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Streetcars: We're not alone

Other streetcar projects have had their share of cost overruns. But they have had successes, too

By: Jane Prendergast and Jason Williams – April 29, 2013

Almost every streetcar project completed across the nation in recent years has gone over budget – but many also saw ridership higher than expected, an Enquirer review of similar streetcar projects finds.

Cost overruns are common for any large transportation project, experts say – and especially common for streetcars being built without any existing infrastructure in place. Such is the case with Cincinnati's streetcar project, now being called into question by even long-time supporters after \$22.7 million in cost overruns were recently revealed.

And even as the city faces a \$35 million budget deficit, Mayor Mark Mallory continues to push forward with the project, now estimated to cost \$133 million. At a public meeting tonight, City Manager Milton Dohoney once again will explain why the administration thinks the project is worth it, despite multiple roadblocks, and what he plans to do to try to keep the streetcar on track.

Vice Mayor Roxanne Qualls, who has supported the project since its inception, emphasizes that, even though she'd like to see it built, council's not offering a blank check. Qualls is asking for answers about how much money would be lost if the city halts this pet project that officials have worked on for years. She hopes to get those tonight at a hearing expected to be packed with both proponents and opponents.

Projects across the nation have encountered cost overruns – prompting a wave of criticism – partly because streetcars haven't been trendy since the 19th century and, thus, are a relatively new phenomenon for contractors, politicians and the public.

“Every community has a learning curve,” said Art Guzzetti, vice president of policy for the American Public Transportation Association, a Washington-based advocacy organization. “It's hard to build the first line, but the next time around, it'll be easier.”

There are about 10 streetcar lines currently in operation in U.S. cities, and more than 40 are in some state of planning, development or idea stage, according to the American Public Transportation Association.

Proponents view streetcar projects built in Portland, Tampa and Seattle since 2001 as models for helping cities to attract residents back to downtowns and to drive economic development. The pro-rail Obama administration has championed streetcar projects as

part of the president's overall vision to create communities where people can live, work and play without the need to use a vehicle.

In 2009, the U.S. Department of Housing and Urban Development (HUD), Department of Transportation and the Environmental Protection Agency formed a partnership to try to create such communities. Since 2010, the federal government has committed \$350 million to 11 streetcar projects, according to U.S. Secretary of Transportation Ray LaHood's blog.

That includes almost \$40 million for Cincinnati's project. Some of those projects have encountered taxpayer pushback and delays for various reasons, including the lack of other funding sources.

"Mayors are looking to create economic development in their cities, and they view streetcars as a way to establish a lasting legacy," said Joshua Schank, president and CEO of the Eno Center for Transportation, a Washington-based think tank.

"The projects are well-intentioned, but they don't make a whole lot of sense from a transportation point of view," Schank added. "There's no real advantage of a streetcar over a bus other than (a streetcar) makes for a more pleasant neighborhood as opposed to a diesel bus driving down the street."

Some streetcars are seeing more riders than initially expected. In Memphis, where the trolley-looking streetcars run on old tracks that closed in 1947, then reopened in 1993, ridership was up 23 percent last year over 2011. Officials there attribute the increase to growth in downtown residential living, tourism and gas prices.

In Portland, considered the first modern streetcar system, city officials say the streetcar helped prompt more than 10,000 new housing units and 5.4 million square feet of office, institutional, retail and hotel construction within two blocks of the streetcar line.

Few existing streetcar projects are directly comparable to Cincinnati's project because many aren't built from scratch. Some other cities, including Dallas, used old tracks that have been in the ground since streetcars ran before World War II and old-fashioned-looking cars. An expansion under construction there will use modern streetcars and new tracks.

In some cities, streetcars connect to light rail, making them part of a broader transportation plan. Some are more for fun, for tourists, whereas many others transport commuters. Critics balk at all that. They say streetcars are nothing more than multimillion-dollar vanity projects for elected officials, and that slow-moving streetcars have little or no transportation or economic-development value.

Mallory and project supporters have touted Cincinnati's streetcar as driving economic development and complementing revitalization efforts in Over-the-Rhine. He has pointed to Portland as setting the gold standard for his vision.

Since Portland's streetcar opened in 2001, city officials have said the streetcar there has spurred \$3.5 billion of investment within two blocks of the route.

But one of the nation's leading critics of streetcar projects scoffs at the economic development benefits. Randal O'Toole, senior fellow of the Libertarian-leaning Cato Institute, was particularly critical of the Portland project in a 20-page report called "The Great Streetcar Conspiracy" released last summer.

"What streetcar advocates rarely, if ever, mention is that the city also gave developers hundreds of millions of dollars of infrastructure subsidies, tax breaks, and other incentives to build in the streetcar corridor," O'Toole wrote. "Almost no new development took place on portions of the streetcar route where developers received no additional subsidies."

Portland's streetcar was built from the tracks up and cost significantly more than initially expected – almost \$57 million, compared to \$30 million. But more people ride it than planners projected.

Officials in Tucson feel Cincinnati's pain.

Tucson started planning its \$196 million project in 2008 and construction's expected to start soon. With the streetcar line expected to open next year, officials there have turned their debate toward operating costs – they're also far above projections. City Council learned last month that taxpayers might pay annual operating subsidies of \$4.4 million, more than quadruple projections from two years ago.

In Dallas, though, the streetcar picture's all good. The city already has a streetcar line that uses old-fashioned looking trolley cars, but it's building more lines for modern streetcars. The first two cars in use on the first new line (1.5 miles between downtown and a hospital, for \$40.6 million) will be "off wire" cars, meaning they're battery powered and not connected to overhead lines. □