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Pull the Connector's Plug

Any remaining underpinnings of the already rickety rationale for building the North Shore Connector collapsed on August 16. Bids for the first phase of the project came in an average 52 percent higher than the estimated cost of \$70 million. Even the lowest bid was 25 percent higher, with the two other bids nearly 70 percent above PAT's estimate.

These bids call into very serious question whether the project can be built for the current estimate of \$393 million. Bear in mind that in its November 2003 summary description of the Connector project, the Federal Transit Administration (FTA) reported the cost as \$363 million. The cost increase since 2003 will require an additional \$25 million in federal taxpayer money over and above the \$217.7 million New Start funds and the diversion of more than \$70 million of the region's federal transportation funds to the project by the Southwestern Pennsylvania Commission. In addition, nearly \$80 million of County and state funds have been committed.

The FTA first rejected the Connector project when its estimated cost was \$393 million. And it barely met the cost-benefit analysis criterion in the second, downsized, \$363 million version of the application. Even then approval depended on an unexplained 60 percent increase in projected riders compared to the initial proposal.

According to information from the House Transportation Committee, the federal funds that have been allocated to this project are all the federal dollars it will ever receive. Therefore, any cost overruns will fall on Pennsylvania and Allegheny County. Given the fact that costs have already risen \$30 million since November 2003, and considering the bids for the first phase averaged 50 percent above the PAT estimate, the state and County could be looking at making up over a hundred million dollars and possibly much more depending on whether unpredictable setbacks occur during construction.

The question is: Do state and County officials want to take this bet on an overly expensive project with little economic value to the region?

This is no time for the old "nod, nod, wink, wink" game in which the authority gets a bid closer to the \$70 million first phase estimate and begins the project knowing full well that the bid is too low and that more funds will have to be found. It is well to remember that the Connector project, which was not on the transportation radar screen prior to the start of construction of the new stadiums, suddenly became Southwestern Pennsylvania's top priority transportation project shortly after ground was broken for the stadiums. Obviously, the Connector has an influential lobby and powerful friends.

As we have pointed out in several previous *Policy Briefs*, the case being made for the Connector to the North Shore is an ex post rationalization that simply does not withstand scrutiny. But more

important, the economics just don't work. Even using the questionable ridership numbers, the cost over the first twenty or so years is about \$15 per round trip. The Connector provides no help for folks coming to the stadiums or new office buildings in from the North, the Parkway East, or the Parkway West. It will serve mostly those who use the existing T lines and a few with trips originating downtown. Nor is it a jumping off point for a route to the airport. The T already crosses the Mon River and it would be much more sensible to take the line along the South shore than to cross the Ohio River at enormous additional expense.

As for the argument that it will help Steeler fans get to games, nothing could be more nonsensical. There are ten games scheduled a year, mostly on weekends. Fans are getting to the games. Why do we need to spend \$300 million to help them get to a stadium that was mostly paid for by the taxpayers? And, as far as the Pirates are concerned, while there are 81 games, anyone taking the T from the South or Station Square can get off at Wood Street and walk across one of the Allegheny River bridges to PNC Park in a few minutes. That ballpark was also paid for mostly with tax dollars. How much subsidy will ever be enough for the teams?

Finally, the argument that North Shore office and residential development will benefit from the tunnel to downtown fails on two levels. First of all, the North Shore plan calls for an eventual total of \$200 million in new buildings. This for a \$300 million investment in transit improvements--not a good payoff. Second, several buildings have already been constructed without the presumed benefits of the Connector. Obviously, the tunnel connection was not a critical factor in the decision of those owners to be on the North Shore.

Taking into account (a) the high probability the Connector cannot be built for the estimated \$390 million and that cost overruns might well fall on state and local taxpayers and (b) the project was too expensive and not necessary to begin with, there is only one logical step. Pull the plug on the Connector. Scrap this project before any more money is wasted.

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