

## Brent Batten: Rail profits pegged to high hopes

By BRENT BATTEN

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By declining more than \$2 billion in federal funding for high-speed rail between Tampa and Orlando, Gov. Rick Scott may have cut someone out of the chance to make \$10 million a year.

If history is any guide, that's a good thing for that someone.

Ridership and revenue projections from two Florida Department of Transportation consultants released last week indicate the high-speed rail line would have turned a \$10 million profit in 2015, its first year of operation. By 2025, the annual surplus would be more than \$28 million, according to the estimates.

But Randall O'Toole, a transportation analyst for the libertarian Cato Institute points out that rail projects here and abroad have a track record of cost overruns and disappointing ridership.

In his book, "Gridlock: Why We're Stuck in Traffic and What to Do About It," O'Toole points to a 2005 study published in the Journal of the American Planning Association. The authors researched 27 rail projects in the U.S. and elsewhere completed between 1969 and 1998. Among their findings:

"Projects do not perform as forecasted in terms of costs. Almost 9 out of 10 projects fall victim to significant cost overrun."

"Existing studies almost all conclude there is a strong tendency for traffic forecasts to be overestimated... The result is large benefit shortfalls."

And, "We find at a very high level of statistical significance that rail passenger forecasts are less accurate and more inflated than road vehicle forecasts."

The researchers offered one possible explanation: "We speculate further that rail patronage will be overestimated and road traffic underestimated in instances where there is a strong political or ideological desire to see passengers shifted from road to rail, for instance for reasons of congestion or protection of the environment."

Another study, done in 2007 by the U.S. Department of Transportation, reached similar conclusions. It looked at 21 passenger rail projects in U.S. cities, including Jacksonville and Miami.

It found that construction costs averaged about 20 percent higher than pre-construction estimates.

It also found ridership that lagged behind projections. In some cases, those differences have been dramatic. Jacksonville planners expected 42,000 people a day to use its Automated Skyway Express when it opened in 1995. Actual ridership was about 2,600 and has remained stagnant since. Miami's Metromover Omni link was supposed to carry about 40,000 people a day in 2000. Its actual daily ridership that year was 4,200. It has gained popularity over the years but even today, ridership barely tops 30,000.

Of the 19 projects for which data was available, eight had less than half the estimated number of riders. Six met between 60 and 90 percent of projections and five had ridership at or above projected levels. The best-performing system, in Denver, hit 109 percent of its estimated passenger traffic.

The USDOT study authors say estimates are getting more accurate over time. But it remains far from an exact science. "Overall, almost 60 percent of the projects studied can be expected to achieve at least two-thirds of their forecast ridership by their forecast year," the report states.

Put another way, there's a little better than 50-50 chance Florida's high-speed rail link would realize two-thirds of the roughly 3 million riders projected for 2015 by the FDOT consultants. Hardly a ringing endorsement for anyone considering taking on operation of the system in hopes of realizing that \$10 million profit.

If operating costs remain the same \_ it doesn't cost appreciably less to run a half-full train than it does to run a full one \_ but ridership only hits two-thirds of projections, the \$10 million profit turns into a \$10 million loss in 2015. By 2025 ridership will have grown enough to earn the operator a loss of only \$130,000, assuming two-thirds of estimated ridership.

Even though FDOT is still issuing reports and estimates on high-speed rail, O'Toole believes Scott's rejection of federal money effectively kills the idea in Florida.

Somewhere there is an aspiring rail operator who should thank him.

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