

# VALUE PRICING DEMONSTRATION PROJECT PROPOSAL

*Minnesota Value Pricing Outreach and Education*

SUBMITTED TO THE FEDERAL HIGHWAY ADMINISTRATION  
BY THE  
MINNESOTA DEPARTMENT OF TRANSPORTATION

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## 1. Background and Summary

Since 1994, the Minnesota Department of Transportation (Mn/DOT) and the Twin Cities Metropolitan Council have worked in collaboration with the State and Local Policy Program of the University of Minnesota's Hubert H. Humphrey Institute of Public Affairs to explore value pricing as a transportation solution in the Twin Cities. While there have been many obstacles in implementing value pricing in the Twin Cities, particularly since there are currently no toll roads in the area, the joint effort has led to an increased awareness by transportation, political, business, environmental and other community leaders that pricing is an essential component for any long-term congestion management strategy.

During the past year a 30-member task force of state legislators, mayors, and business, environmental and transportation association leaders, examined value pricing options in Minnesota and concluded that the state should proceed with a demonstration project. The members of this task force have expressed an interest to continue to champion the cause of value pricing and to communicate their reasons for supporting value pricing. The Humphrey Institute project team has developed and is carrying out a communications strategy for value pricing during the next several months to help generate interest and support for value pricing as the state explores various transportation funding and congestion mitigation options.

Minnesota's most recent efforts to generate support for value pricing provide additional insights and confirm what others have learned in planning and implementing value pricing projects:

- 1) **Local political champions** are critical for the success of any value pricing effort. Minnesota has been successful in generating political leadership support and greater consideration for the concept of value pricing, though translating this interest into support for a specific project continues to be a challenge.

- 2) A **communications strategy** is necessary to make sure that a range of public interests are addressed, to correct misperceptions and to provide factual information on a timely basis about the benefits of value pricing. With the assistance of a communications consultant, the Minnesota project team has enhanced its capacity to address the concerns of the public and various interest groups and to communicate the benefits of pricing to the general public.
- 3) It is important to select an initial demonstration project that is both **technically and politically feasible**. This requires a multidisciplinary project team with engineering, economics, public policy and communications skills who are able to master the intricacies of value pricing and communicate effectively to a range of audiences.
- 4) A **long-term approach** is critical. If at first you don't succeed, keep trying. Education and public awareness are necessary, but take time. If value pricing is a solution, it eventually will happen. The experience, knowledge and persistence of the Minnesota project team will eventually lead to a value pricing initiative in Minnesota.

This proposal is designed to continue and expand the outreach and communication efforts started in Minnesota, which have benefited other states as well. For example, the Humphrey Institute's web site and list serve have become an essential communications and education tool for those interested in getting current information about value pricing. The *Buying Time* video developed by the Humphrey Institute is now commonly used to introduce groups throughout the country to the reasons why they should consider value pricing as a congestion relief alternative.

## **2. Project Objective, Goals and Description**

**Project Objective:** The objective of this project is to develop local champions and educate the citizens of Minnesota to help bring about Value Pricing implementation projects in Minnesota.

### **Task 1. Develop and support local champions of value pricing**

**Goal:** A visible group of local leaders will advocate value pricing in Minnesota and succeed in convincing doubters that pricing should be tested and implemented.

The Humphrey Institute's project team will work with Mn/DOT Metro Division staff, Metropolitan Council transportation staff, and members of the Value Pricing Advisory Task Force to develop support for value pricing alternatives and specific projects. Specific activities will include examining the technical and political feasibility of alternative approaches, giving presentations to elected officials, transportation advocacy and other interest groups, and the formation of a local advocacy group for value pricing.

**Deliverables:** A local advocacy group for value pricing will be organized; presentations will be made to approximately 20 groups each year; individual meetings will be held with approximately 30 elected officials and potential local champions; one or more value pricing projects to be implemented.

**Task 2. Conduct survey research and focus groups to determine current public opinion on value pricing as a transportation solution.**

**Goal:** We will have a much better understanding of current public opinion on value pricing as the basis for increasing public awareness and support.

The project team will conduct a survey on current public opinion toward value pricing and under what conditions pricing strategies could gain public support. This survey will contain questions about attitudes toward congestion and alternative solutions and how they might tie in with pricing. Focus groups will be held to further probe public attitudes which must be addressed in implementing value pricing. The project team will explore alternative approaches for conducting this survey, including conducting another Citizens Jury, similar to the one conducted in 1995, and the use of electronic voting technology in a public forum.

**Deliverables:** A report on survey research and focus groups and implications for increasing public awareness and support.

**Task 3. Implement a communications strategy to raise public awareness of value pricing as a congestion management solution.**

**Goal:** The communications strategy will generate significant interest and support for value pricing as a transportation solution in Minnesota.

The involvement of a professional communications consultant in the current value pricing program has helped in focusing the message, generating effective responses to questions and objections and helping local champions to carry the message to key groups. This is an ongoing process and must be continued over a longer period of time to have an impact on local leadership and public opinion.

**Deliverables:** A communications strategy for value pricing; report on the activities and results and key learning of the communications strategy

**Task 4. Develop technical designs for various alternative value pricing projects in Minnesota**

**Goal:** Value pricing implementation projects will be technically as well as politically feasible.

A successful implementation project will require the development of a technically feasible project as well as one that will receive political support from citizens and local champions. In the past SRF Consulting has provided engineering and design support to Mn/DOT and the Humphrey Institute on value pricing alternatives, such as the Crosstown Commons proposal. This technical support is necessary to assure that a proposal can meet a range of criteria necessary to integrate value pricing into project design and regional plans.

***Deliverables:*** Technical design plans for value pricing alternatives in Minnesota.

**Task 5. Use the Humphrey Institute's web site and list serves to benchmark Minnesota's strategy and approach to value pricing with other states and region.**

***Goal:*** The web site and list serves will continue to be essential communications and benchmarking tool for Minnesota's value pricing efforts.

The Value Pricing web site <http://www.valuepricing.org> hosted by the Humphrey Institute's State and Local Policy Program has become an important resource for those wanting to learn about the current status of value pricing projects and approaches to addressing political and institutional issues. The Humphrey Institute team also manages three list serves which allow project partners, value pricing advocates and interested citizens to participate in discussions and share current information about value pricing. The web site has been an important and cost-effective tool for Minnesota to benchmark its efforts against other states and to share its knowledge with others.

***Deliverables:*** Continued enhancements and current information on web site; develop project partners web site discussions as a benchmarking tool for Minnesota project.

**Task 6. Conduct an annual value pricing case study conference in Minnesota to learn from others and to provide a vehicle for increasing public awareness and support.**

***Goal:*** An annual case study conference will help Minnesota raise awareness of how value pricing is being implemented in other places

Workshops and project partner meetings organized by the Humphrey Institute have proven invaluable to participants in learning about value pricing and sharing current experiences and learning. We propose an annual case study conference in Minnesota to bring together value pricing experts and to focus on specific projects, what we have learned about value pricing, and how these applications apply to Minnesota. This case study conference will help to raise public awareness, sustain public interest and generate public support for value pricing in Minnesota.

***Deliverables:*** Annual value pricing case study conference; report on case study conference

### **3. Project Budget**

The proposed project budget for a three-year period is \$950,000. In addition, Mn/DOT will provide \$237,500 in matching support over the three-period. The first year budget is \$350,000 with an additional \$87,500 in matching support. Budgets by task for each year are attached.



**Minnesota Value Pricing Outreach and Education: Proposed Budget by Task by Year**

<b>Task</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
<b>1. Develop and support local champions</b>	43,084	43,002	42,632	128,718
<b>2. Conduct survey research and focus groups</b>	83,084	33,003	32,630	148,717
<b>3. Implement communications strategy</b>	58,083	58,003	57,632	173,718
<b>4. Develop technical designs for value pricing projects</b>	63,083	63,003	62,630	188,716
<b>5. Use web site and list serves to benchmark with other states and region</b>	43,085	43,002	42,631	128,718
<b>6. Conduct annual value pricing case study conference</b>	59,581	59,987	61,845	181,413
<b>Total</b>	<b>350,000</b>	<b>300,000</b>	<b>300,000</b>	<b>950,000</b>
<b>Mn/DOT Match</b>	<b>87,500</b>	<b>75,000</b>	<b>75,000</b>	<b>237,500</b>
<b>Total Including Match</b>	<b>437,500</b>	<b>375,000</b>	<b>375,000</b>	<b>1,187,500</b>