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Fitch Rtgs: Cordon Pricing May Boost US City Public Transit Usage, Revenue

Fitch Ratings-New York-03 December 2019: Well-designed cordon pricing (CP) has the potential to reduce traffic and raise revenue for highly congested US cites, which can help fund public transit, says Fitch Ratings. CP is effective at quickly and materially reducing congestion and vehicle trips, while increasing transit usage, as shown in several European cities using CP. However, CP in isolation may not meet public policy goals unless there is substantial investment in a region's transit system.

Cities must consider the capital costs of the CP system itself and upfront costs required to expand the transit system to accommodate motorists who switch to public transit. Alternate transportation is only valid to the extent there is a robust transit system that serves the cordoned zone and can accommodate additional users. CP zones with transit systems that are unreliable, small, infrequent, or at capacity may find motorists will not respond to CP because driving is preferable to the alternatives.

Unlike European cities using CP, many US cities do not contain a single central business district or urban core. US cities are likely to be lower density, with less public transit alternatives, featuring more diffused traffic patterns and requiring more than one congestion zone with a variety of congestion-pricing methods, such as dynamically priced parking meters and managed lanes. These characteristics do not necessarily rule out CP systems as an effective congestion management system but they suggest a smaller pool of suitable cities in the US.

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03 DEC 2019

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