Metropolitan Transportation Commission
Policy Advisory Council

April 13, 2022 **Agenda Item 7**

Next Generation Bay Area Freeways Study: Exploring Pricing Strategies to Advance Equity, Climate, and Mobility Goals

Subject:

Introduction to the Next Generation Bay Area Freeways Study – a study exploring pricing strategies as a tool to modernize our region's congested freeways and advance equitable outcomes – including an overview of the study's purpose, timeline, milestones, and key components including community and stakeholder engagement.

Background:

The Bay Area's freeway network suffers from chronic traffic congestion that continues to adversely impact the region even as travel patterns change post-COVID-19. While the region has implemented a range of strategies to optimize freeway capacity, provide alternatives to driving, and increase transit-oriented development, people in the Bay Area want to or need to drive alone for a multitude of reasons, making the freeways a valuable public good. A fundamental and generational shift is needed to transform the Bay Area transportation landscape, and freeway pricing solutions offer the potential to advance mobility, equity, and climate goals.

To reduce traffic congestion, de-incentivize auto use, and drive down greenhouse gas emissions, Plan Bay Area 2050 recommends the implementation of per-mile tolling on congested freeway corridors with parallel transit alternatives in a phased manner between 2030 and 2035 (Strategy T5). This strategy is particularly important during periods of peak demand to manage single- or zero-occupant vehicle demand (from autonomous vehicles) while simultaneously generating revenue to fund transportation improvements. The Next-Generation Bay Area Freeways Study serves as a first and early action that MTC will undertake to step toward the vision of PBA2050 and implementation of this strategy.

MTC received a Caltrans Strategic Partnership planning grant of $500,000 in 2021 for this study. MTC seeks to complement the grant funding with substantial resources across planning, public engagement, modeling and operations to complete this study over a two-year period. The study kicked off in February 2022 and is anticipated to last through late 2023.

The Potential of Pricing:

Pricing based on use, and even demand-responsive pricing, has been a long-standing strategy across public assets. Gas, water, and electricity are metered, and people pay for what they use. Further, pricing based on time-of-use is common across electricity providers. Even within the transportation world, peak-period pricing is used for train tickets in many cities and parking fees are used to manage limited curb space with higher rates at peak hours. When people pay the true cost for something, they use it more efficiently; likewise, pricing roadways seeks to encourage people to choose to drive at a different time, choose an alternate destination, choose an alternate mode, or avoid unnecessary trips.

The concept of paying to use roadways is not new, even in the United States. Many states built toll facilities prior to the Interstate Highway System while others have built toll facilities on state highways to improve outdated infrastructure. Various regions are considering pricing existing freeways, including a corridor in the North Bay that was a former toll facility, State Route 37 (as proposed in SB 1050 (Dodd), Los Angeles and Portland who are well ahead in their studies and have implementation goals of 2025 or earlier. The recently-passed federal Infrastructure Investment and Jobs Act represents a policy shift at the federal level by authorizing tolling on Interstate highways in ten urban regions. Building on our experience with Express Lanes and the recently adopted Express Lanes Strategic Plan, pricing strategies can help us imagine the next generation of the Bay Area freeway network – one that provides reliable transportation access; one that is prepared for the ongoing generational shift in the transportation landscape; and one that supports communities that have been disproportionately impacted by freeways.

Pathways to a Next-Generation Freeway Network:

While pricing strategies may offer potential to transform our freeways, implementation without a clear focus on social and racial equity will deepen existing inequities in our transportation system and in society at large. The primary objective of the study is to collaboratively explore equitable pathways toward a priced, modern, and multimodal next-generation freeway network. A "pathway" refers to a combination of an all-lane pricing strategy (which is defined by the extent, the type of pricing such as fixed, variable, or dynamic, pricing levels and interaction with other pricing schemes such as express lanes) and various complementary strategies necessary to make

pathways equitable and politically acceptable. These could include exemptions and discounts, transit improvements that must be in place prior to tolling, and active/shared mode programs funded by tolling revenues and alignment of existing/planned resources. Pathways will be evaluated over two rounds of analysis, each preceded by a round of community engagement. Ultimately, the study will seek to recommend one to two pathways and identify a corridor that promises potential for a pilot implementation, while charting out further studies, analyses, and legislative actions that would be necessary.

Leading with Equity:

Pricing roads can lead to inequitable outcomes for various population subgroups such as low- and middle-income drivers, rural residents, super-commuters, essential workers that cannot work from home, persons with disabilities that rely on a vehicle, and working parents that must drive at constrained hours of the day. However, the current freeway network that is "free" to use may not be equitable either: the same population subgroups who must use the freeway cannot do so reliably; those without vehicle access do not have high-quality transit options; and communities divided by freeways suffer from historic infrastructure disinvestment, safety and health issues.

The study recognizes that equity is multi-dimensional and will strive for equity in both process and outcomes. Toward an equitable process, the study will kick off with an equity assessment to understand existing inequities and inform the engagement process. Deep engagement with diverse stakeholder groups and communities will be central to the study. Toward equitable outcomes, the study will focus not only on minimizing adverse impacts of pricing on population subgroups, but also utilizing freeway pricing to address historical and structural inequities.

Three Major Study Components:

Several questions need to be tackled on the road to implementation of Strategy T5 in Plan Bay Area 2050. Recognizing that this study is a first step toward formulating and answering all those questions, the three study components listed below will enable us to make meaningful progress:

a) *Community and Stakeholder Engagement:* Beyond two rounds of meaningful and focused engagement with communities through small group discussions, pop-up shops and surveys, staff will engage with various relevant government and non-governmental organizations. Staff has formed an Advisory Group that brings together a diverse set of representatives from

county and transit agencies, Caltrans, business, industry, labor, agriculture, academia, youth and the community at large. Staff will also form an Ad-Hoc Executive Group for this study. Further, staff will frequently engage the Council and relevant MTC Committees, executives of CTAs, Caltrans and transit agencies, and the FasTrak Management Group.

b) *Technical Analysis:* Staff will use MTC's travel model to evaluate effectiveness of pathways and analyze impacts on access to destinations across population subgroups, freeway performance, transit ridership and crowding, and traffic spillover onto local streets.

c) *Exploring Operational Deployment:* Acknowledging that there are various hurdles in deploying freeway pricing and consequent uncertainties about the cost, staff will explore and evaluate different options to deploy pricing on freeways.

Attachment A provides further overview of the study, including the timeline, milestones and proposals for the advisory structure and the composition of the advisory group.

Next Steps:

The following actions are planned over the next few months:

- *April 2022:* Engage with the Advisory Group to discuss existing travel conditions and inequities, and preliminary goals for the next generation freeway network.
- *May 2022:* Plan for community engagement; Begin developing pricing concepts.
- *Summer 2022:* Conduct first round of community engagement.

MTC staff will plan on returning to the Council/E&A Subcommittee in fall 2022 once the first round of community engagement is complete and preliminary pathways have been defined.

Issues:

None identified.

Attachments:

- Attachment A: PowerPoint Presentation