



Minnesota Regional Transit  
Board: Records.

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REGIONAL TRANSIT BOARD  
Suite 402 Metro Square Building, St. Paul, Minnesota 55101  
291-6640

REGIONAL TRANSIT BOARD MEETING  
Tuesday, September 4, 1984  
Metropolitan Council Offices  
300 Metro Square Building, St. Paul, Minnesota 55101  
3:00 P.M.  
Council Chambers

AGENDA

- I. Call to Order
- II. Approval of Agenda
- III. Approval of Minutes of the August 20, 1984 Meeting
- IV. Communications to the Board
- V. Report of the Policy Committee (Todd Lefko, Chair)
- VI. Report of the Finance and Administration Committee  
(Ruth Franklin, Chair)
- VII. Report of the Screening Committee (Steve Loeding, Chair)
- VIII. Discussion of Orientation Retreat
- IX. Selection of Legal Counsel
- X. Other Business
- XI. Members' Reports  
Alison Fuhr, Paul Joyce
- XII. Adjournment

Elliott Perovich  
Chair

JA002A

*Elliott*

REGIONAL TRANSIT BOARD  
Suite 402 Metro Square Building, St. Paul, Minnesota 55101  
291-6640

Minutes of a Regular Meeting of the  
REGIONAL TRANSIT BOARD  
September 4, 1984  
Metropolitan Council Chambers  
3:00 p.m.

PRESENT: Elliott Perovich, Todd Lefko, Ruben Acosta, Bernard Skrebes, Gail MarksJarvis, James Newland, Margaret Snersrud, Juanita Collins, Steve Loeding, Ruth Franklin.

MEMBERS ABSENT: Doris Caranicas, Alison Fuhr, Edward Kranz

Call to Order

Chair Perovich called the meeting to order at 3:02.

Approval of Agenda

The agenda was approved as submitted.

Approval of Minutes

Motion was made by P. Joyce, seconded by T. Lefko, recommending approval of the minutes of the meeting held August 20, 1984. Motion carried unanimously.

Communications to the Board

There were no communications to the Board.

Report of the Policy Committee

T. Lefko, Chair of the Policy Committee, reported that the Committee will meet on September 5, 1984, at 3:00 p.m., and will determine its order of business at that time.

Report of the Finance and Administration Committee

R. Franklin, Chair of the Finance and Administration Committee, reported that the Committee's first meeting will be held on Thursday, September 6, 1984, at 4:30 p.m.

Report of the Screening Committee

S. Loeding, Chair of the Screening Committee, reported that 74 applications had been received for the position of Executive Director. Nine finalists have been selected to be interviewed. The Committee submitted a list of those finalists to the Board. Interviews will be held September 4, 5, and 10, 1984.

#### Discussion of Orientation Retreat

The Chair summarized the retreat and thanked staff of the MTC and Council for their participation. It was the consensus of the Board that the retreat was well done and informative. It was suggested that Representative Vallenga and Senator Novak be contacted to attend one of the Board's meetings to discuss legislation leading up to the formation of the RTB and the legislature's intentions and directives to the RTB. It was also suggested that at some time in the near future the Board tour the facilities of the MTC to familiarize itself with the workings of the MTC and also to meet with other agencies, perhaps on a quarterly basis, to coordinate work programs.

Mr. Skrebes wanted to know what to do about anonymous complaints he has received. It was suggested that they either be refused or funnelled to appropriate staff. A reference sheet of contact persons at various agencies will be prepared and distributed to Board members.

Ghaleb Abdul-Rahman, Council staff, announced that a transit conference sponsored by the RTB will be held beginning October 29. An agenda will be put together and will be presented at the next meeting.

#### Selection of Legal Counsel

The Board discussed a proposal to contract with an outside law firm at this time and eventually to hire an in-house counsel. This item was referred to the Board's Finance and Administration Committee.

#### Other Business

The next meeting of the Board will be September 17, 1984. The Metropolitan Council has asked the Board to meet twice with the Committee of the Whole, the first meeting to be on the 20th of September.

J. Newland suggested that the Board would benefit from a presentation on I-394 and it was decided to have such a presentation on the next meeting's agenda.

#### Members Reports

A. Fuhr submitted a report on a recent trip she and P. Joyce took to Edmonton and Calgary, Alberta and Portland, Oregon, to inspect their light rail transit systems. P. Joyce elaborated on the trip and there was considerable discussion and questions by the Board regarding LRT.

T. Lefko reported on his trip to San Francisco with Deloitte, Haskins, and Sells concerning light rail transit.

The Chair will be at an UMTA conference in Washington, D.C., on Monday. He will provide information from this conference at the next meeting.

There being no further business, the meeting adjourned at 4:30 p.m.

Respectfully Submitted,

Chris Yankovec, Acting Secretary

## RECOLLECTIONS OF TRIP TO EDMONTON AND CALGARY, ALBERTA AND PORTLAND, OREGON

August 13 - 15, 1984

Edmonton is a city of 600,000 people all contained "under one roof" so to speak. They have only one governing body to which small departments report; e.g., transit or the transportation department, started in 1974. Their light rail has been up and running for about five to six years. It was set up in such a manner that buses and light rail are complements of each other. Without one, the other could not exist. Light rail runs underground for four stops in downtown Edmonton and surfaces for four more.

When underground, it ties in with major office buildings. Slowly they are trying to encourage small shops, similar to our skyway shops, to move in. We were stuck with the emptiness of the downtown area, both above and below ground, though pedestrian traffic did come alive more at noon. (80% of LRT riders come from buses.)

When you visit the outskirts of the city where the next "spur" is planned and see the gigantic shopping mall containing under the same roof a Fantasyland and an equal amount of space being built just adjacent, you can understand where all the people are. It was crowded. You wondered if the city had a "comprehensive plan." The merchants downtown are beginning to be concerned.

The line goes literally out into the fields at Clareview, the last stop where they depend upon feeder buses to bring people in from apartments may be about 1/2 mile away. Another shopping center was planned for Clareview, but the city became a victim of the recession (as did Calgary) about two years ago and progress came to a halt. Apparently, they are (the province) oil rich. Initial funds came from a \$45 million grant from the province. Since then, the project was completed within both budget and time allotted - a total of \$66 million. Building an extension will, by contrast, be harder, since the province somehow may not keep the revenue from its own oil, but must be sent out to the other provinces, particularly, Ontario and Quebec.

LRT is certainly quieter, cleaner (hardly any graffiti), faster and neater than bus transportation, but the family of vehicles is strong. Each method of transit has its role to play. There seems to be no competition, since it's all under one management system. Construction costs are lower for light rail. Six two-car trains, spaced at about five minute intervals, can carry 6,000 people per hour in each direction. I believe they said they are carrying 16,000 passengers per day. The recession has caused that to fall off somewhat. The extension will be aimed at the highly populous University ridership.

The system was designed to accommodate handicapped passengers with elevators at each station and safety belts in each car for wheelchairs is a supplemental accessible system for the disabled. However, both systems have experienced very low usage of those facilities.

Safety appeared to be no problem. At the end of the line, at 10:45 at night, a female got off and proceeded to make her way alone the one half mile or so to the apartments. The maintenance of their seats is no trouble - they use a

tightly woven cloth which seems to be impermeable, in contrast to plastic or vinyl seats. The city has a rather fantastic convention center built largely with glass and sitting on the hillside overlooking the river valley.

They use time transfer - a system where many buses, up to fourteen, will pull in from the neighborhoods to catch the train as it goes downtown, a process that takes only three minutes. Time transfer is also used with local and express buses.

Their communications room is very much like that of the MTC, except more to accommodate both buses and trains. Their crowning achievement is that there is no space for cars at the stadium. Everyone must come on the bus or by train; and it works. And park 'n' ride locations are all equipped with plug-ins (can be as many as 300 cars) and it's free.

In retrospect, Edmonton's attitude was a bit cavalier. They didn't seem concerned about the shopping center rivalry. They felt that buses and transit were still going downtown in business hours. They admitted that transit was not heavily trafficked at night.

Calgary's trains are identical to those of Edmonton's and assembled in Calgary. Siemens sends the shells and parts over from Germany where they are assembled and finished. But Calgary is on the surface at all stops. The population of Calgary is almost the same as Edmonton.

There is one tunnel going under Cemetery Hill. They clear their "plus 15s," as they call their skyways. Their south line - the first phase of their rather "opulent" (as George Isaacs calls it) system is 13 kilometers in length. Their 7th Avenue downtown becomes a transit mall which both buses and LRT traverse. Signals are adhered to downtown, but LRT preempts signals as you leave that area. Gates are dropped at select crossings and I would judge that it takes only seconds or a minute for traffic stopped for a train.

Calgary's light rail vehicles are 23 metres in length and seat 64 passengers. They are similar in appearance to our articulated buses. Each car has standing room for 98 passengers. During rush hours, they will attach three of these which operate every three minutes. Two cars, coupled with lesser traffic, operate every five or six minutes, while a single car operating during midday will come every 10 minutes.

Stampede and Erlton Stations service the Stampede where, once again, there is no provision for cars.

We were struck with the expensive look of the new stations going in to accommodate their extension. While there is no emphasis on accommodating the handicapped downtown, they are stressing this in the extension. Both systems use the "proof of payment" method of paying fares. They do not like the term honor system. Passengers buy their fares, but only occasionally are they checked. In one three hour period, one checker had picked up only one passenger who had not paid. Transfers are interchangeable.

Because the extension will be running down the center of a superhighway, the stations will present different designs. Rather elaborate, I might add. They say they cost \$3,000,000 per station.

In contrast, Calgary was buzzing - the city is compared to Minneapolis. It is beautiful, with a much more active skyline than Edmonton. Downtown is a fantastic block-long indoor park on three levels. As in Edmonton, their shopping center contains an ice skating rink (open air), a playground for children and many food booths to accommodate various tastes. The shops were very tempting. (I never did get into a Hudson's Bay store.)

But, again, within 24 hours, we were on our way to Portland via the same chartered Convair turbo-prop (hadn't flown one of those in 30 years). We flew at 17,000 feet over the Canadian Rockies and in two and a half hours were in Portland. Late for a reception which had been arranged by Popham Haik law firm from the Twin Cities. It was staged at the Benson Hotel and had many distinguished guests (besides ourselves, that is) in attendance. Operations people, as well as Board members and City Planners.

Portland's system comes nearest to making sense for the Twin Cities. Like the TC, Portland had to go through many levels of government for permits; Portland is building a much more cost-efficient system with stations not nearly as costly as those in Calgary. Once again, the "family of vehicles" is planned. The system will be up and running in two years. A busway runs on two streets - north and south downtown. The LRT line will run perpendicular to those streets on its own set of two streets. The focal point will be Pioneer Courthouse Square, where there is now a transit information center and 48,000 "named" bricks. Each brick cost only \$15.00 - this constituted their local match.

Portland's system is unique - they are building it with interstate substitution money - it's a combination of interstate and rail - then, on the Banfield. The Banfield was in sore need of upgrading and the city also felt they needed some other mode of transit to relieve the congestion, so they are being done together. There is not the emphasis on park 'n' ride, but, in select locations, it will be used. Once again, buses and trains will work interchangeably - all three systems use the same fares and transfers. Portland has a fareless - ride free - zone downtown.

Bombardier of Canada is building the cars for Portland. There are a few bugs in them at present, but they are optimistic about working those out. An important factor for LRT was the support of the major newspaper. Portland feels that the preemption of signals is important.

Private follows public investment. More than half of the downtown force arrives at work via bus. The public and all constituencies were constantly consulted.

Tri-Met is composed of three counties. Board members are appointed by the Governor. There was a regional consensus to build the LRT. Their biggest stumbling block was UMTA - Urban Mass Transit Agency. A payroll tax \$6/1,000 helps. Eight jurisdictions had to hold referenda to approve LRT for Portland. The state passes through their money to Tri-Met.

During commuter hours, two-car trains carrying as many as 332 riders will operate every five to ten minutes. Single-car trains will run about every 10 to 20 minutes in off-peak.

All Banfield stops will be accessible to people in wheelchairs via a special lift at the end of the platform. Self service fare collection will be used. Right now, they are very proud of four vandal-proof ticket selling machines with which they are experimenting. The machines do everything.

Trains will travel about 20 mph downtown, 55 mph next to the freeway and 45 mph on Burnside Rd. in Gresham. Right now, 11 miles are planned.

The Banfield Light Rail Line is planned to be 15 miles in length. Initially, there'll be 26 articulated rail cars; the supplier is Bombardier, Inc.; the opening is planned for September 1986; and it's anticipated that patronage will be 42,000 daily by 1990. The cost is set at \$310 million, which includes \$100 million for the upgraded freeway. Nearly \$215 million has been made available through the interstate highway transfer process.

Calgary was impressive, but I do believe that Portland's more spartan approach would be more in tune with Minnesotans' outlook.

I believe that LRT is coming into its own and would make an impressive addition to the Twin Cities, particularly, since we have three natural corridors - the southwest "spur," University Avenue and Hiawatha Avenue.

Alison Fuhr

njh/1639

# BusinessWeek

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# MASS TRANSIT: THE EXPENSIVE DREAM

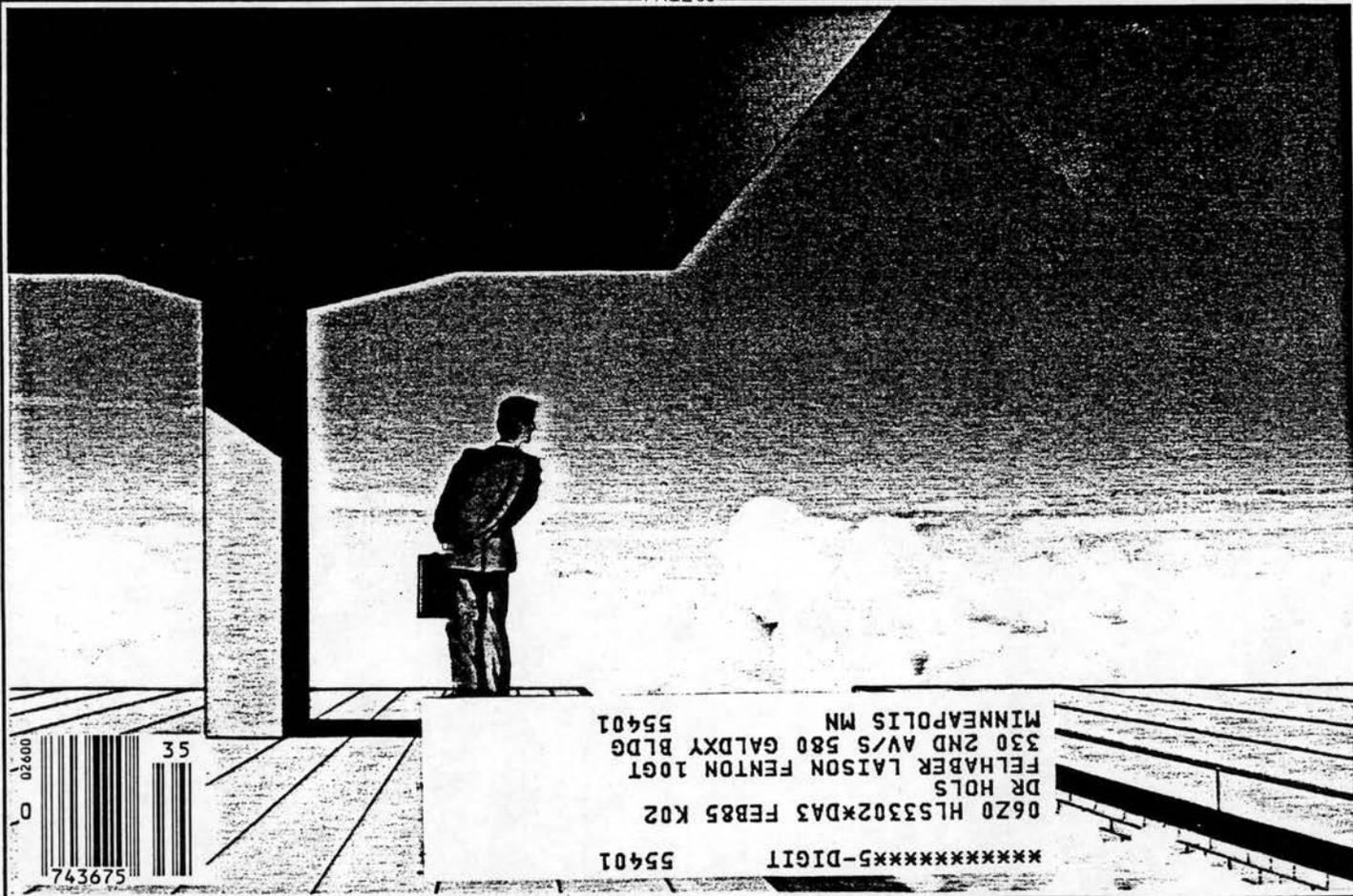
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## Cover Story



THE FIRST PHASE OF ATLANTA'S SYSTEM WAS \$24 MILLION OVER BUDGET AND SIX MONTHS LATE, RAISING DOUBTS ELSEWHERE

# MASS TRANSIT: THE EXPENSIVE DREAM

ARE FEDERALLY FUNDED SYSTEMS AN URBAN PANACEA OR A FISCAL FIASCO?

Lured by a federal fund set up in 1982, many of America's biggest cities are now lining up at the government's window for money for rail transit systems. Los Angeles and Dallas want systems to ease traffic congestion. Detroit, Buffalo, and St. Louis think theirs will bring economic revival. Milwaukee and Minneapolis-St. Paul see big-city status in them. It all seems like an urban planner's dream—but it is already turning into a financial nightmare.

"There's no way you can fund all these projects," warns Transportation Secretary Elizabeth H. Dole. The Urban Mass Transportation Administration (UMTA) estimates that systems already under way or on the drawing boards will cost \$19 billion. Los Angeles alone wants

\$2.1 billion from Washington. Yet only \$1.1 billion a year in federal money has been set aside for building new systems and refurbishing old ones, and experience shows that few recently built systems come in even close to budget. Washington, D. C., originally estimated its subway would cost \$2.5 billion; already, some \$6 billion has been spent or committed, and the system is only half finished (page 64).

**BIGGER DEFICITS.** The proposed new systems are opening the door to giant operating deficits, as well. By law, the federal government is supposed to put up not only 75% to 80% of the capital cost but also up to 50% of all operating deficits. "If you look at the history of the systems built in the 1970s, they consistently

overestimated patronage and underestimated both capital and operating costs," notes Professor Jose A. Gomez-Ibanez, a mass-transit expert at Harvard University. The cost of providing a ride on the San Francisco, Atlanta, and Washington systems, he continues, averages four times as much as was forecast. Says UMTA chief Ralph L. Stanley: "I think cities get caught up in rail systems the way they do in convention centers and domed stadiums."

At the same time, cities that already have rail transit are planning to expand—even though many face enormous costs to rehabilitate existing lines—and they will be competing with the new starts for the limited federal funds. The American Public Transit Assn. puts the

capital needs for refurbishing existing systems over the next five years at \$10 billion. New York City, which has the nation's largest rail transit network, is already halfway through a five-year rehabilitation plan costing \$8.5 billion, and its system remains sadly dilapidated.

What started the rush to rail transit was Congress' decision to allocate 1¢ of the 5¢-a-gal. surtax on gasoline for such needs. Now federal legislators are on the verge of approving money for 10 new systems, and they show no inclination to turn down any of the requests. The inevitable result, experts say, will be both additions to the federal deficit and big tax boosts at the local level. "If we fund these amounts," predicts Stanley, "we're going to be \$4 billion to \$4.5 billion short within two years."

Despite the dangers, few experts expect these requests for federal funds to be decided on their merits. If the past is any guide, such questions as whether a rail system will spell financial disaster for a specific city or whether it will bring its vaunted benefits—reduced congestion, better air quality, and economic development—will be raised, then ignored for political reasons. UMTA's efforts to establish criteria to sort out good projects from uneconomical ones, for example, met stiff opposition on Capitol Hill. As it turned out, the bills approved by the House and Senate Appropriations Committees designated a set amount of money for each city, such as \$64.8 million for a system to serve sprawling San Jose, thus ensuring funding. Explains one staffer: "If you're a powerful senator, you're going to get the project for your state, even if it's not a good one." The program, says Stanley, is simply unmanageable.

**COMMON SENSE.** To be sure, mass transit proposals sometimes do stall even before they reach Congress. Transit advocates in Houston took a beating at the polls last year when they lost a \$2.35 billion bond referendum for an 18.5-mi. rail system. In Denver, skeptical voters not only rejected a sales tax rise to finance a proposed system but also insisted that their transit board be elected so residents could exert greater control.

More typically, however, the local political machinery joins forces with developers and some neighborhood supporters to promote a project and enlist the aid of their representatives on Capitol Hill. While the cities are competing with each other for money, they are united in their belief that Washington has an obligation to help finance the systems. "Sixty-five percent of American people live in cities, and if the welfare of American people isn't a concern of the feds, I don't know what is," declares Jack R. Giltrap, executive vice-president of the American Public Transit Assn. "If cities

## TRYING TO EASE THE COMMUTE



LIKE MANY CITIES, DALLAS IS BANKING ON A RAIL SYSTEM TO COMBAT TRAFFIC WOES

### MORE AND MORE CITIES ARE RUSHING TO TAP FEDERAL FUNDS FOR NEW TRANSIT SYSTEMS . . .

City	Planned route miles	Projected completion date	Estimated cost (millions of dollars)
DALLAS	160.0	2010	\$3,400
LOS ANGELES	18.5	1990	3,300
DETROIT	15.0 (light rail)	1990	2,000
	1.9 (people mover)	1985	117
PITTSBURGH	12.0	1985	559
BUFFALO	6.4	1985	535
SAN JOSE	20.0	1987	380
PORTLAND	16.0	1986	307
ST. LOUIS	18.0	1987	229
MILWAUKEE	14.3	1990	166
SAN DIEGO	15.5	1990	113

### . . . AND EXISTING SYSTEMS ARE LOOKING FOR MORE MONEY TO EXPAND

City	Planned miles of extension	Projected completion date	Estimated cost (millions of dollars)
WASHINGTON	54.0	Undetermined	\$6,000
SAN FRANCISCO	35.0	Over next 20 years	1,400
BOSTON	7.9	1985*	1,300
ATLANTA	19.3	1984*	956
CHICAGO	11.7	1984*	696
MIAMI	10.0	1984	550
NEW YORK	8.0	1995	500
PHILADELPHIA	11.1	1984*	425
CLEVELAND	4.5	1984	400
BALTIMORE	6.0	1987	198

\*First stage only

DATA: AMERICAN PUBLIC TRANSIT ASSN., BW

HOLLY KUPFER

## Cover Story

don't work, then America doesn't work."

Senator Mark Andrews (R-N. D.), who is chairman of the Appropriations Committee's transportation subcommittee, agrees. "These are the investments in the future of this country," he declares. "The Administration has been wrong-headed in where they've directed their cuts." Andrews is leading the fight against the UMTA criteria by including in the appropriations measure not only funding for three cities the agency ranked as unacceptable—St. Louis, Jacksonville, Fla., and San Diego—but also a bar against applying the criteria at all until hearings are held. The criteria would allocate funds based on new riders, reductions in travel time, capital and operating costs, and local financial contribution—an approach that Secretary Dole believes is just common sense. "You've got to have some kind of order," she declares. "You just can't do it willy-nilly and say, 'Everybody come,' and then see what happens."

**'RUSH MINUTE.'** St. Louis, which fared poorly under the criteria, wants to use existing track for a \$229 million, 18-mi. light-rail system (a streetcar-like system usually above ground, as contrasted with the typical underground system, which is classified as heavy rail), even though UMTA calculated that ridership would be higher with a bus alternative

costing only \$40 million. "St. Louis is a dog project," says a key House committee staffer. Despite Administration reservations, the system is being funded in the Senate appropriations bill because Senator Thomas F. Eagleton (D-Mo.) serves on the committee, and committee members historically are allowed their pet projects. Local boosters see a rail line as the key to reviving the downtown area.

San Diego will get money, too, largely because of sleeve tugging by Senator Pete Wilson (R-Calif.), a former San Diego mayor. Even Andrews' subcommittee had balked at setting aside funds for the San Diego project, but Wilson prevailed by getting the committee to allot San Diego \$3 million of the \$122 million originally allocated to Los Angeles. Since they are in the same state, no one objected. "The transit program is the worst kind of pork-barrel politics," says Gerald K. Miller, a senior research associate at the Urban Institute in Washington.

Milwaukee, with an average commute of 19 minutes, would not seem to be a prime candidate for a rail system either, yet officials there are plunging ahead with an \$890,000 study—80% financed by Washington—of a \$165.8 million, 14.3-mi. rail system to link downtown with the Northridge Shopping Center on the northwest side. Brian F. O'Connell, a

transportation planner with Milwaukee's City Development Dept., defends the proposal even though he concedes that Milwaukee has been described as having "a rush minute."

Opposition is stirring, however, primarily from members of the Sherman Park Community Assn., whose integrated neighborhood would be divided by the rails. Says William F. Fogarty, president of the association: "There is fear of being on the wrong side of the tracks."

**SOCIAL CLIMBING?** Minneapolis and St. Paul, which also have manageable auto traffic, are considering several light-rail proposals whose cost would range upward from \$180 million. Minnesota Governor Rudy Perpich strongly supports such a system, arguing that it would make Minneapolis and St. Paul "world-class cities." But because the Twin Cities have frequent commuter bus service and just a 17-minute average commute, the proposal is generating controversy. "Just what are the problems light rail is supposed to solve?" asks Robert de la Vega, research associate at the Citizens League, a public policy group.

Los Angeles, by contrast, clearly has traffic problems to solve. With estimates that daily vehicle-miles traveled on freeways will have jumped 24% by 2000, to 7.5 million, the public is looking for alternatives, and the Southern California

## THE RUNAWAY COST OF WASHINGTON'S METRO

Old-timers at Washington's Metro, the mass transit system that serves the nation's capital, fondly remember that President Lyndon B. Johnson wanted the system to serve as an example for the rest of the country. An example it is—in more ways than Johnson had in mind. The money lavished on its impressive stations and trains demonstrates just how much such systems can drain from the coffers of federal, state, and local governments.

Originally, the cost of completing the system was put at \$2.5 billion, but the Urban Mass Transportation Administration (UMTA) now puts the cost at \$12 billion. At the same time, the system's operating deficit has steadily ballooned. The \$190 million shortfall in fiscal 1984 was double the figure just five years ago, when the system was two-thirds its present size. Metro officials expect the deficit to soar over the \$200 million mark during the current fiscal year, which began July 1, and UMTA

chief Ralph L. Stanley predicts that figure will double again by the time all the tracks are laid.

Metro's \$6.94 cost for each mile a train travels with passengers is the highest of the six cities with rail operations that have reported 1983 figures to the American Public Transit Assn. Ridership, which stands a shade under 350,000 on weekdays, is 10% below projections, according to William I. Herman, Metro's director of planning.

**CLOSING THE GAP.** Moreover, Metro officials say that they will miss the originally targeted 1979 completion date by at least 14 years—while UMTA officials wonder if the 101-mi. network will ever be finished at all. Construction money, appropriated under special legislation so that Metro does not compete with other cities, is running out fast. Stanley estimates that the system will be \$1.5 billion to \$2 billion short by the time its currently authorized funding is used up.

And local residents are only now



PARTISANS SAY THE TRANSIT SYSTEM'S ROLE AS A

Rapid Transit District has mobilized considerable support for a rail system.

The transit authority is set to start building 4.4 mi. of a line underneath famed Wilshire Boulevard as soon as Congress approves funding. The rail line would eventually be 18.6 mi. long, linking downtown Los Angeles with the San Fernando Valley. Even UMTA, with its tough criteria, gave the line a high ranking for meeting so much of its financial commitment at the local level. Although their city is eligible for the 75% match, transit officials say they plan to build the \$3.3 billion system with only 62% of the bill paid by Uncle Sam.

But that still amounts to \$2.1 billion for a system that rail transit opponent Catherine Burke, associate professor of public administration at the University of Southern California, thinks will not meet the city's needs. The only reason it is moving ahead, she says, is that the "politicians have promised Los Angeles a rail system, and they don't want to be accused of breaking that promise."

Ironically, the Los Angeles basin once had an effective light-rail system. But it ceased operating after World War II, wiped out by the Angelenos' love of their automobiles and their desire to live between rail lines, not along them.

This desire to disperse is becoming more and more prevalent throughout America. The 1980 census indicates a strong trend away from concentration in

## 'Our biggest job is to convince people still driving cars to start using the system'

the cities. Thus, economists and planners say a more sensible approach is to use more flexible bus systems. "Suburbanization of employment, coupled with an increasingly large proportion residing outside central cities, is changing the nature of commuting patterns," notes Philip N. Fulton, chief of the journey-to-work and migration statistics branch of the Census Bureau.

**DEDICATED TO BUSES.** This is particularly true of Sunbelt cities such as Houston, where a residential downtown never developed, and it perhaps explains why Houstonians rejected a rail system despite their famed traffic jams. According to the Texas State Highways & Public Transportation Dept., Houston has rush-hour traffic no less than six hours a day—6 to 9 a.m. and 4 to 7 p.m.—in addition to a noon-hour peak. The proposed \$2.95 billion rail and bus program was designed to ferry passengers from outlying areas in southwest and north Houston to downtown's heavy employment area, with a later extension

planned to the predominantly minority and blue-collar southeast side.

City Councilman John G. Goodner, who led the opposition, contends that the numerous employment centers and satellite shopping areas such as the Galleria, Greenway Plaza, and Greenspoint Mall have emerged mainly because of traffic congestion in Houston's geographic downtown and now obviate a rail system. The city is busy improving its oncedismal bus system and is in line for some \$76 million to build highway lanes dedicated to buses. Similarly, Seattle is opting for a \$300 million tunnel to be used exclusively by buses.

Dallas, on the other hand, has gone the other way. Voters there and in 14 suburban communities approved a 1c rise in the sales tax a year ago to fund an ambitious plan to double bus service by 1987 and build a 160-mi. light-rail system by 2010. According to Dallas Area Rapid Transit (DART) officials, federal aid would contribute only 5.5% of the planned budget of \$8.9 billion, with revenues from fares and the tax supplying the rest. How did the region pull off such a self-help proposal? "That's just the Texas way," answers R. Dan Matkin, vice-chairman of the DART board.

But even with strong business support, DART has come in for criticism, specifically for serving rich, white northern Dallas much more than poor, black southern Dallas even though everyone is

starting to grapple with the operating deficit. The Greater Washington Board of Trade, a business group, is studying the feasibility of a variety of new taxes that would help close the gap, while Metro is taking steps to boost revenue. These measures range from leasing air rights above stops, a practice that is already bringing in about \$3 million a year, to studying the possibility of running fiber-optic communications cables along the lines and leasing excess capacity.

Metro's Herman stoutly defends the system's record. "Of all the systems in the country, this has been by far the most successful," he declares. He contends that capital costs multiplied because of inflation and funding delays, which also pushed back completion targets. In addition, he attributes below-projected ridership to overestimates of employment and population growth by other agencies. Revenues have increased about as fast as expenses, he says, with both varying little from the rate at which living costs have risen. Herman also argues that the system has given the local economy a shot in the arm.

Exactly how potent that shot has been is unclear. Developers say they

would have built many projects even without the system. A case in point: three Metro-stop projects totaling \$270 million being built by Rozansky & Kay Construction Co. "They are great locations with or without Metro," says President Alan I. Kay, though he concedes the projects may be larger and further along because of it.

**CRIME-FREE.** In some ways Metro really is a model for the country. It is clean, fast, and surprisingly free of crime. "It is safer in our subway system than it is on the city streets," boasts Herman. With some of the longest escalators in the world, it is even a tourist attraction. "People come to see the Smithsonian and Metro," beams Metro spokesman Al Long.

As partisans see it, the system's role as a national showcase and its use by so many government workers justify the money it draws from the federal Treasury. But this argument does not impress other cities envious of Washington's special transit funding status. Notes one staffer with the House Appropriations transportation subcommittee: Some lawmakers "question why we're spending \$250 million [a year] in Washington, D.C., while the rest of the country gets \$400 million."



NATIONAL SHOWCASE JUSTIFIES ITS EXPENSE

## Cover Story

paying the additional sales tax. This was exactly the objection raised by the black community in Oakland, Calif., when the Bay Area Rapid Transit (BART) system was being built.

A driving force behind all these moves, both in the Sunbelt and the Frostbelt, is the hope that a rail system will be an economic panacea. Detroit's downtown, strewn with decaying and abandoned buildings, is deserted after 5 p.m. by the professional population. Yet under construction is a \$137 million "people mover" system—automated cars powered by magnetic propulsion—that will encircle the area with a 3-mi. loop of elevated track. "The purpose of the system is to do its part to revitalize Detroit," says David J. McDonald, people mover project director for the Southeastern Michigan Transportation Authority. In negotiating with developers, the city offered to redesign stops so passengers would walk through shopping areas to get to the street.

Officials hope to feed commuters into the system from a planned 15-mi. light-rail line connecting downtown with the affluent northern suburbs. Other proposed extensions into the suburbs will add up to a \$2.3 billion system.

But the recent experience of Miami casts doubt on how well a rail system can revive local economies. Half of that

city's system started up in late May with much fanfare—and few riders. Even before it opened, the 11-mi. segment was plagued with problems, including cost overruns, accidents, and construction and design flaws. The estimated cost to build the entire 21.5-mi. system has rocketed from an initial \$867 million to almost \$1.2 billion.

Already, dismayed merchants complain that trains stop running at 7 p.m. even though their stores stay open until 9 p.m. Says Hernando Vergara, spokesman for the Metro-Dade Transportation Administration: "Our biggest job is to convince people who are still driving their cars to start using the system."

**SHINY TOY.** Critics say that is an almost impossible task. "These systems are oversold and overpromised," charges the Urban Institute's Miller. "The potential impacts of lessening congestion and pollution aren't going to happen. There's no growth in downtown areas anywhere. I think [the new rail boom] comes down to the fascination with rail and the local financial incentives. If you can get \$2 billion from Uncle Sam, why not?"

One reason why not is that a rail transit system that looks at first like a shiny toy under the Christmas tree can quickly tarnish. In Atlanta, for example, the first phase of construction for the Metropolitan Atlanta Transit Authority

(MARTA) was \$24 million over budget and six months late. That experience helped sour sentiment in Houston. "The people of Atlanta originally voted for a 54-mi., \$2 billion system and after years of delay got a 13-mi. system costing the same amount," says Jon McEwen, a board member of the Greater Houston Tax Coalition. The government also pays MARTA \$7 million annually in operating subsidies, part of the \$875 million the U.S. spends nationwide on such payments.

Mass transit advocates say rail transit systems—like other public services—should not be expected to operate in the black. And indeed, few do. With the exception of Hong Kong's new subway (below), not a single major system in the world meets even its bare-bones operating expenses from fares. But in the U.S., at least, the burden falling on the local communities is invariably more than they bargain for.

Melvin M. Webber, director of the University of California at Berkeley's Institute of Urban & Regional Development, has studied San Francisco's BART system extensively and has concluded that that system has been "horrendously expensive" for Bay Area communities. "The operating costs were so high that we got a sales tax we weren't supposed to get," he says. BART's revenues cover only 50% of its operating costs; a 0.5%

## HOW HONG KONG KEEPS ITS SUBWAY HUMMING

**H**ong Kong's subway is the kind other cities wish they had. Each section built thus far has been finished on or ahead of schedule and on or below budget. Revenues exceed nonfinancing operating costs by 55%. The trains, all air-conditioned, are fast, frequent, clean—and full seven days a week. The air-conditioned stations are roomy, spotless, and quiet.

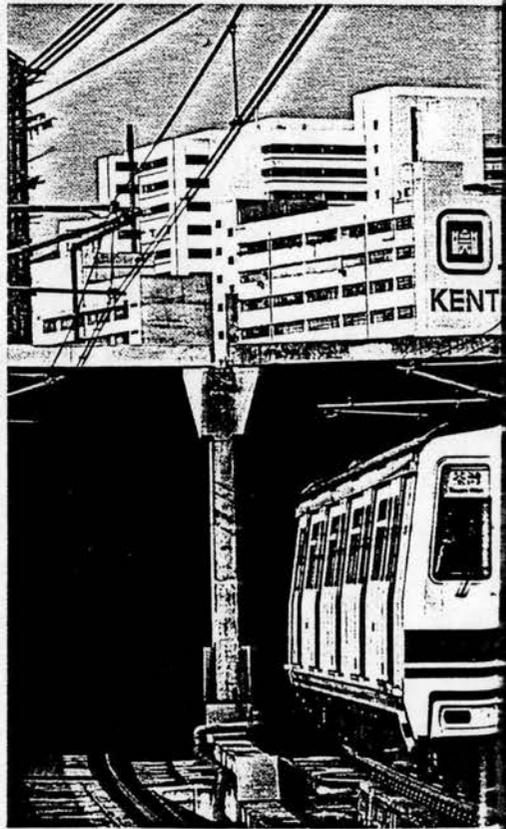
With 74,300 passengers per day per mile, Hong Kong's Mass Transit Railway (MTR) claims to be the world's most intensively used underground system. If current projections hold true, it may also become the world's only new citywide subway to pay for itself. Delegations from Los Angeles, San Francisco, Washington, Singapore, Bangkok, and Shanghai have all trooped to Hong Kong to learn the secrets of its success. They find two main ones: geography and politics—or the lack of it.

As a British colony, Hong Kong is what MTR Managing Director Eric A.

Black calls "a benign dictatorship." When the government decided to invest the first \$1 billion in a subway in 1974, only one Chinese legislator opposed it. He argued that it was a gamble the colony could not afford to lose and urged more roads and overpasses instead.

**TEAMWORK.** But the government created the Mass Transit Railway Corp., a Hong Kong-owned body that operates like a private company. Under it, the MTR has been relatively free of political interference. "We don't have to have on our board representatives of the Hispanic minority, the Italian minority, the fair sex," says Black. "We are one team working together for the same aim. We are all businessmen."

Hong Kong built each of its first two lines, 10 mi. and 7 mi. long, in less than four years, and its third is on schedule for completion in July, 1985. All three lines will have cost about \$4.2 billion. Since the government legally owns all the land, obtaining rights of



THE COLONY'S SUBWAY COULD BE THE ONLY

sales tax levied in the three counties BART serves makes up the rest.

Moreover, Webber says, since the sales tax that supports the system is generally regressive, "we found that the poor were paying, and the rich were riding." Worst of all, he believes BART has drawn most of its riders not from cars but from bus lines that it eliminated.

The ongoing problem of operating deficits puts constant pressure on rail transit operators to raise fares—frequently decreasing ridership—while elected officials face pressure to hold them down. Since the politicians win more than they lose, a revenue shortfall inevitably results, and that usually means deferred maintenance. Boston, Philadelphia, and New York City all provide painful examples of this pattern.

In 1979, to stay on budget, the Southeastern Pennsylvania Transportation Authority (SEPTA) spent only \$17 million to upgrade its aging system of subways, elevated lines, and commuter railroads. To catch up, it had to spend \$120 million in fiscal 1983. Although ridership has increased on some lines, the job of restoring the system remains awesome. "I'm trying to think of something that puts us further ahead," says SEPTA General Manager Joseph T. Mack. "I can't."

Nowhere is the situation more desperate than at New York's Metropolitan Transportation Authority (MTA), whose annual operating budget now totals \$3

## The feeling is, says one critic, 'if you can get \$2 billion from Uncle Sam, why not?'

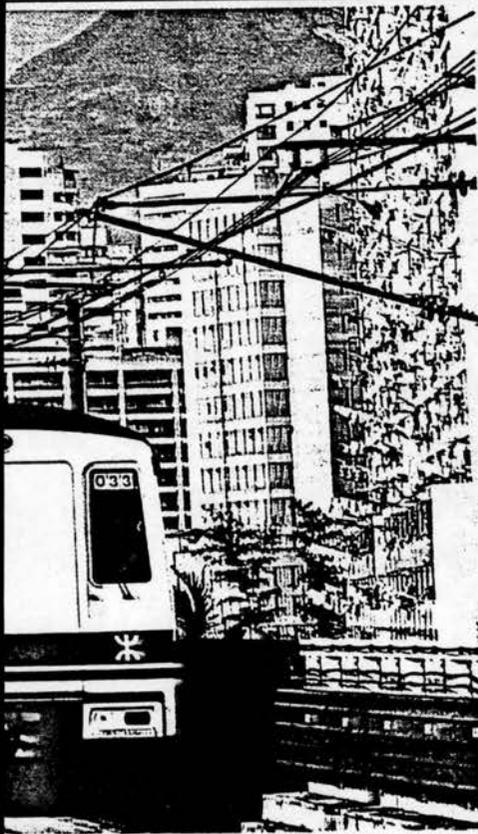
billion. Even after a \$150 million injection from the authority's bridge and tunnel tolls, revenues from fares still leave a shortfall of some \$350 million a year. When the city teetered on the brink of bankruptcy during the 1970s, political pressure to keep the fare down forced management to defer all maintenance except in obvious emergencies. The result: Today the city's subways are widely considered unsafe, cars and stations are filthy, service is unreliable—even the repair facilities are worn out.

**GETTING WORSE.** "The capital needs for the MTA are so great we cannot wait for federal dollars to materialize," says Mortimer L. Downey, deputy executive director for capital programs. Accordingly, the MTA is in the third year of a five-year, \$8.5 billion improvement plan made possible by an ingenious financial invention: the sale of bonds whose interest and amortization are guaranteed from fare receipts. But "when that is completed, we will need at least another \$10 billion program, and we still will not

have all the deferred maintenance of the 1970s behind us," Downey says. Since its asset base is \$55 billion, the MTA figures it needs to spend \$1 billion a year just to keep things from getting worse.

With a weekday average of nearly 5.8 million passengers (almost 3.5 million on the subways alone), the MTA accounts for as much as 40% of all transit riders in the nation. Yet in a good year it gets only 20% of the federal dollars dispensed to transit agencies; in a bad year the figure falls to 16%. Downey is concerned that a lot of new systems unable to pay for themselves could make matters even worse. "If all or most of the new-start systems are truly successful, then old systems like ours will benefit because the political base will have been broadened," he says. "But if they are not successful or only moderately successful, then that will hurt us all."

This is exactly why UMTA chief Stanley wanted to establish rigid criteria forcing new-start cities to shoulder more of the financial burden before they could get any federal dollars. Cities would then have to be a lot more hardheaded about their proposals, and presumably only those with a good chance of success would see their systems built. As it stands, though, no such acid test exists. Not all the mass transit rail systems now under consideration will be built, of course, but many will—including a lot that no one can really afford. ■



NEW CITYWIDE SYSTEM TO PAY FOR ITSELF

way was fairly simple—and reasonably priced. And since local unions are not strong and public outcries tend to be relatively mild, construction was possible 24 hours a day, even in residential areas.

Equally important, Hong Kong's geography cries out for a subway. More than 4 million of the 5.3 million residents live in two densely packed areas squeezed between the mountains and the sea. The subway runs along these heavily populated coastal corridors, connecting them via a tunnel under the harbor. The MTR claims that half the colony's residences and factories are within a five-minute walk of a station. No political pressures have forced it to serve less populated areas.

**SERIOUS WORRY.** Only one person in 27 owns a car, so residents must rely on public transport. While they have alternatives—buses, reasonably priced taxis, and ferries—the subway still draws 1.2 million riders a day even though its fares, which range from 25¢ to 60¢, average twice as much as bus fares.

The MTR's biggest worry is its heavy debt. From about \$1.8 billion now, it is expected to rise to nearly \$3 billion by 1987. Last year, finance charges of \$100 million ate up 76% of the system's

revenue, leaving the biggest yearly loss ever: \$96 million. Yet with careful assumptions about ridership, interest rates, and inflation (fare increases are tied to living costs), the MTR has predicted that it will make a profit in 1990 and pay back every penny by 1996.

So far, bankers have certainly not shied away. Last fall they flocked to take part in a syndicated loan for \$256 million even though it came during one of the worst financial panics Hong Kong has seen. "[The MTR] is a tight ship and a well-run outfit," says A. G. Bacon, deputy general manager of Barclay's Bank International, which is backing a \$100 million issue of commercial paper this month with a standby letter of credit. Goldman Sachs & Co., which is handling the issue in the U.S.—the first public issue ever from Hong Kong—expects a sellout.

But the main reason the banks are so eager is the MTR's well-heeled parent: The government has large financial reserves and almost no debt. China's plan to take back the colony after 1997 does not faze them. "Most banks would dearly love to lend to China," notes one U.S. banker in Hong Kong. "If the mountain comes to Mohammed, we would be only too pleased."