



## USDOT Urban Partnerships: Up to \$130 Million in Grant Funds Available

On May 16, 2006, the U.S. Department of Transportation announced its new *National Strategy to Reduce Congestion on America's Transportation Network* – a bold and comprehensive initiative to reduce congestion on the nation's roads, rails, runways, and waterways. One major component of the National Strategy is the Urban Partnership Agreement (UPA). Under a UPA, USDOT's partner metropolitan areas will commit to pursuit of aggressive strategies under the umbrella of the "Four Ts" – tolling, transit, telecommuting and technology – a combined approach to reducing traffic congestion. The goal is to demonstrate success of this approach in reducing congestion in the short term.

**Tolling:** The first strategy is the key component of an Urban Partnership. It involves broad applications of congestion pricing that can be implemented in the near-term. These could be networks of priced lanes that use *existing* highway lanes (to reduce time needed for implementation); variable tolls on entire roadways – including toll roads and bridges, as well as existing toll free facilities; cordon charges to enter a congested area; and area-wide pricing involving charges on all roads within a congested area. Unlike the single-facility implementation projects and regional studies previously funded by the Department's *Value Pricing Pilot Program*, the Initiative is seeking significant reductions in congestion from *near-term* implementation on a broad scale. A brief overview of Congestion Pricing is provided overleaf, and a primer on this strategy is available at: <http://www.fightgridlocknow.gov/upas.htm>

**Transit:** The second strategy includes more efficient and responsive public transit systems that tailor services specifically for rush-hour commuters. For example, free-flowing priced highway lanes can provide opportunities for speedy Bus Rapid Transit and Express Bus services. Such services are flexible and cost-effective modes of public transportation, and provide viable commuting options for those who must travel during rush hours. They also have short timeframes for implementation, meaning that they can play a large role in reducing congestion now.

**Telecommuting:** The third strategy will involve commitments from major employers in the region to allow more of their employees to telecommute and work a flexible schedule. Flex-time policies can help stagger work schedules, decreasing the number of drivers during peak travel times.

**Technology & Operations:** Finally, Urban Partnerships will utilize advanced technological and operational approaches to improve system performance, support regional efforts to expand the provision of real-time traveler information, improve traffic incident response, improve arterial signal timing, and reduce the obtrusiveness of highway construction work zones.

In return for their commitment to adopt innovative, system-wide solutions to traffic congestion, USDOT will support its urban partners with financial resources (including some combination of grants, loans, and borrowing authority), regulatory flexibility, and dedicated expertise and personnel. Potential funding sources include the Department's Value Pricing Pilot Program and Intelligent Transportation Systems Operational Testing to Mitigate Congestion Program.

### How to Apply

Representatives of metropolitan areas interested in becoming Urban Partners must submit all application materials to USDOT by **April 30, 2007**. Application requirements and the specific funding amounts available are detailed in three related Federal Register notices:

- “*Applications for Urban Partnership Agreements as Part of the Congestion Initiative (12/8/06).*”
- “*Value Pricing Pilot Program Participation, Fiscal Years 2007–2009 (12/22/06).*”
- “*Applications for Funding Under Intelligent Transportation Systems Operational Testing to Mitigate Congestion Program (12/18/06).*”

Additional information on UPAs and copies of all three notices are available at:

<http://www.fightgridlocknow.gov/upas.htm>

# Congestion Pricing: A Key Component of USDOT Urban Partnerships

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A key component of an Urban Partnership Agreement will be congestion pricing. Congestion pricing – sometimes called value pricing -- is a way of harnessing the power of the market to reduce the waste associated with traffic congestion. Variable charges have been successfully utilized in other industries. For example, airline ticket prices, cell phone rates, and electricity rates vary by level of demand. There is a consensus among economists that congestion pricing represents the single most viable and sustainable approach to reducing traffic congestion.

With congestion pricing, tolls typically vary by level of traffic demand and are collected at highway speeds using electronic toll collection technology. Traffic flows freely, and there are no toll booths. Vehicles are equipped with electronic devices called transponders or “tags,” which are read by overhead antennas. Toll rates for different time periods may be set to ensure that the lanes are fully utilized without a breakdown in traffic flow.

## Benefits of Congestion Pricing

Congestion pricing benefits drivers and businesses by reducing delays and stress, by increasing the predictability of trip times, and by allowing for more deliveries per hour. It benefits mass transit by improving transit speeds and the reliability of transit service, increasing transit ridership, and lowering costs for transit providers. It benefits State and local governments by improving the quality of transportation services without tax increases or large capital expenditures, and by providing additional revenues for funding transportation. By preventing the loss of vehicle throughput that results from a breakdown of traffic flow, pricing maximizes return on the public’s investment in highway facilities. And it benefits society as a whole by reducing fuel consumption and vehicle emissions.

## Why it Works on Freeways

Congestion pricing works by shifting highway travel, which is sometimes purely discretionary, to other transportation modes or to off-peak periods, taking advantage of the fact that the majority of rush-hour drivers on a typical urban highway are not commuters. By removing a fraction (even as small

as 5%) of the vehicles from a congested roadway, pricing enables the system to flow much more efficiently, allowing more cars to move through the same physical space. A small reduction in vehicles can yield dramatic improvements in traffic. Pricing prevents a breakdown of traffic flow, and thus maintains a high level of vehicle throughput throughout the rush hours. For example, each variably priced lane in the median of State Route 91 in Orange County, California, carries twice as many vehicles per lane as the severely congested free lanes during the hour with heaviest traffic, at three to four times the speed on the free lanes.

## Where It Has Been Implemented

Congestion pricing has demonstrated powerful results both here in the U.S. and around the world. Successful U.S. applications of congestion pricing are operating on California’s State Route 91 in Orange County, I-15 in San Diego, I-25 in Denver, and I-394 in Minneapolis, all of which have enabled congestion-free rush-hour commuting and proven popular with drivers of all income levels. Internationally, broad-based congestion pricing has yielded dramatic reductions in traffic congestion in Singapore, London, and Stockholm.

### Strategies for Gaining Public Acceptance of a Broad Pricing Approach

- Propose it as a trial subject to referendum
- Provide a money-back guarantee for premium service
- Return surplus revenue to motorists, or use revenues to provide direct benefits to motorists paying the tolls
- Provide travel alternatives
- Provide toll discounts for low income motorists
- Improve arterials with signal optimization

A primer on Congestion Pricing is available at: <http://www.fightgridlocknow.gov/upas.htm>. If you have questions, or need more information, please contact Patrick DeCorla-Souza, FHWA’s Program Manager for Urban Partnerships, at 202-366-4076, or [Patrick.decorla-souza@dot.gov](mailto:Patrick.decorla-souza@dot.gov).