# Options for Congestion Pricing
**(Also known as "Value" or "Peak" Pricing)**

**General Revenue Source Rate Adjustment vs. "Stand Alone" Congestion Pricing**. Congestion pricing can be implemented by a rate adjustment to a general system-wide road funding mechanism or as a "stand alone" congestion management mechanism for a specific geographic region or facility. Phase in of a mileage fee (if selected as the general revenue source) either limits the type of congestion pricing to "stand alone" pricing or defers the timing of more comprehensive pricing strategies to when the mileage fee is fully implemented.

- Task Force Preference – System Rate Adjustment. Congestion pricing would consist of a rate increase adjustment to either the mileage fee or System-wide Tolling funding mechanisms. This methodology could not be implemented until either System-wide Spot Tolling is in place or the mileage fee is applicable to virtually all passenger vehicles registered in Oregon.

- Alternative Task Force Preference - "Stand Alone" Congestion Pricing (No System Rate Adjustment). Congestion pricing would be implemented independently of either the mileage fee or System-wide Spot Tolling statewide funding mechanisms. There would be no local adjustment to the rate for either general statewide funding mechanism.

**Pricing Technology**. Choice of technology determines the type of congestion pricing that can be implemented. For example, a "complex" GPS based system enables peak hour pricing by specific highway or street segment thus having the flexibility for implementation of any of the four basic pricing scenarios. On the other hand, a "simple" GPS based system will allow implementation of peak hour pricing only by area and covers primary routes and side roads and streets equally. An AVI based system is more limited and capital intensive because hardware must be installed along each road priced, but AVI technology still permits facility pricing and network pricing through mechanisms such as "freeway" pricing, "queue-jumping" at on-ramps, bridge pricing and spot tolling – all by time of day.

- Task Force Preference – "Simple" GPS Based System. A "simple" GPS based system would allow effective congestion pricing through peak hour pricing by area. Implementation of this option would not occur for 20+ years because of the lengthy phase-in period for GPS devices to be effectively in every passenger vehicle.

- Alternative Task Force Preference – AVI Based System. An AVI based system would be a "stand alone" principally electronic tolling system operating independently of the general revenue source. This

would allow peak hour pricing of specific roadways with a great amount of configuration flexibility depending only on capital cost limitations.

**Types of Pricing Strategies**. Variable pricing can occur in four basic ways. "Area pricing" involves charging within a defined geography without specification or discrimination for particular roadway or street as all routes are priced the same per VMT during the same periods. "Cordon pricing" involves charging for access to a particular location when crossing a boundary line. "Facility pricing" involves charging for access to a particular facility (e.g. HOT lane or bridge) and pricing can vary dynamically with actual roadway conditions. "Network pricing" involves charging variable tolls for a whole freeway system in an urban area with the potential for price differentiation depending on the nature of each freeway.

- Task Force Preference - Area Tolling (Deferred). Area pricing would be the most viable from an operational and cost effectiveness standpoint in the region most likely to make use of congestion pricing -- the Portland Metropolitan Area, where the configuration of local geography and current road system makes cordon and network pricing problematic (see alternatives below). Area pricing would involve installation of the "simple" GPS device in participating vehicles. Area pricing would be deferred to a time when "simple" GPS devices are ubiquitous in Oregon.

- Alternative Task Force Preference – Facility Pricing (Mileage fee Phase In). While not comprehensive, facility pricing on a "stand alone" basis is the only pricing strategy that can be implemented in conjunction with a mileage fee phase in (if selected as the general revenue source). Congestion pricing done in this manner could be applied to specific roadways and bridges or to HOT lanes or queue-jumping at ramp meters. Facility pricing can also be easily melded with System-wide Spot Tolling.

- Second Alternative Option – Cordon Pricing. Cordon or network pricing can be implemented in the Portland Metropolitan Area if System-wide Spot Tolling is adopted as the general revenue source. A large part of the infrastructure would already be in place. The Portland area does not lend itself well to "bright line tolling" methods such as cordon pricing because unintended growth and economic diversions will occur.

- Third Alternative Option – Freeway Network Pricing. Network pricing can be implemented in the Portland Metropolitan Area if System-wide Spot Tolling is adopted as the general revenue source. A

large part of the infrastructure would already be in place. The Portland area does not lend itself well to network pricing because the availability of numerous alternative routes outside the freeway system will encourage traffic diversion.

**Allocation of Congestion Pricing Funds**. There are three basic options for allocation of funds generated from congestion pricing. One, allocate congestion pricing revenue to the Highway Fund. Two, earmark congestion pricing revenue for a particular roadway. Three, earmark congestion pricing revenue by categories of roadways generating the revenue.

- Task Force Preference – Allocation By Category. All funds generated from congestion pricing within a defined area would be allocated to the modernization of state, city or county roadways within the defined area by appropriate jurisdiction based on VMT data for each category of roadways.

- Alternative Task Force Preference – Allocation by Roadway. All funds generated from congestion pricing of a particular roadway would be allocated for the modernization of that roadway (or parallel roadways within the same corridor).

- Second Alternative Option - Allocation to Jurisdiction. All funds generated from congestion pricing of a particular state roadway would be allocated to the state. All funds generated from congested pricing of a particular local roadway within a jurisdiction would be allocated to the local jurisdiction.

- Third Alternative Option - Allocation to Highway Fund. All funds generated from congestion pricing would be allocated to the Highway Fund for distribution to the state, cities and counties.