



Value Pricing Study



A tool to reduce congestion

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Understanding Value Pricing

Value pricing – sometimes called congestion pricing – uses monetary incentives to change driving behavior and reduce congestion. It works by shifting travel to other transportation modes or to off-peak hours. Removing even 5 percent of the vehicles from a congested road enables the system to flow more efficiently. Economists agree that value pricing represents the single most viable and sustainable approach to reducing congestion. Drivers benefit from optimized traffic flow, fewer traffic delays, fewer accidents and improved safety.

Determining How Value Pricing May Help Central Florida

MetroPlan Orlando’s study is exploring value pricing options that may be suitable to Central Florida. The study analyzes which strategies can best relieve congestion in the area.

A steering committee of regional transportation experts, municipal officials and citizens is working alongside value pricing experts to guide the study process. An in-depth analysis and study was conducted to determine the feasibility of each option.

Initially, more than 30 value pricing options were identified. The steering committee used a preliminary screening process to narrow the number of options to 13, and a second-round evaluation further reduced the options to five. Each of the alternatives was modeled using the regional travel demand model to simulate the congestion-reducing effects of each option. Results reflect conditions in the year 2020.

Using the criteria of transportation effects, societal and market effects, implementation, equity and consistency with other policies and public opinion, four options surfaced as most suitable for Central Florida.

HOW BAD IS CENTRAL FLORIDA TRAFFIC?

1.9 Million

People call Orange, Seminole and Osceola Counties home

13th

Orlando's ranking nationally among the most congested cities

45

Hours the average Orlando commuter is delayed per year due to congestion

1 Million

Additional residents expected in Orange, Seminole and Osceola Counties by 2040

57 Million

Visitors hosted in the region each year

2x

Longer commute times could be in our future if we do not find ways to relieve traffic overload

Value Pricing Options for Central Florida

MILEAGE FEE – VARIABLE RATE

- Replaces the current gas tax.
- A variable-rate mileage fee accounts for road use at specific times, locations and facility type (highway vs. arterial). This is similar to a variable toll, where drivers pay more to travel during peak times and on congested corridors.
- Encourages flexible work hours and telecommuting.
- Decreases congestion throughout the region.

14.2%
reduction in travel time



155.9%
increase in revenue

MILEAGE FEE – FIXED RATE

- Replaces the current gas tax.
- Similar to a gas tax, a fixed rate assesses a flat fee based on the number of miles driven. For example, driving 250 miles at a rate of \$0.05 would cost \$12.50.
- Drivers pay only for their usage.
- Simulations showed an increase in congestion levels.

0.4%
increase in travel time



0.4%
decrease in revenue

PARKING/AREA PRICING

- Parking, or area, pricing involves a charge for entering a destination zone during peak hours. A driver using a downtown parking garage at 8:30 a.m. might be charged an additional \$5.00 more than current parking charges. There would be no additional charges during off-peak hours.
- Decreases traffic levels in destination zones only, not throughout the region.

1.2%
reduction in travel time



16%
increase in revenue

ROAD SPACING MANAGEMENT

- Implemented in cities like Beijing and Mexico City, road spacing management assigns drivers designated travel days. This concept works similarly to watering restrictions. For instance, drivers with even-numbered license plates can drive on Tuesdays and Thursdays.
- Improves the performance of overburdened systems.

4.8%
reduction in travel time



4.9%
decrease in revenue

Congestion and funding shortfalls are critical issues facing the transportation industry today. Here in Central Florida, drivers routinely experience increased travel times and decreased reliability. MetroPlan Orlando's value pricing study aims to identify solutions to these problems and has pinpointed four viable options for further consideration:

1) mileage fee – variable rate, 2) mileage fee – fixed rate, 3) parking/area pricing and 4) road spacing. Mileage fee – variable rate has emerged as the most promising option to decrease congestion, with a 14.2 percent reduction in travel time and a 5.6 percent decrease in vehicle miles traveled. If a mileage fee structure were implemented, it would be a replacement for the current gas tax. While a fixed rate mileage fee, parking pricing and road spacing management would provide some relief to commuters, these options have relatively minor impacts on congestion and would be difficult to implement. If the region wants to further explore the concept of a variable rate mileage fee, the next step would be to pursue a demonstration project, the purpose of which would be to identify additional challenges and opportunities to the variable fee, including questions on fee structure, governance, policy and travel behaviors.

