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A 21st Century Rail Holdup

Historically, a rail holdup involved villains stealing cash or other valuables from train cars or passengers. The modern rail holdup involves the operators of light rail systems, with the help of politicians, grabbing taxpayer money to provide enormous subsidies to riders on their system. Consider the Port Authority as a prime example.

Notwithstanding the recent positive news spin over a 9 percent increase in ridership on PAT's light rail system, the reality is that the cost to taxpayers of this incremental rise in riders is stupendously high and makes a mockery of naïve claims about the wonders of light rail.

Let's examine the facts. The 2005 rise of 9.4 percent in light rail trips represents about 670,000 additional trips compared to 2004. And since most riders travel both inbound and outbound, that is actually about 335,000 round trips. The latest increase is attributed to four factors: the new light rail line through Overbrook, new park and ride facilities, a sharp jump in the price of gasoline and Pittsburgh's hefty boost in its parking tax.

The new light rail line and 28 additional vehicles cost taxpayers \$386 million. The park and ride garage at South Hills Village cost \$24 million. So at a minimum, PAT has recently spent \$410 million in capital funds to expand usage of the light rail system. Assuming the 2005 ridership increase of 335,000 round trips is sustained over the next 20 years-- a big assumption since, other than last year's special factor driven gain, the ridership trend has been downward for a long time-- the total number of additional riders served over the 20 year period will be 6.7 million. Thus, the capital cost for each additional round trip rider is a staggering \$61.19. Even if new ridership on the system were to double over the next 20 years, the capital cost per incremental rider would still be over \$30 per rider. Looked at another way, the annual cost to taxpayers for each new person riding every workday amounts to \$15,000.

As outlandish as the per rider capital cost is, it is not the end of the story. Currently, PAT is spending almost \$11 per round trip for light rail operations. Since fare revenue only covers about \$4.50 per round trip (and that's being generous), taxpayers are coughing up \$6.30 in subsidy for each round trip ride. Thus, in today's dollars, the total taxpayer cost for capital and operations will be about \$67 for each round trip taken over the next 20 years. And that assumes only normal maintenance and upkeep on the system. Any unexpected expenditure surprises will make the numbers look even worse.

This is the same profligate and unproductive spending we have seen on the West Busway and that is being proposed for the North Shore Connector. Bear in mind that the light rail system is designed to bring people, mostly commuters, into downtown Pittsburgh where jobs are not expanding and show no indication they will be growing anytime soon. Nor is the population of the South Hills-- the area served by light rail-- growing appreciably. Thus, the success of the PAT light rail system hinges on grabbing an ever-bigger share of South Hills workers who commute to downtown. And to make matters worse, the light rail system is in direct competition for patrons with many of PAT's South Hills bus routes.

It will be interesting to see what happens to light rail ridership if gasoline prices fall back to the 2003 or 2004 levels or if Pittsburgh is able to drastically reduce its parking tax. Of course, slots parlors at Station Square could boost light rail ridership somewhat. But it is certainly not good public policy to heavily subsidize local residents in their travel to casinos where they will lose money.

For some years, PAT's light rail operating costs and performance statistics have compared unfavorably to peer group systems. This latest expensive addition to capacity has undoubtedly made those comparisons much worse. With all the bridge and road repair work needed in Pennsylvania, it never ceases to amaze that there are hundreds of millions of dollars available to undertake projects that would never have been funded if they had been carefully and straightforwardly analyzed beforehand.

Jake Haulk, Ph.D. President

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<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
