

## **A heavy taxpayer bill for light-rail? Debate continues over cost of commuter lines**

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Light-rail projects are springing up in cities around the country, hailed by supporters as an effective way to reduce traffic, promote inner city businesses and cut down pollution.

“Light-rail is a way of making better use of your urban space, said Dave Dobbs, executive director of the nonprofit Texas Association for Public Transportation. “A lot of single-occupancy vehicles just doesn’t work” in cities.

But are taxpayers getting taken for a ride? That depends on who you talk to.

A just-released report from the Cato Institute, a libertarian public policy center based in Washington, D.C., takes aim at cost overruns in government-funded transportation projects in general as well as a number of light-rail projects in particular and concludes “the federal government is a lousy manager,” said Chris Edwards, who authored the report along with Nicole Kaeding.

In addition to looking at costly defense and energy projects, the report also analyzed transportation initiatives that racked up bloat in local, state and federal dollars for projects Cato described as “boondoggles” that cost the U.S. Treasury \$13 billion a year.

“People will read in the local newspaper that the local highway expansion or the bus station or the local rail system that the local politicians had promised would only cost \$100 million and it ends up costing \$200 million,” Edwards told Watchdog.org

The report included this table of transportation projects across the country that ran way over budget, including a light-rail system recently completed in Denver:

The report quotes an infrastructure expert from the RAND Corporation who said in 2009, “of 35 public transit projects I have studied in the U.S., 33 overestimated patronage (ridership) and 28 underestimated costs.”

Earlier this year, a Cato Institute analysis examined the costs of 45 urban rail projects across the country since the 1980s and found that, on average, the costs doubled between the time the rail projects were approved and when they were completed.

In 2013, complaints about the costs of the TransBay Terminal in San Francisco prompted former mayor Willie Brown to sound off in an opinion piece, telling critics to “get off it.”

“In the world of civic projects, the first budget is really just a down payment,” Brown wrote in the San Francisco Chronicle. “If people knew the real cost from the start, nothing would ever be approved. The idea is to get going. Start digging a hole and make it so big, there’s no alternative to coming up with the money to fill it in.”

“I had to read his quote two or three times to make sure I understood what he was saying,” Edwards said.

Defenders of light-rail point to their own success stories.

“You have to look at each individual project,” said Dobbs, who also publishes the website Light Rail Now!, saying a light-rail project in Phoenix was originally estimated to attract 26,000 riders a day but is delivering about 40,000-50,000.

“For every automobile we have, you’ve got six to nine parking spaces,” said Dobbs. “Now think about how much wasted urban space that is ... Are you trying to move cars or are you trying to move people?”

“It’s kind of back to the future,” said Kevin White, vice president of member services at American Public Transportation Association. “It wasn’t that long ago that just about every community in America had some form of rail system, mostly street cars.”

While the Cato report highlighted cost overruns, White pointed to a report from the General Accounting Office that found the capital costs for 23 of 32 new projects OK’d by the Federal Transit Administration’s Capital Investment Grant Program between 2005-2013 came within 10 percent of their original cost estimates.

The Orange Line for TriMet, a light-rail construction project in Portland, Oregon, opened last week and officials said it came in \$48 million under budget.

The extension features rooftop solar panels and the line boasts the first regenerative energy storage unit in the United States.

“The Orange Line demonstrates smart transportation investments are critical to our economic growth,” said Oregon Gov. Kate Brown.

It was expensive, though, costing \$1.49 billion to cover just 7.3 miles. The Federal Transit Administration paid for half the project — \$745.2 million — with state and local sources picking up the rest of the tab.

“That’s a crucial thing,” Edwards said. “A lot of these projects would not go forward without federal money. The federal government will kick in a third, a half, a quarter of the costs. That’s enough for city or state politicians to say, ‘Oh, we ought to do the light-rail because if we don’t go ahead with it we’re going to lose like \$20 million in federal money.’ Federal money is treated like it’s free.”

Edwards says he would like to see the federal government completely out of the transportation funding game and leave all urban transit spending to state and local governments and the private sector, which he believes will be more prudent with taxpayer dollars.

Dobbs scoffed at that notion.

“The private sector is interested in short-term, next-quarter profits,” Dobbs said, adding that federal dollars are spent on interstate highways. “Every form of transportation in the world is subsidized. You think your highways are free?”

Since the 1960s, the federal government has helped fund urban transit and Edwards believes that has provided an incentive for cities to build light-rail systems instead of other modes of public transportation such as buses.

“The capital costs for light-rail is high,” Edwards said. “So that is the type of system that cities are induced to build. In other words, they can get more money from the federal government if they build rail rather than buses and it creates a bias and distortion in their decision-making. And that is what is probably the crucial reason why there has been this explosion in light-rail building in the last few decades, even though in my view it doesn’t make any economic sense.”

But Dobbs cites studies that maintain light rail is more cost-efficient than buses and says decisions by many city leaders starting in the 1930s to ditch their streetcars to make way for more automobiles was a “terrible mistake.”

“We’re faced with a future where we invented most of this technology, but we ripped it out,” Dobbs told Watchdog.org from his home in Austin, Texas. “Now we’re trying to put it back together because it works.”

Despite its critics, there are plenty of light-rail initiatives across the country coming online.

“People see it, they like it, they want it, they know it appeals to the younger generation,” White said. “They see the importance of mobility and the economic development that comes to their communities.”

One light-rail transportation website counts at least 18 partially funded and two fully funded projects spread across 12 cities in the United States.

The two fully funded projects are in cities whose states are majority Republican — Salt Lake City and Charlotte, North Carolina.

In New Mexico, the Republican mayor of Albuquerque is pushing for a 10-mile, \$100 million project that will mimic light rail.

“They’re not expensive in terms of what the alternatives are,” Dobbs said. “The question is not, what is the cost if you build it? The question is, what is the cost if you don’t build it? Do people make mistakes with rail lines? Yes ... Europe and Asia have a lot more experience at this than we do.”

“I say take away the (federal) highway money and transit money,” Edwards said. “State and local governments would be more innovative, they would have lower costs (and) they’d make more efficient decisions.”