of New York City’s East River crossings.

2.2.2 Selected Stakeholders’ Perspectives
Information on stakeholders’ perspectives was gathered through a series of one-on-one interviews with representatives of several organizations which were particularly vocal in their opposition or support for the plan. Interviewees were asked to respond to questions both on the substance of the original plan and modified version as well as on the public process and their perceptions of it.

The Motor Truck Associations
Among the opposition, the New Jersey and New York State Motor Truck Associations were particularly critical of the new pricing initiative. Founded in 1914 as a non-profit trade association, the New Jersey Motor Truck Association (NJMTA) has over 1,000 members. Most are family-owned and operate truck fleets of less than 10 vehicles, though NJMTA also represents several large corporate carriers as well. The New York State Motor Truck Association (NYSMTA) was founded in 1932 and also has over 1,000 members.

In a phone interview on 4 March 2003, Gail E. Toth, Executive Director of the New Jersey Motor Truck Association, highlighted the key concerns of her Association at the time the initial plan was unveiled and more recently. The truckers, according to Ms. Toth, saw no incentives in the initial plan. Instead, they viewed the initiative as an “enforced pricing mechanism” on an industry that does not control its hours since it needs to deliver goods when the recipients want them. Further, placing the increase in tolls within an overall capital program was perceived as paying for someone else to benefit (and, in some cases, competing industries) while the facilities used by truckers continued to be under-maintained. Finally, Ms. Toth noted that for the trucking industry there appeared to be no “value” in the value pricing plan. She mentioned that there had been some discussion about express lanes for trucks, which would have added such value, but that no such lanes materialized once the plan was put in place.

As to the process, Ms. Toth was skeptical. “It didn’t seem to matter if we went to the meetings and voiced our opinions,” she noted. In fact, she characterized the process as unfair and one in which the trucking industry felt “extraordinarily frustrated.” With respect to any changes that may have occurred, Ms. Toth believes that trucking habits have not changed except that many companies are sending smaller trucks rather than larger trucks because it is cheaper for them to do so. The result is presumably more congestion and pollution. (Whether or not it is true that the companies are shifting to smaller trucks is something that will be looked at as part of the larger study, of which this report is one component.)

Ms. Toth was quick to point out that the Port Authority of New York & New Jersey is not the only Authority with which the trucking industry has been unhappy from time to time. There are many examples of Authorities around the country waiting years and then implementing large toll increases, making it difficult to fit into budgets. There are also many examples of Authorities not utilizing the tolls paid on the facilities where they are collected. However, she noted that there are some examples of better planning and maintenance, and she pointed to the New Jersey Turnpike Authority as one.

When asked as to what would have made the value pricing initiative more palatable to her organization and its members, Ms. Toth responded that better consideration and understanding is needed in terms of the critical nature of the goods movement. Value pricing in itself is not a bad concept – it should not, however, be forced upon industries that do not control their own behaviors and do not have many alternative routes.

In a phone interview on 4 April 2003, Mr. William Joyce, Executive Director of NYSMTA, echoed Ms. Toth’s concerns regarding both the substance and the process of the Port Authority’s initiative. He noted that the Port Authority approached NYSMTA early on in the process, but that his perception was the plan was already a “done deal.” Among the concerns that were somewhat different than others voiced, Mr. Joyce suggested that the plan’s focus was too heavily centered on New York City as a termination point rather than a “pass through.” (This was of importance to NYSMTA since many of its members serve upstate New York and bordering states, passing through New York City rather than stopping there.) As a result, there was not enough effort given to coordinating other value pricing
initiatives to make sense for the trucks moving through the region (e.g. the NJ Turnpike and New York City’s congestion pricing initiative for commercial parking).

Mr. Joyce emphasized that “congestion pricing is not incompatible with trucking.” However, with respect to the specific plan posed by the Port Authority, NYSMTA expressed interest in having a post-pay alternative with a volume discount, similar to what exists on the New York State Thruway and the Pennsylvania Turnpike. Such systems can benefit smaller truck companies who can benefit from deeper discounts when their volume is aggregated.

Both Ms. Toth and Mr. Joyce were unhappy with follow up after the plan was implemented, each noting that there was no immediate follow up nor was there any continued discussion of how to improve the new system.\textsuperscript{65}

\textbf{Automobile Club of New York, Inc.}

The Automobile Club of New York, Inc. is the New York Club of the American Automobile Association (AAA). The Club, which helped form the AAA, has been in existence since 1902, and currently has 1.2 million members throughout a 14-county region that includes New York City, Nassau and Suffolk Counties on Long Island, and Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester Counties.

Mark J. Kulewicz, Director of Traffic Engineering & Safety Services of the American Automobile Association, Automobile Club of New York, Inc. (ACNY), and Mr. John Corlett, Assistant Director of Governmental Affairs, shared their institution’s perspective in separate interviews. The ACNY was opposed to the Port Authority’s plan on two grounds – the magnitude of the proposed toll increases and the congestion pricing plan. In terms of the former, Mr. Corlett had noted in his testimony at the public hearing in Staten Island that “the scale of the Authority’s toll increases is unprecedented” and that “motorists should not be asked to bear the burden of paying for the Authority’s ambitious capital plans.”\textsuperscript{66}

With respect to the latter, in an interview on 5 March 2003, Mr. Kulewicz explained that ACNY’s basic concern with congestion pricing was with implementing it \textit{here} in the New York metropolitan region, not with the concept itself. According to Mr. Kulewicz, ACNY does not believe congestion pricing will result in reduced overcrowding in this region for the following five reasons:

1. There is so much latent demand for highway space that if some travelers change their behavior, there are many others to fill the space;
2. Rush hours in the region are already 3-4 hours long so asking travelers to further delay or divert is unlikely to be successful;
3. This region already has tolls that are much higher than the rest of the country and it has not yet helped with congestion;
4. All the alternate routes are already overcrowded, so diverting does not help to reduce overall congestion in the region; and,
5. Trying to move travelers to transit is unrealistic for two reasons:
   a. Existing transit lines in the region are already at or over capacity; and,
   b. Many areas in the region are not well served by transit.

As a result, the ACNY views congestion pricing plans in this region as little more than toll hikes. Indeed, in a phone interview on 18 June 2003, Mr. Corlett likened the Port Authority’s value pricing plan to a “marketing pitch.”

\textsuperscript{65} According to the Port Authority, the lack of follow up is in part related to the events of September 11, 2001. Having lost their headquarters and key documentation, as well as colleagues, the Port Authority was focused on dealing with emergency operations and introducing appropriate security measures and was unable to revisit a number of issues at the time. Now that the Authority is in a more stable situation, additional follow up is likely to be forthcoming.

Like the trucking industry, ACNY shared the concern that the increased toll revenues would not be spent on the facilities generating them, though Mr. Kulewicz did point out that, however unlikely in terms of it coming to pass, the ACNY liked the Port Authority’s plan to add the second Goethals Bridge crossing. He also mentioned that the ACNY was sympathetic to road-related projects that would help other modes (e.g. roads leading to/from the airports) since they at least provided direct or indirect benefits to motorists, even if elsewhere in the region.

With respect to the process, Mr. Kulewicz shared that ACNY believed the toll hike was a given, regardless of the public hearings and discussions, so their strategy was to mitigate the impact of the increases and at least make their position known. He did not believe that ACNY specifically influenced the Port Authority; indeed he noted that “the motorists’ voice is undervalued in the stakeholder process,” and that even with over 100,000 motorists in the region, they are not given the weight of other stakeholders who present “exaggerated negative impacts” of motor vehicles. Thus, while the process was acceptable on procedural terms, he believed that substantively it was flawed since stakeholders were given different weights of importance. However, Mr. Kulewicz did believe that incremental adjustments were made on the basis of feedback from a variety of sources.

Asked whether anything could have been done to make the Port Authority plan more palatable for the ACNY, Mr. Kulewicz suggested that plans demonstrating more value for the additional revenues would have been welcomed (e.g. new lanes or new uses of current lanes). Mr. Corlett noted that the Port Authority showed the ACNY several plans for road improvements, but it remains unclear as to whether these will occur. ACNY’s position continues to be that, as the toll schedule is currently structured, motorists are paying more for the same levels of traffic with virtually no road improvements. Looking forward, Mr. Kulewicz shared ACNY’s ongoing concern that Sundays still have a peak period associated with them. He also mentioned that the ACNY will be watching closely to see which highway projects, if any, move ahead within the capital program that the value pricing plan is financing.

Mr. Kulewicz concluded by noting that the ACNY respects the Port Authority and the two institutions do not have an adversarial relationship although Mr. Corlett conceded that they have been involved in litigation before. Nevertheless, on many projects the two institutions have agreed and the ACNY has been supportive of several Port Authority initiatives. On a final note, Mr. Corlett echoed the statements made by the Motor Truck Associations regarding the lack of follow up and continued dialogue.

Regional Plan Association

Founded in 1922, the Regional Plan Association recommends policy initiatives and physical and human infrastructure investments in the 31-county New York-New Jersey-Connecticut metropolitan area. RPA’s First Plan (1929) provided the blueprint for the transportation and open space networks in the New York metropolitan region, while its Second Plan (1968) was instrumental in restoring the region’s deteriorated mass transit system.

Mr. Jeffrey Zupan, Senior Fellow for Transportation at the Regional Plan Association (RPA) shared his thoughts and perceptions of the Port Authority’s initiative during an interview on 22 July 2003. The RPA has been a long-time supporter of the concept of value pricing and avidly endorsed the Port Authority’s plan. He described the original plan as “very well conceived.” Mr. Zupan believed that the final proposal was also very good and that, in fact, the revisions relating to commercial traffic fares were particularly good. However, he was quick to point out that by reducing the price differentials and by moving away from the geographic differentials, “Governor Whitman emasculated the proposal.”

With respect to the process, Mr. Zupan found no fault with it. He personally testified at several of the public hearings held around the region, asserting in his testimony that the proposed toll increases were “consistent with sound transportation policy, and are necessary if we are to create the transportation capacity that the region will need to grow in the years and the decades to come.”

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The Tri-State Transportation Campaign (TTC) is an alliance of public interest, transit advocacy, planning and environmental organizations working to reverse deepening automobile dependence and sprawl development in the New York/New Jersey/Connecticut metropolitan region. Like the RPA, the TTC was a strong advocate for the Port Authority’s value pricing initiative. During a phone interview on 14 August 2003, John Orcutt, Associate Director of the TTC, explained that the Port Authority’s effort is “the most aggressive congestion pricing plan in the country.” Mr. Orcutt characterized the initial proposal as “very intelligent from variety of points of view – especially the differences in pricing for different crossings.” In fact, he noted that although it is the most interesting case in the country – in terms of the number of people it affects, the size of the region, and the severity of the congestion problems – the Port Authority’s initiative is often neglected in discussions on this topic.

According to Mr. Orcutt, the implementation of this plan is seen as a tremendous victory for the TTC as well, which has made value pricing one of its key agenda items. Indeed, he believes that the successful application of value pricing on Port Authority facilities is likely to provide leverage to institute value pricing on other facilities in the region, most notably New York City’s East River crossings.

With respect to process, Mr. Orcutt also testified at the public hearings. He explained that the Port Authority involved the TTC early on in the process and that they were made aware of the proposal several weeks prior to the formal announcement. He admitted that the public hearing process was basically pro forma, but suggested that the broader process, including speaking with the editorial boards of key media, was particularly helpful to generating support.

Finally, when asked if anything could be done differently, Mr. Orcutt suggested that for value pricing to truly work (i.e. change behavior), motorists need to be aware of what they are saving. The TTC would like to see more mechanisms for doing this – for example, having the sign at the toll gate light up with “You just saved $2” instead of “Go” or including wording to this effect on customers’ E-ZPass quarterly statements.

2.3 Summary

Several points can be discerned from this review. First, while internal discussions over the Port Authority’s initiative revolved around how best to include value pricing in a decisive financing plan, the external debate was much more heated with respect to the magnitude of the toll increases than on the possibility of value pricing. In fact, much of the congestion mitigation planning was lost in the media attention. Second, and related to the first point, several interviewees and many of the press articles expressed dissatisfaction with the magnitude of those toll hikes. This would seem to suggest that if such increases were better planned so they could be put in place incrementally over time, there might be less opposition. Third, it is clear from the stakeholder statements that both proponents and opponents of the Port Authority initiative would like to see additional actions taken. From the point of view of those organizations more skeptical, results of whether the new toll schedule has helped change behavior in positive ways will be important. Further, ongoing dialogue related to the question of “where’s the value” will be important. In terms of the points made by the TTC regarding behavior, they were well taken. If one wants behavior to change, travelers need to see that they are saving or spending more money on tolls at different times during the day. Finally, while the Port Authority succeeded in implementing its proposal, results are critical and must be clearly placed in the context of what the Port Authority had hoped to achieve. Though the goals were marginal (i.e. the first steps rather than an entire overhaul of the system), many of the organizations that opposed the plan still do not support it and would be likely to oppose other value pricing initiatives in the region without some clear data demonstrating that it has had a positive effect.
3. CONCLUSION

The perspective of the Port Authority is that they truly listened at the public hearings and smaller meetings that were held with the various stakeholders and that they changed the proposal based on what they heard. Among the concerns noted:

- Size of the increase in toll. This was voiced primarily by passenger car customers and advocacy groups, the trucking industry, and elected officials.
- Effect that shifting the toll schedule on Port Authority facilities would have on other bridges and their surrounding communities, in particular the Tappan Zee Bridge. This concern was expressed primarily by other toll agencies and the local communities in Westchester and Rockland Counties.
- Lack of sufficient incentives for the trucking industry, in particular the lack of incentives for mid-day deliveries and the lack of a post-paid toll program similar to that on the NYS Thruway.

These concerns were addressed by reducing the magnitude of the increase on all forms of toll, offering trucks an additional discount during midday hours, speaking with the NYS Thruway Authority and Rockland and Westchester Counties, reinstating a modified Staten Island Bridge Program\(^{68}\), and eliminating the different Corridor charges. This last point, according to Mr. Muriello, was felt to be a significant loss in terms of where the Port Authority was trying to take the initiative. Once the final proposal was vetted with the public and opinion leaders, it was taken to the Port Authority’s Board for approval. Several additional options were requested by the Board (e.g. a $5.50 cash toll instead of $6.00) and the Tunnels & Bridges staff presented several different options, with the final proposal being described as part of a larger plan that provided the “best balance between mobility, finance, and operations.”

3.1 Results and Lessons Learned

According to Mr. Muriello, the value pricing initiative and the process leading up to its implementation was successful in several ways. First, and most notably perhaps, in trying to make incentives more powerful, the process helped increase coordination of efforts among a number of agencies throughout the region. Second, initial data demonstrated at least some shift from peak to off-peak periods. (A more in-depth assessment of the plan’s success in shifting behavior both in terms of travel time and use of E-ZPass will be provided in the remainder of the larger study of which this report is one piece.)

However, in other ways, the results appear to have been more mixed. E-ZPass penetration, for example, is still not as high as the Port Authority would like to see. Overall, according to Mark Muriello, E-ZPass market penetration is roughly 67%, though it can be as high as 80% on certain facilities at certain times of day. With respect to the political acceptability of the plan, and long-term thoughts, Mr. Muriello shared that this initiative was “like taking the first baby steps toward something much different.” Moving forward, he would like to see more ways to add value to various stakeholders. One way might be to work with other agencies to establish priority treatment at the approaches to the Port Authority’s facilities. Another way might be with creative use of existing lanes at different time periods throughout the day.\(^{69}\)

With respect to lessons learned, Mr. Muriello shared several from the perspective of the Port Authority:

- **Obtaining the political support of key leaders within the organization and at the State level was critical.** The New Jersey Department of Transportation leadership, for example, was effective in communicating the new toll plan and its alternatives to the Governor’s Office.

- **Education of the media and the public was important.** This helped to generate an open and public debate so nobody was surprised when the final plan was implemented.

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\(^{68}\) The Staten Island Bridge Program was reinstated, but at $50 for 20 E-ZPass trips during a 35-day period at the Goethals and Bayonne Bridges and Outerbridge Crossing.

• Integration of stakeholders at the beginning and during the process is key. By having a process where stakeholders were involved early on and discussions were held throughout the debate, plans could be modified and language could be changed as needed to gain additional support.

Additional lessons learned from the broader perspective taken in this report are as follows:

• Consistency in language and goals is important. As Mr. Muriello conceded, much of the value pricing concept was lost in the print news media as they focused on the toll hikes alone. Then, possibly because the Port Authority began to change its own language, there was additional lack of consistency when referring to the plan.

• Ongoing discussion and follow up is important. Several people noted their surprise that it had taken so long for any type of follow up on the new toll scheme. For the groups that had opposed the plan, this has translated into ongoing distrust that any of their concerns will be eventually integrated as the Port Authority moves ahead.

• Finding value may still be important. Because opposition remains to the plan, any modifications of the initiative may meet with resistance. One way to move beyond this is to look for effective ways of adding value for both commercial and passenger traffic.

3.1. Applicability for Gauging Acceptability of Other Value Pricing Initiatives

The purpose of this report was to gauge the acceptability of value pricing to opinion leaders and decision-makers before and after implementation of the new toll schedule. An initial assessment is that thus far those who were supportive of value pricing have remained so and those who opposed value pricing in this region have not changed their stance. Thus, additional attempts at value pricing in this region are likely to meet with similar resistance. However, this statement is tempered by the fact that the ability of the Port Authority to implement the new toll schedule is likely to add leverage to other attempts, especially if the data demonstrate a positive impact.

As to gauging acceptability of value pricing initiatives outside this region, the Port Authority example cannot easily be extrapolated. In different regions where value pricing is introduced, the politics, economics, and social framework are different. Further, the way value pricing is accomplished can vary from place to place. What likely made the California projects more acceptable, for example, was the existence of non-tolled alternatives as well as the added capacity – something that did not exist with the Port Authority example.

Finally, these conclusions are all based on initial findings. Once the larger study is complete and the data fully gathered and analyzed, the conclusions of this report will be revisited.
REFERENCES


“Don’t Take a Toll Hike.” Car & Travel (February 2001): 7.


For the newspaper articles discussed from the Associated Press, the Daily News (NY), The Journal News, New York Newsday, The New York Times, The Post, The Record (Bergen), and The Star Ledger, please see specific citations in the report.