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It ain't broke yet, so let's fix it now

Twin Cities traffic may not be that bad, but some are preparing for the worst

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After 24 Twin Cities metro residents spent a week last summer learning about and discussing traffic congestion pricing, their opinions on the subject were clear:

- Sixteen said there is no traffic congestion problem in the 13-county metro area.
- Only seven would like to see a federally funded pilot project on congestion pricing in the Twin Cities. In this context, congestion pricing refers to charging roadway tolls electronically, with varied prices depending on level of congestion of certain roads and at certain times of day.
- Also, 17 did not think congestion pricing is an effective strategy to address present and future traffic congestion, or a good way to generate financing for road improvements.

"We learned a lot from the Citizens Jury," says Lee Munnich, director of the State and Local Policy Program at the University of Minnesota's Humphrey Institute of Public Affairs, which co-sponsored the Citizens Jury project. "Nobody was fully prepared for the manifestation of people's love affair with their vehicle."

So why do Twin Cities residents keep reading and hearing about congestion pricing and its cousin, toll roads? In part, for the same reason that 22 of the Citizens Jury members say traffic congestion will be a problem in the future. "The Twin Cities is not a very heavily congested area—the Citizens Jury is quite right," says Herbert Mohring, emeritus professor in the University of Minnesota's economics department, who has established a reputation as an expert on congestion pricing. Mohring was a visiting professor this past winter at the University of California at Irvine, and he knows that the Twin Cities' traffic problems pale in comparison to Southern California's, for example.

Still, the expectation is that traffic congestion in the Twin Cities will continue to worsen, Mohring says, because both federal and state governments are reluctant to expend money for highway expansion. "Capacity is not going to meet projected demand," he says.

By 2015 the Twin Cities metro area, which already includes 22 counties, according to some measures, will experience congestion that is on par with present-day Los Angeles, where freeway speeds average about 36 miles per hour, according to Adeel Lari, director of the Office of Alternative Transportation Financing for the Minnesota Department of Transportation (MNDOT).

Ramp meters are good for freeways, bad for ramps

Another reason Twin Cities residents keep hearing about congestion pricing is that officials don't think the Citizen Jury's views are necessarily representative of the metro's collective opinion, or that they should be considered the final word on the subject. The Citizens Jury was a means of introducing the idea of congestion pricing to Twin Cities residents; beyond that, it's dangerous to make too much of the Jury's opinions, Lari says.

Besides, says Mohring, when it comes to traffic, people figure their own costs—things like gasoline consumption and wear-and-tear—and not the full costs to the rest of society. And congestion pricing, to the individual driver, is often viewed as just another cost. But that misses the point. "People not only experience congestion, they cause it," Mohring says. "They take into account the problem they experience, but not the problem they cause."

To a certain degree, the reason the Twin Cities does not have a worse traffic congestion problem is its use of metered ramps for most entrances to major roadways, Lari says. The Twin Cities has the most aggressive ramp meter plan in the country, he says. While metered ramps have improved travel time on the freeways, drivers find that it has caused another problem. "We've moved the delay to the ramps," Lari says.

Some ramps are so crowded that cars and trucks sometimes fill the entire ramp, causing the congestion to back up to the roads from which vehicles are exiting, says Carl Ohrn, planning analyst at the Metropolitan Council. "It's a matter of where you want to wait."

As part of its research on congestion pricing, which was funded by a federal grant and requested by the state Legislature, MNDOT conducted a poll of more than 1,000 Twin Cities residents last fall, and a majority of the residents said that if the ramp meters were removed, they would be willing to pay a congestion price. "If you use congestion pricing, metering becomes unnecessary," Lari says. He also says that the response to congestion pricing—absent ramp meters—is counter to the Citizens Jury,

which disapproved of congestion pricing in the Twin Cities.

The Twin Cities can expect congestion pricing in the near future ... maybe

When it considered congestion pricing, the Citizens Jury was presented with three different applications:

- Areawide congestion pricing, where all drivers are charged a variable toll to travel on congested freeways in the metropolitan region.
- HOV buy-in, in which drivers of single-occupancy vehicles can pay a toll to travel in high-occupancy (HOV) lanes.
- Facility or corridor pricing, where tolls are applied to a particular corridor (section of a freeway) or a bridge.

Of course, toll roads, much like ramp metering, can cause delays where the tolls are collected; also, HOV buy-in plans are not a true form of congestion pricing because not everyone pays and, in effect, traffic congestion may not necessarily improve because even more people may opt to drive in the "free" lanes if they are under the impression that people have shifted to the priced lanes.

SR91 in Southern California, a 10-mile stretch of privately maintained highway that drivers can choose to use, is one of the few examples of electronically tolled roadways in the world. But it's not the real thing, according to MNDOT's Lari. "It's pasteurized congestion pricing," he says, because drivers can continue to use the free lanes. Also, for the same reason cited above, SR91, which runs parallel to the free lanes, may not even reduce travel and could actually encourage more trips. SR91 is only a few months old, and detailed analysis of its use is not yet available.

MNDOT garnered quite a few headlines when it announced a proposal to establish a number of toll roads in the Twin Cities metro area—in conjunction with private firms. (Proposals have also been announced to establish toll roads in outstate Minnesota.)

Public hearings have already been held on some proposed toll roads in the metro area and MNDOT hopes to announce plans for a toll project by May, according to Lari. Following a response by affected communities, it's possible that plans could be finalized by this fall. MNDOT will present a plan to the Minnesota state Legislature during its 1997 session that will include specific projects and goals. A toll road—or bridge—could be operational within three to four years. Of course, much could happen in between to delay these plans, Lari says, and others aren't as optimistic that something will happen so soon. As the 1996 legislative session drew to a close, some metro communities were lining up against three of the proposed toll projects.

It's important to do pilot studies and introduce the idea of pricing in certain corridors, but if the problem of congestion is going to be addressed, it's even more important to have a plan for the whole area, Ohrn says. "What's the regional vision? I do think if we can break the ice with one, and we have a vision, it could work."

Whatever happens, it's important not to delay too long, says Ohrn. Over the next 25 years, highway construction will be at just a third of the rate it was over the past 40 years, he says. In the meantime, demand for roads will continue to climb.

Everyone pays, but do the wealthy benefit more?

One persistent criticism of the idea of pricing all traffic—or of opening HOV lanes to those who choose to pay—is that such plans are unfair to lower-income drivers. In response, the Humphrey Institute's Munnich says that all travel is correlated to income since the rich, because they are rich, can purchase more transportation options—such as driving more. Therefore, any investment in transportation necessarily benefits the rich.

Mohring, along with David Anderson, recently of the University of Minnesota Economics Department, addressed the equity question in a report prepared by the Humphrey Institute: "The argument: congestion pricing would inflict significant harm on the poor. The counter-argument: that they are ill-fed, ill-clothed, ill-housed, and, perhaps, ill-transported is really not the basic problem that poor people have. Their fundamental problem is, rather, that they are poor. If we are genuinely concerned with how road pricing would affect them, we should reimburse them with cash—or, maybe better, with marketable road scholarships—for the greater costs tolls impose on them and let them decide whether to maintain their travel patterns unaltered or to spend the cash or proceeds from the sale of the scholarship on other desired commodities while economizing on travel. It would be the height of folly to subsidize road use or any other commodity just on grounds that the poor buy it."

Mohring and Anderson have calculated a toll structure for the Twin Cities that they say would maximize the net benefits of the metro's road network. On I-35W, south of I-494, for example, the optimum peak-hour toll would be 19 cents per mile, which would cut usage by 25 percent. "Because of the diversion to car pools and mass transit that tolls would induce, this reduction in auto use would actually increase the number of people carried by I-35W," write Mohring and Anderson.

Not only would more people be encouraged to car pool or use mass transit, but drivers would take more discretionary trips at off-peak times, businesses and schools would shift openings and closings away from peak periods, trip speeds would increase and pressures to expand the road network would diminish, according to Mohring and Anderson.

The entire Twin Cities road network could reduce travel miles by about 12 percent with a 7 cent per mile toll, according to Mohring and Anderson, which would also generate daily revenues from \$1 million to \$1.5 million. Although the Citizens Jury prefers the gas tax to congestion pricing in order to raise revenues, the revenues generated by congestion pricing are important. Even though the benefits to the Twin Cities area of improved traffic flow would exceed the costs that they inflict on travelers (see Chart 3 and its analysis on the previous page.), it is also true that higher-income drivers benefit more. Likewise, say Mohring and Anderson, to convince all drivers of the benefits of congestion pricing, there must be a plan for using toll revenues that would benefit drivers more than the tolls would cost them. "That is, tolls would generate enough revenues to compensate losers fully with money left over."

In the end, according to Lari, it comes down to one question: "You can't pave the whole world, so

how can you meet increasing demand?" If you can't build or expand highways, you can either use price or you can do nothing and live with the growing congestion.

"In the best of all possible worlds," Mohring says, "we'd have a planner pricing roads as if they were functioning as competitive markets." Since that is more than a little unlikely, the only option is to seriously consider any alternatives to the current system. "We live in a world that demands compromise," he says.

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