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Ineptitude Has Become a Hallmark of the Port Authority

It is reasonable to ask: How many major blunders and missteps arising from poor judgment and faulty analysis is any one governmental agency entitled to before heads roll and new management and strategies put in place? The recent history of Port Authority projects suggests that the organization is in serious need of an overhaul.

Consider the litany of large projects involving hundreds of millions of dollars that will never bring benefits commensurate with the capital and operating costs incurred by the projects. A short list would include the West Busway, the Bethel Park garage, the Stage II light rail project, and the Wabash Tunnel. Meanwhile, PAT's board of directors has shown little acumen in managing operations efficiently and the board has shown no willingness to stand up to transit union demands during negotiations.

The West Busway cost \$260 million to build. At an 8 percent annual opportunity cost of the capital, the yearly capital cost is \$20.8 million. Under PAT's projections, the busway will carry an average 11,500 riders or 5,750 roundtrips per weekday through the first 10 years of operation--about 1,600,000 roundtrips per year. That means it is costing taxpayers \$13 per day for each commuter using the busway. And since the farebox recovers less than half the operating cost of bus service, the total daily subsidy per commuter is over \$16.

Consider too that not all the riders on the busway are new users of the system since many rode other buses before the busway or would take other buses now. That means the subsidy per daily commute is significantly higher than \$16—possibly much larger depending on the proportion of old to new commuters using buses.

What's worse, the actual ridership on the busway, at 9,500 per day, is still well below the 2010 projection of 15,000. Indeed, since 2001, traffic has only risen from 8,000 to 9,500. At that rate of growth, ridership will only reach 11,000 by 2010, a far cry from the predicted 15,000. This is yet another example of the authority's willingness to exaggerate ridership numbers in order to obtain funding.

In Bethel Park, the Port Authority has built a \$24 million multi-story garage that is currently being used at less than 20 percent of capacity. Enough said.

Of late there has been considerable discussion of the Wabash HOV tunnel. This project cost about \$20 million to complete and has ongoing operations costs of almost \$800,000 per year. The tunnel is open only for rush hour traffic and typically has only 400 or fewer cars per day moving through the facility. The capital and operating costs come to a total of well over \$20 per car. Clearly, this is a project that should never have been built. Indeed, the tunnel was originally intended to be part of the West Busway but was scrapped for that purpose.

But rather than send the money back to the federal government, the Port Authority went and spent the money on a project to be used by automobiles. How silly. Why make it easier for automobiles to come into the City and thereby reduce potential passenger demand on the just completed busway and light rail project? Every explanation and rationalization that has been offered for this project is woefully inadequate as a justification for wasting taxpayer money. Clearly, the Wabash tunnel calls into serious question the decision making process of those running the Port Authority.

And there's more. Recently, the Port Authority completed the Stage II light rail project including the acquisition of 28 additional rail cars at a total cost of \$386 million. In the year after inauguration of the new line, light rail ridership rose by 9.4 percent or 6.7 million total trips—3.3 million roundtrips. At an 8 percent annual opportunity cost, the capital cost per new rider will be \$44. Thus, even if the ridership doubles over the next 20 years, the opportunity cost of capital per new rider will be \$29. Add to that the \$6 taxpayer subsidy per rider in operating costs and the total taxpayer cost per rider is \$35. Lowering the opportunity costs estimate to 6 percent still leaves the cost per rider at close to \$33. In either case these are ridiculously high costs for a mass transit system.

And now the same group is trying to convince the public that their estimates of construction costs and new riders justify the construction of twin tunnels under the Allegheny River. They have already pulled the wool over the all too willing eyes of Congress and the Federal Transportation Administration who have agreed to provide funding and have turned a blind eye to the fact that contract bids have come way over the engineering estimate. And what's worse, the FTA has not flinched in its support of the project, despite the obvious coming cost overruns or the fact that the Port Authority has announced they will not build the link to the Convention Center, a key element of the original project proposal.

The Port Authority and the supporters of the North Shore Connector—and they are no doubt very powerful—are selfishly willing to put the County's finances in jeopardy when the cost overruns have to be covered through local funds. Or maybe they are just hoping that the Connector's friends in Congress will be able to have more federal money appropriated to cover the excess costs. Or perhaps assurances have been given and there is no need to hope. In either case, the already flimsy arguments for going ahead with the project will become even less credible. Of course, once the Big Dig is underway, the North Shore has a huge hole in it and Stanwix Street is an enormous ditch, how could the federal government refuse to provide the necessary funds to complete the project?

Now is the time to end the madness. Once the work starts, it will be politically almost impossible, regardless of how expensive it becomes. We have plenty of evidence of the willingness of the Port Authority to promise more than they can deliver. It is time for that abuse of taxpayers to be stopped.

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