

TESTIMONY

FROM ALEX MATTHIESSEN
ON BEHALF OF THE "FIX OUR TRANSIT" COALITION
BEFORE THE JOINT TRANSPORTATION/CORPORATIONS COMMITTEE HEARING
ON THE FY2019-20 BUDGET
RE. CONGESTION PRICING AS BEST SOLUTION TO HELP FUND
THE UPGRADE AND MODERNIZATION OF THE NEW YORK METRO AREA'S
DETERIORATING TRANSIT SYSTEM

Chairman Comrie, Chairman Kennedy and Members of the Corporations and Transportation Committees: Thank you for the opportunity to submit testimony regarding transportation funding in the FY2019-20 budget. My name is Alex Matthiessen and I am a senior advisor to the Fix Our Transit coalition as well as the campaign's spokesman. Fix Our Transit is a coalition of over 125 transportation, environmental, business, labor, clergy, public health and justice organizations that fully back congestion pricing as the cornerstone of any MTA transit funding package.

In my testimony, I will affirm Fix Our Transit's firm belief that congestion pricing is undoubtedly the best way to fund the resuscitation, upgrade and modernization of the MTA subway, train and bus systems that over 11 million people in the New York metropolitan region rely upon every day. I will summarize why we believe the Cuomo Administration's proposed plan is a sound one. Finally, I will outline a suggested approach the Senate might consider in proposing its own version of congestion pricing in its one-house budget.

It is not an exaggeration to say that the MTA's regional transit network is the lifeblood – and circulatory system – of the New York metro area and a major economic driver for the city, region and state. For several years now, the MTA has been subjecting its riders to a deterioration and failure of service the likes of which we have not seen since the 1980s. It seems we all are in agreement, at least, that the MTA is in need of a significant infusion of capital, along with a healthy dose of reform, in order to bring this vital system into the 21st Century.

Fair & Effective: Congestion Pricing, Done Right, Is The Right Solution

In his executive budget, Governor Cuomo included a solid framework on which to build a serious congestion pricing plan, one which the Fix Our Transit coalition whole-heartedly endorses. In essence, the plan includes the delineation of a proposed congestion pricing zone, defined as Manhattan south of 60th Street.¹ The administration's proposal doesn't specify the toll amounts, or even whether they should be "fixed" or "variable." It does, however, mandate

¹ There has been nascent talk of moving the northern boundary of the congestion charging zone to 96th Street or thereabouts. Fix Our Transit recommends keeping the boundary at 60th Street in order to allow most of Manhattan's hospitals to remain outside the congestion charging zone.

that the annual revenue stream – net of infrastructure costs – generated from what they call a “Congestion Pricing Program,” must be sufficient to finance a minimum of \$15 billion in capital funding. Under the proposal, the \$15 billion would be applied to the MTA’s 2020-24 capital plan, and successive plans, as appropriate. It further stipulates that the revenue must be safeguarded in a separate “Congestion Pricing Fund” and, most importantly, supplement existing city, state and federal resources. Fix Our Transit fully supports these crucial provisions.

By default, as it is not otherwise specifically addressed in the executive budget’s bill language, the Governor’s proposal assigns the task of setting the toll rates – on cars and trucks (for-hire vehicles are exempted) – to the Tri-State Bridge & Tunnel Authority (TBTA). While we might prefer to see those details worked out as part of the final legislation in the FY2019-20 budget, Fix Our Transit firmly supports this approach, especially if the alternative is assigning toll-setting to yet another politically established work group or task force. Doing so would politicize decision-making and create a lowest common denominator’s race to the bottom in terms of revenue goals, as politicians seek to avoid responsibility for imposing a meaningful toll on their constituents. We don’t believe such an approach is either in the public’s or the Legislature’s interest.

Further, we believe the administration was wise to defer toll-setting to the TBTA while establishing a floor – effectively \$1 billion or more – of what the toll rates, however they’re priced, must generate in net annual revenue. By doing so, the proposed plan militates against a temptation to exempt an excess of driver classes – e.g., low income, hospital bound, those crossing multiple tolled facilities – because every dollar lost through exemptions will have to be made up by higher tolls on non-exempted drivers.

The ultimate plan enacted by Albany should not only be robust enough to generate a significant share of the estimated \$40 billion to \$60 billion needed to fund the MTA’s “Fast Forward” subway and bus modernization plan but robust enough to put a significant dent in traffic, ideally increasing vehicle speeds inside the Central Business District by 15-20%.² In addition, the plan must be designed to bring concrete benefits to underserved transit riders in the non-Manhattan boroughs and suburbs.

To be clear, fully funding the Fast Forward plan will go a long way toward filling such transit gaps. By updating the City’s bus routes and buses, President Andy Byford and his team at New York City Transit are already hard at work “reimagining” the city’s bus network. The result will mean faster, more reliable and more comfortable service for millions of New Yorkers, including new service for many of those who presently live in so-called “transit deserts.”

Fix Our Transit also supports setting aside a meaningful portion of the funding to specifically focus on transit deserts, perhaps by supplementing the \$50 million a year set aside from the for-hire vehicle surcharge revenue enacted in last year’s budget. Such funding should be lock-boxed and include a process for soliciting community input. With real funding, transit deserts in places like South Brooklyn, Eastern Queens and parts of Staten Island and the Bronx could receive some long overdue attention.

² Under such a scenario, vehicle speeds outside the CBD, in places like Downtown Brooklyn, Astoria, Queens and Northern Manhattan, should also see improvements, with increases of 5-8%.

The same is true for the suburbs. Suburban legislators have shown openness to congestion pricing but are looking for a portion of the money to go toward strategies for improving local transit access on Long Island and in the Hudson Valley. Such strategies include: subsidizing and/or expanding county bus service; expanding LIRR and Metro North station parking capacity and adding “last mile” services like shuttle buses to improve access to commuter rail.

For more detail on what Fix Our Transit considers an ideal or model plan, both from a policy and equity standpoint, please see the attached addendum. I, and my coalition partners, stand ready to assist the Committees in whatever way we can as you deliberate and craft your own version of congestion pricing.

Conclusion

Fix Our Transit recognizes that even a robust congestion pricing plan like the one we have outlined below will not raise the \$60 billion the MTA likely needs to fully fund the Fast Forward plan over the next ten years – to say nothing of the additional \$40 billion needed to fund the MTA’s underlying capital plans over the same period. We therefore support Senators Comrie and Kennedy’s stated determination to identify additional sources of revenue to secure the full complement of funding we will need to modernize the system. We agree that it makes no sense to go through this arduous process only to come back in a few years and have to do it again.

Whatever funding package Albany ultimately comes up with, we have to do it in this (FY2019-20) budget. The system is falling apart before our eyes and, as Senator Kennedy is quick to point out, service cuts and deteriorating performance are coming soon if we don’t shore up MTA’s financing this year.

Finally, there is another reason we have to fund the Fast Forward plan as soon as possible. Everyone involved in this debate agrees, at least, on one thing: Andy Byford, New York City Transit’s president, may be the world’s single most qualified person to oversee the resuscitation and modernization of the MTA. But even the world’s transit turn-around king needs resources to get the job done. Yet, he is not going to stick around for long if Albany doesn’t provide him with the resources he needs.

They say a crisis is a terrible thing to waste. So is the solution in the form of the right leadership at the right time – at the MTA, in the Governor’s office, and in the Legislature. Let’s work together to make sure the MTA has the resources it needs to once again deliver world class transit service to the greatest city on earth.

Thank you for the opportunity to submit testimony.

Addendum: Key Features of a Model Congestion Pricing Plan

While Fix Our Transit fully supports the administration's proposal, we understand it may be valuable or necessary for the Legislature to add some detail. If so, here follows an outline of proposed features of what we consider the ideal congestion pricing plan from both a policy and equity perspective.

Cordon Toll Elements

- Use "Fix NYC" boundary and elements
 - Congestion charging zone for cars and trucks: the Central Business District (CBD) – i.e., Manhattan south of 60th Street
 - East River Bridge trips to access FDR north exempt from congestion toll
 - Daily toll cap of one round-trip per day (for both commercial and passenger vehicles)
- Tolls should match those on Queens Midtown & Brooklyn Battery tunnels
 - Doing so will eliminate "bridge shopping," smooth out traffic and create toll equity, which in turn will reduce traffic and asthma rates in the Brooklyn, Queens, and Upper Manhattan neighborhoods surrounding the Central Business District.
 - Use 2-way, not 1-way, tolls (i.e., 2 X \$5.76, not 1 X \$11.52) as the optics are much better. (Some legislators reacted poorly to the "\$11.52" toll in Fix NYC plan, making it easy to demagogue congestion pricing with their voters.)
 - The CBD toll should be 24/7/365 (w/ variable tolling – see bullet below). There is no justification for less than that given the dollars needed and given every other facility in NYC is tolled 24/7/365. Relief from new CBD tolls can and should be gained through off-peak and off-off-peak rates that are modest or nominal, respectively. Moreover, it would be incongruous to be charged nothing to cross the Brooklyn Bridge on the weekend while still paying \$5.76 to do the same over the Throgs Neck or Queens Midtown Tunnel, for example.
 - Commercial vehicles should be subjected to the same "graduated" structure they are now on the QMT, BBT and other MTA facilities. This would help build support among outer borough businesses many of whom were displeased with the \$25 uniform truck toll in the Fix NYC plan. It's better to be able to say that small businesses and their two-axle trucks or "man with vans" will face a nominal premium over passenger cars while benefitting from increased deliveries and service calls. Larger trucks should pay more, as they are under the current MTA commercial toll structure, to discourage unnecessary Manhattan "through" trips.
- Variable tolling w/ peak and non-peak pricing
 - Should apply to existing East River tunnels as well.
 - Variable tolling gives legislators a way offer their constituents lower rates at certain times of the day, thus avoiding the full toll burden. It's easier to digest a variable toll that ranges from, say, \$2.75 in the middle of the night and on weekend mornings; \$7 or \$8 during weekday rush hour; and say around \$5 during the weekday midday, evenings and the busier part of the weekend.

- Limited toll exemptions or discounts
 - If included, they should be done in a way that does not erode traffic reduction or transit finance goals.

Revenue Raised

- Net* \$1.5 billion per year (\$22.5B bonded)
 - While conventionally the target has been net annual revenue from congestion pricing of \$1.0 billion, including in the Governor's executive budget, Fix Our Transit would like to see a plan that aims for \$1.5 billion annually, given the enormous need for new revenue. (*Net of tolling infra/admin costs, FHV revenue (~\$400M), possible non-CBD toll relief revenue loses, or other possible additional funding sources.)

Revenue Allocations

- Lion's share lock-boxed and bonded to fund Fast Forward (i.e., City subways and buses, including improvements/upgrades to stations, signals, access for disabled and electrification of buses)
- A meaningful portion lock-boxed to fund expanded service in transit deserts
 - in the City – mostly in the form of expanded bus, SBS and Express Bus service, subway station and bus terminal improvements, new elevators, possible multi-borough projects like Tri-borough Rx, North Shore BRT, etc.
 - In the suburbs (LI & the HV) – mostly in the form of expanded (i.e., multilevel garage) parking at commuter rail stations, expanded county bus service, add'l Express Bus service (e.g., Rockland County) and "last mile" strategies (like shuttle buses to commuter train stations). New technologies (ride-sharing, flexible-route vans/buses, etc.) offer new ways to connect people to main transit lines.
 - A meaningful public input process should be established to solicit ideas and needs re. transit gaps from transit riders, perhaps via local elected officials.
- A portion of the revenue for a fare relief program that targets outer area riders – e.g., citywide Freedom Ticket, extension of CityTicket to 7 days/wk. Since it's largely aimed at lower income residents in current transit deserts it could potentially be funded by other sources (e.g., NYC, as in the case of Fair Fares; a portion of marijuana revenue) in order to preserve congestion pricing revenue for capital investments and new service.

Toll Relief for the Outer Boroughs and Suburbs

- A slowing of toll increases on the MTA's 7 outer borough bridges as a way to start differentiating the CBD and non-CBD toll rates.
 - This would show good faith and earn credibility for MTA & Albany among outer borough voters that the idea of toll differentiation is real and long-term. Ideally, the MTA would initiate this differentiation with the March fare and toll hikes by increasing the QMT & BBT rates by 8-15% while increasing the outer borough bridge tolls by less than 4% (i.e., @ 8% for CBD tolls, it could be about 3.2% and still preserve the same net revenue; @ 15% for CBD tolls, the outer bridges could be raised by only ~2%).

