

# ***POLICY BRIEF***

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## **The Connector's Last Gasp?**

Once again, bids for the Port Authority's North Shore Connector project have come in well above engineering estimates. No Authority official will say that the numbers jeopardize the project, but it certainly seems that if the Connector had nine lives, it may have just used its last one.

Three firms bid on the tunnel section of the Connector, with the average bid coming in at \$103 million. Three bids submitted for completing both the tunnel excavation and station work on the North Shore came in at an average of \$159 million. The Authority had been expecting to spend no more than \$140 million on the tunnel and the station work combined.

The cost of the project has increased over the original estimate, from \$363 million in 2003 to \$381 million in 2004, and it is extremely doubtful that even the latest \$393 million estimate will hold. The character of the project was changed significantly as well by dropping a planned link to the Convention Center. While some may argue this is a small change, it is a fact that the ridership numbers and the attractiveness of the project depended, in part, on having the link available for Convention Center users as well as local commuters.

If the project does go forward, it will principally be a means to get people to the stadiums, most of whom are getting there easily right now. To be sure, it is astounding that the deletion of the Convention Center spur has not triggered Federal action to end the project or at least force a reopening of the approval process.

It is also important to note that the fiscal stability of the Authority and the ability to operate the extension were important factors in determining the award. In 2003 the Federal Transportation Administration, based on information provided by PAT, gave a "medium" rating that "reflects PAT's stable operating condition, although projected surpluses are small". One is hard pressed to find evidence of this happening. In fact, if not for the Governor's granting of highway funds in 2004 to shore up PAT's finances, the financial picture would have been even worse. Indeed, PAT is apparently facing a deficit of \$45 million in the next fiscal year. Where do they hope to find the additional funds that will be needed to operate the extension under the river?

The Port Authority leadership--specifically the Board Chairman, who is also head of a trade union--plans to ask the County Executive to find more money to help fund the project. With the cost of the project constantly escalating despite the savings of tens of millions of dollars through cancellation of the Convention Center spur, one is compelled to ask when is enough, enough? At this juncture there is simply no believing assurances by the Port Authority that there will be no major cost overruns. County and state taxpayers should not be saddled with untold tens of millions in cost overruns for this boondoggle.

If the Executive comes through, it will be the latest in the series of financial acrobatics that have been performed to keep the Connector going. In 2004, the Southwest Pennsylvania Commission moved \$71 million in highway flex dollars, statewide discretionary funds, and other sources to aid the project. Some of that money was originally to be used for bus purchases; other money was to be used for a bridge that would span the Monongahela River.

It is an ironic situation: ardent proponents of the Connector always hold a “use it or lose it” position on the project. That is, if the Connector does not get built, the Federal money could not be shifted elsewhere. If not for the shifting of funds intended for other regional uses, the Connector would have already been scuttled.

It is also important to note that the “use it or lose it” argument may not be accurately reflecting what would be lost if the project were to end. It would not be a \$400 million loss as some have characterized. If the Connector were to finally die, the region would see the return of dollars committed by the SPC amendment and the state and local matches totaling \$150 million. That’s money that could be used for other purposes, starting with refunding the highway and bridge projects that had funding taken away to keep PAT and SEPTA running.

Indeed, wouldn’t it be better to have \$150 million to spend for truly needed regional projects than to have that amount-- and who can guess how many more millions of state and local funds to cover cost overruns--poured into a project that will offer no relief for the region’s pressing transportation needs.

It is far beyond the point where it must be recognized that the Connector is an extremely flawed idea that should never have become the region’s top priority transportation project. Apparently, the only forces that are keeping it going are organized labor groups who will benefit from the construction and elected officials who are unwilling to oppose them. The project does not make sense and it should be scrapped.

An immediate, all out effort should be launched by local officials to work with the key Congressional leaders to get the Federal dollars reallocated quickly to another local use before they are taken back for Katrina relief or other projects around the country.

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