

Statement of Charles Komanoff

Before a Joint Hearing of the New York City Council
Transportation and Finance Committees
December 16, 2008

Our city and region have a transit-finance problem, a traffic problem, and, now, a sick economy.

The Ravitch Plan cures the first but ignores the second and worsens the third. Indeed, its main mechanism to fund the MTA, yet another payroll tax, is also an open invitation to export jobs from our region.

Can't we do better? Can't we attack all three problems and begin solving them simultaneously? As a matter of fact, we can — with the plan created by Ted Kheel's team, based on his vision and with his support.

Here's what the Kheel Plan will accomplish for our city:

- The Kheel Plan will make all New York City Transit buses free, all the time.
- The Kheel Plan will slash subway fares by an average of 75%.
- The Kheel Plan will reduce rush-hour crowding on buses and subways.
- The Kheel Plan will improve daytime traffic speeds in the Manhattan Central Business District (south of 60th Street) by one-third.
- The Kheel Plan will generate enough net revenue, over \$1 billion a year, to wipe out more than 80% of the MTA deficit.

The Kheel Plan will do all this with no new taxes. Instead it employs an integrated set of *price incentives* to use our trains, buses and autos more efficiently.

Here are the four basic elements:

1. ***Eliminating bus fares.*** This not only supports bus riders, for many of whom a \$2 fare is a matter of some consequence; it also improves bus service and labor productivity by dispensing with the need to board and swipe at the front, thus doing away with the human gridlock at the bus entrance that the MTA estimates adds 15 percent to bus travel times.

2. ***A time-varied and always-lower subway fare.*** The Kheel Plan proposes a zero fare on weekends and holidays, at night, and between rush hours. A fare would be charged only in rush hour — between 7 and 10 a.m. and between 4 and 7 p.m. Even in rush hour, the Kheel Plan fare would range from 50 cents to \$1.25. The average fare would be 75% less overall than today's. Varying the subway fare will give riders incentive to switch their time of travel. Our modeling suggests that with the Kheel Plan, subway use will rise during 20 hours of the day, remain flat for 2 hours, and fall during the two most-crowded hours: 8 to 9 a.m. and 5 to 6 p.m. Riders who can switch to a lower-fare period will save the most, but riders who can't or don't switch will still pay less than they do now — and get a less crowded ride in the bargain.

3. ***A time-varied congestion toll to drive into the Manhattan Central Business District.*** Unlike the mayor's original congestion toll, our toll varies by time of day. Drivers thus have a monetary incentive to "time-shift" their trips out of the most crowded times of the day. In addition, unlike the mayor's toll and the Ravitch toll, our toll affects all drivers equally, wherever they live. New Jersey drivers, Westchester drivers, Long Island drivers and Brooklyn and Queens drivers will all pay, and at the same rate. Our toll starts at \$5 and averages \$16. Expensive? Sure. But it amounts to far less than the "time costs" each trip now imposes on other drivers and road users. And it's strategic. Our toll raises most of the funds needed for free buses and discounted subways and dramatically cuts auto traffic into the heart of the city at the most crowded times, vastly improving travel speeds. Drivers benefit from quicker journeys and more predictable arrival times.

4. ***A surcharge on medallion taxi fares.*** Yellow cabs shouldn't pay the congestion toll. It's impractical. But their mileage must be tolled to avoid creating a huge loophole for Manhattan residents, who use taxis the most, and to generate much-needed revenue. We estimate that a 50% fare surcharge (which will raise the average fare by 46%) will generate \$700 million a year in new revenue.

There's more, but these are the Kheel Plan's key elements.

I hope you see why Ted and I are so excited about the Kheel Plan. It's ingenious. It's integrated. It's equitable. It's revolutionary. The Kheel Plan, without saddling us with yet another tax, will fund the MTA, improve transit service and auto travel, and make our city and region more efficient — and more livable.