

# VALLIANT NEWS

## Streetcar's rising costs could derail Wave project

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Fort Lauderdale's pricey Wave streetcar system just got a lot more expensive, raising questions about whether it will ever be built.

Only a few months ago, officials told critics of the downtown electric streetcar system they were too late to derail the plans, which had already secured . Construction was expected to begin in early 2018.

Now the Wave's future is uncertain because contractors want to build the system than officials had anticipated. That would push the Wave's total cost over \$270 million — nearly double the original \$142 million estimate for the 2.8-mile route — and require a massive infusion of additional taxpayer dollars to stay on track.

Meanwhile, a new national study questions the wisdom of sinking money into streetcar systems it says are doomed to failure.

The Fort Lauderdale project's local partners are scrambling to salvage their plan, which has been decades in the making. A meeting Monday to select the winning contractor has been postponed to Nov. 6. The streetcars would travel in a street lane and would have for most of their route.

"Everybody I've talked to has been surprised at the bid opening," said Jack Stephens, executive director of the South Florida Regional Transportation Authority, which runs Tri-Rail, expressing relief that his office turned over control of the Wave project to the state last year and is no longer responsible for finding ways to cover its rising cost.

"They've just got to figure out now what they're going to do with the project," Stephens said.

### **Adapting to higher costs**

Some options to save the Wave include shortening its route, seeking new bids or finding more money. The alternative is to abandon the project altogether. There are problems with each:

— Scaling back. Critics already complain that the planned system — with on or near Andrews Avenue that extends from Northeast Sixth Street to Southwest 17th Street — won't get you very far. Any reduction would further limit its appeal and raise questions about the feasibility of expansions to the airport, the county convention center, an educational campus in Davie and Tri-Rail near Interstate 95.

— Getting more bids. Unless officials can identify a specific cause contributing to the high cost, or decide to reduce the scope of the project, it's unclear how rejecting the current proposals and seeking new ones would bring significantly lower prices.

— Putting in more money. City and county officials reluctantly agreed to kick in \$11 million more last year to cover a previous shortfall when the projected price increased to \$195.3 million. They would now have to pick up half of any additional increase, with the state coming up with the other half.

— Killing the project. If the project dies, local project partners could be on the hook for repaying federal dollars already spent developing the project. It would also damage the county's and city's reputations when it comes to future attempts to win federal transportation grants, something that was on the minds of Broward commissioners in June when they for an agreement that kept the streetcar plans moving forward.

"I don't like the Wave. I don't like the technology," said Broward Commissioner Steve Geller, who supported the project in June only because it was so far along already and a rejection could have jeopardized future federal transportation grants. "I don't know why you need fixed rail if you're using the same lanes of traffic. I never understood that."

The Wave partners are the state, federal government, county, Fort Lauderdale, the city's Downtown Development Authority and the Broward Metropolitan Planning Organization, a government group that coordinates local transportation projects. The project has spent more than \$23 million through July 18, the latest figures provided by transportation officials.

Jenni Morejon, the DDA's executive director, said "it is not uncommon for large projects to be bid more than once to resolve issues and make them more cost-effective." State transportation officials are reviewing why their estimates were so far off, estimates Morejon said were based on project costs in other cities with similar systems.

### **A 'high-risk' project**

Recent streetcar projects in Milwaukee, Wisconsin and Kansas City, Missouri, each cost around \$50 million for each mile of track. The Fort Lauderdale cost would be almost double that, or about \$96 million per mile, based on the current bids.

Gov. Rick Scott's office directed questions about the Fort Lauderdale project to state transportation officials.

"The state is always looking to protect the interests of Florida's taxpayers," transportation department spokesman Dick Kane said. He said transportation officials are precluded from commenting on the bids until after the selection committee meets.

Gerry O'Reilly, the department's district secretary, is one of four members of the selection committee, which also includes Broward Transportation Director Chris Walton and two other state transportation employees. O'Reilly told county commissioners last year that his office was in the \$195.3 million figure in place at that time.

Geller said he's been told the increased cost is because of the high risk contractors face once they start digging into the ground.

"Fort Lauderdale is an old city. They don't really know where all of their pipes are," Geller said. "[Contractors are] worried when they go to lay the track, they're not sure what they're going to find under the roadway."

Geller said the county would be better served by some “cool-looking” bus or trolley — with a high-end appearance to overcome negative perceptions some people have for buses — that doesn’t need an expensive fixed rail installed in the ground. Geller’s said he’s not willing to put more county dollars into the construction project. As it is, the county would be responsible for operating the Wave at a cost of about \$6 million a year if it is built.

An agreement between the county and the state approved in June allows either to back out of the project if the construction bids and streetcar purchase price exceed \$183.2 million. The current bids do that, with the lowest design and construction bid received coming in at \$188.7 million. That bid doesn’t include a separate \$31.4 million the county has authorized to and spare parts.

While Fort Lauderdale and its downtown authority will be involved in the discussions, the agreement they signed with the county says they will split a quarter of any additional costs. They appear to have no escape clause if the projects starts getting too pricey for the city’s tastes, and city officials did not respond to a request for clarification.

### **New analysis says streetcars won’t survive**

The Wave funding crisis comes when there’s new criticism that streetcar proponents are backing an outdated technology, with the Cato Institute, a national libertarian think tank, issuing an Oct. 24 policy analysis called The Coming Transit Apocalypse.

The analysis, by Randal O’Toole, said it’s likely “transit will be extinct by the year 2030, leaving behind a huge burden of debt and unfunded obligations to former transit employees.” The study said transit ridership has been declining since the 1970s, a trend that will continue because of low energy prices, the proliferation of ride-hailing services like Uber and Lyft, and the potential of driverless car and bus technology to meet public transportation demands in the future. In addition, transit operations will suffer from expensive maintenance costs and unfunded pension and health care costs, the report said.

“This means the industry should stop building new rail lines; replace most existing rail lines with buses as they wear out; pay down debts and unfunded obligations; and target any further subsidies to low-income people rather than continue a futile crusade to attract higher-income people out of their cars,” the study said.

Geller said the Wave might not be a good use of taxpayer money, but he disagrees that mass transit isn’t needed.

“I think people living in the downtown area want mass transit,” Geller said. “I had problems with the Wave because I thought there were less expensive alternatives for doing mass transit.”