

[Home](#)  
[Dispatch.com](#)  
[RSS](#)  
[About](#)

## Dispatch Politics

[ShareThis](#)

### By any count, 3C to be costly

Annual rail subsidy put at \$13 million or \$28 million

Sunday, April 4, 2010 2:59 AM

**BY JAMES NASH**

THE COLUMBUS DISPATCH

This much is beyond dispute: Tickets alone will cover less than half the cost of running trains among Ohio's major cities, so taxpayers will be on the hook for millions of dollars in subsidies each year.

What's less clear is how much taxpayers will need to pony up to keep the trains running. Or where the money will come from. Or what would happen if the state decided to discontinue the subsidy.

In its successful application for federal stimulus money to start passenger train service linking Cleveland, Columbus, Dayton and Cincinnati, the state said the rail service would need a subsidy of \$12.7 million a year. Ohio Department of Transportation officials reached that sum after concluding that the route would lose money at a rate of 16.1 cents for each mile that a passenger travels.

The state also assumes \$5.3 million a year in "ancillary revenues" from sources such as advertising and food and drinks sold on rail cars.

Nearly every Amtrak route, with the exception of a few highly traveled corridors in the Northeast, loses money. But the experience of other Midwest routes, such as lines linking Chicago with Detroit and Indianapolis, suggests that Ohio officials are underestimating the public subsidy that will be needed for the "3C" route, said Randal O'Toole, a senior fellow for the conservative Cato Institute who has studied rail finances.

"(Ohio's estimate) sounds optimistic to me, especially for a 39 mph train," O'Toole said. "If they were talking about a 110 mph top-speed train, it could compete with cars."

The two existing Amtrak routes that go through Ohio - one that skirts Lake Erie on the way from Chicago to New York and another that passes through Cincinnati on a U-shaped route that connects the same two cities - each require subsidies equal to 25 cents per passenger mile. That figure jumps to 36 cents per passenger mile when long-term expenses, such as the cost of replacing trains, are factored in, according to the Pew Charitable Trusts, a nonprofit group that analyzed transportation



[Click here to enlarge graphic](#)

subsidies across the country.

Under that scenario, Ohio's annual subsidy for rail would be \$28.4 million, more than double the state's subsidy estimate.

Ohio Department of Transportation spokesman Scott Varner said that scenario is virtually impossible since the annual operating cost of the 3C route is estimated at \$29.2 million.

Accurate predictions are notoriously difficult to come by. There are many variables, chief among them how many people will ride the rails, and subsidies vary considerably by route. In February, according to Amtrak figures, the Chicago-to-Indianapolis route lost \$1.16 per passenger mile, more than seven times the amount Ohio officials expect to lose on the 3C route. A route connecting Chicago to St. Louis, on the other hand, lost 6.5 cents per passenger mile.

"There are so many different factors that go into these predictions, but one of the strengths of Ohio is our ridership projections," Varner said.

Ohio officials estimate that 478,000 people will ride the 3C route each year. The Indianapolis-Chicago route had 31,384 passengers last year, while Chicago-St. Louis had 506,235, Amtrak said.

Varner said state officials are looking for creative ways to pay the 3C operating subsidy, but he acknowledged that the service would require an ongoing taxpayer "investment."

The state will commit to operating the trains for at least 20 years as a condition of accepting \$400 million in stimulus money to upgrade rail lines and buy trains to start the service. If the state backs out before that, it must refund the money on a prorated basis, according to the contract with the Federal Railroad Administration.

jnash@dispatch.com

[Read all 107 comments »](#)

Type in your comments to post to the forum

**Name**  
(appears  
on your  
post)

**Comments**

Type the numbers you see in the image on the right: