

Ten Reasons to Shut the Rail Runner Down Now

By Paul J. Gessing

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At last, more than five years after it went into service, New Mexico taxpayers are being given a clearer picture of the Rail Runner's finances. And, far from costing \$400 million to build (as contemporary estimates led the public and legislators to believe), the latest information available indicates that the train will cost \$843.3 million for infrastructure costs alone.

These payments include two lump sum payments of \$230 million per year in 2025 and 2027 which enabled then Governor Richardson to take credit for the project while sticking future elected leaders and taxpayers in with the bill. This "buy now," pay later mentality is what got so many American homeowners into trouble and it is why the nation's credit rating has been downgraded. The practice must be stopped.

As if putting off the actual payment of infrastructure costs were not enough, the aforementioned tally of expenses does not include annual operating costs of \$23.8 million, of which only about 14 percent are paid by fares.¹

The following is a list of ten reasons that it makes sense for Gov. Martinez to do the current and future taxpayers of New Mexico a favor by shutting down the Rail Runner.

- 1) **Sold Under False Pretenses:** The Richardson Administration originally sold the Rail Runner to the public as costing \$122 million to build.² That estimate was later revised to \$400 million although the exact financing numbers were not clear.³ None of this is true as the train will cost well-over a billion dollars over its 30-year life cycle.
- 2) **Taxpayer savings:** If the train is shut down, taxpayers will save at least \$18.12 million in annual taxpayer-financed operating costs beginning with the system's shutdown. This would add up to \$453 million over the next 25 years if the train is shut down right away. Also, shutting the train down will save an additional \$400 million (or more) in system rehabilitation costs that will come due starting in 2036⁴ The Washington Metro system, for example, which opened in 1976, now faces billions of dollars in deferred maintenance.⁵

¹ Olivier Uytterbrouck, "Rail Runner Funding (Chart)," *Albuquerque Journal*, July 3, 2011.

² Jim Scarantino, New Mexico Watchdog, "RailRunner Costs Eating NM Alive," February 22nd, 2010, <http://newmexico.watchdog.org/1550/railrunner-costs-eating-nm-alive/>.

³ New Mexico Department of Transportation, "Rail Runner Phase 2," <http://www.nmgrip.com/projects.asp?project=15436>.

⁴ Lewis O. Campbell, "Where do we put the Statue?" *Albuquerque Journal*, July 10, 2011.

⁵ *Washington Examiner* editorial, "Metro's Dulles Rail Needs Life-Cycle Accounting," November 15, 2010, <http://washingtonexaminer.com/editorials/2010/11/examiner-local-editorial-metros-dulles-rail-needs-life-cycle-accounting>.

- 3) **Rail transit is expensive:** Heavy rail mass transit like the Rail Runner costs 80 cents per passenger mile while auto travel costs just over 20 cents per passenger mile despite being far more convenient than the train⁶;
- 4) **Rail transit is highly subsidized:** The charge is often made by transit advocates that roads are subsidized, so there is nothing wrong with subsidizing trains/transit. The scale of subsidies is totally different. Roads are subsidized at .5 cents per passenger mile while transit receives 61 cents per passenger mile nationally. Roads may not pay for themselves completely, but they receive few subsidies compared to costly transit projects like the Rail Runner⁷;
- 5) **Roads could break even, the Rail Runner never will:** American roads and transit are “socialized” or owned by the government. Thus, the accusation is often levied against transit critics that we are hypocritical for opposing rail transit. The fact is that roads could flourish absent government involvement. In Europe, for example, private roads exist in the U.K., Spain, and Italy, to name just a few countries that have them. These roads turn a profit for their investors despite sky-high gas prices two and three times those found in the U.S. Passenger trains in Europe receive tax subsidies.⁸
- 6) **Buses would be more flexible and faster:** A system of buses running between various parts of Albuquerque and Santa Fe would be able to transport people at a fraction of the cost and much less time than it takes the Rail Runner to take people from a fixed downtown location to Santa Fe. The train takes 90 minutes to make this trip while a bus could make the trip in 60 minutes.⁹ This disparity doesn’t even consider time needed to drive to the train station and wait for the train;
- 7) **The Rail Runner isn’t really “green”:** Amtrak trains (the best available analog available for the Rail Runner when it comes to energy usage) uses 2,700 BTU’s per passenger mile while automobiles currently use about 3,300. That is a slight advantage for rail, but by 2035 (due to federal requirements), the train will still be using 2,700 BTU’s, but cars will be using approximately 2,500 BTU’s per passenger mile. Amtrak trains emit approximately the same level of CO2 gas as automobiles do.¹⁰
- 8) **The Rail Runner is unfair:** The Rail Runner is a massively-expensive project designed to benefit the residents of one geographical region only. No equivalent project in terms of budget and scope – with the possible exception of the Spaceport (which we have also opposed) – has been undertaken outside of the Albuquerque-Santa Fe corridor. Taxpayers in Clovis and Farmington should not be forced to pay for a luxury good that they will never use;

⁶ Randal O’Toole, “Rails Won’t Save America,” Cato Institute, October 7, 2008, <http://www.cato.org/pubs/bp/bp107.pdf>.

⁷ *Ibid.*

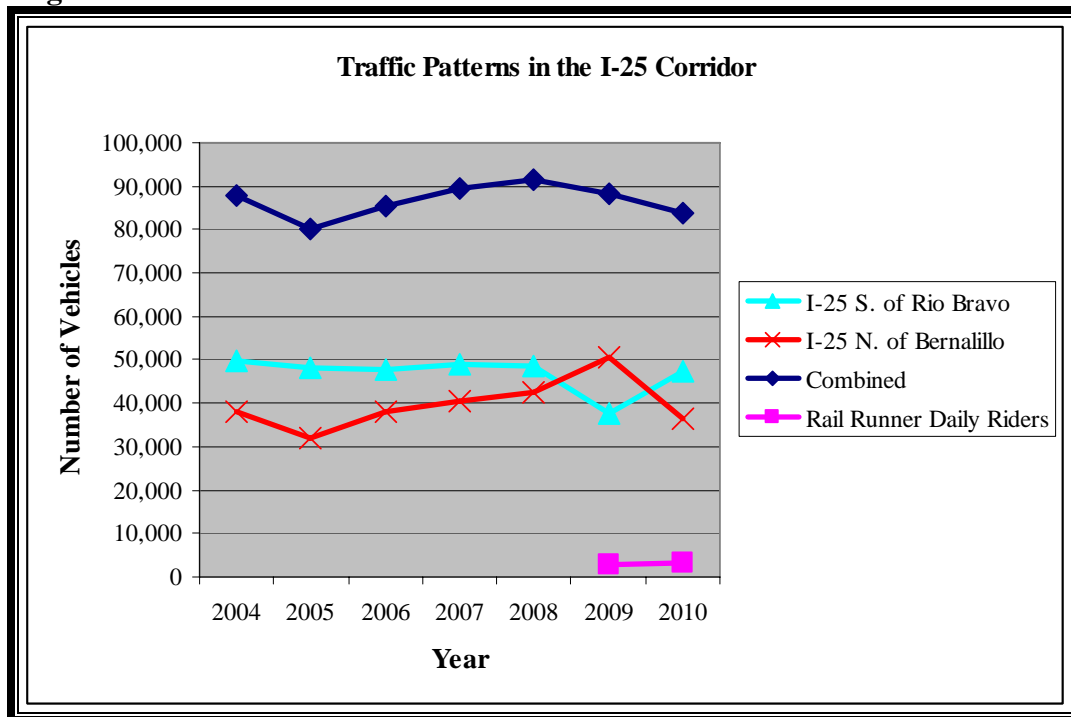
⁸ Randal O’Toole, “High Speed Rail,” Downsizing Government, June 2010, <http://www.downsizinggovernment.org/transportation/high-speed-rail#4>.

⁹ Randal O’Toole, “Rails Won’t Save America,” Cato Institute, October 7, 2008, <http://www.cato.org/pubs/bp/bp107.pdf>.

¹⁰ *Ibid.*

- 9) **The Rail Runner sucks revenue from other priorities:** Economic and budgetary tradeoffs are a reality for governments and families alike. Gross receipts taxes have already been raised to pay a portion of the Rail Runner’s operating costs, but further tax hikes or spending cuts equivalent \$1.24 billion over the next 20 years will be needed to keep the train moving down the tracks, a \$50 per-passenger subsidy over that time span.¹¹ Over the span of a year, this adds up to more than \$18,000, enough to buy a car for each passenger, each year. This is money that could be used to restore existing roads, build schools, improve health care, or cut taxes in an effort to spur New Mexico’s economy;
- 10) **Lacking Traffic Reduction:** In selling the train, advocates for the Rail Runner used the specter of ever-worsening traffic on the I-25 corridor to justify the train.¹²

Figure 1.



As is clear from the chart above (Data available from MRCOG), traffic on I-25 north and south of Albuquerque has not worsened over the past seven years.¹³ The Rail Runner has done nothing to ameliorate what traffic problems do exist.

Lastly, according to the Department of Energy, an average car carries 1.59 passengers.¹⁴ In 2010, that means that 133,242 people used I-25 immediately north and south of Albuquerque every day. The Rail Runner system, on the other hand, carried a grand total of 3,397 people on an average day. In other words, the train carries 39 times fewer people every day than do the

¹¹ Larry Abraham, “Rail Runner a Fiscal Challenge,” *Albuquerque Journal*, July 3, 2011, <http://www.abqjournal.com/main/2011/07/03/opinion/rail-runner-a-fiscal-challenge.html>.

¹² New Mexico Department of Transportation, “Rail Runner,” <http://www.nmgrip.com/projects.asp?project=14913>.

¹³ Mid-Region Council of Governments, “Traffic Counts,” <http://www.mrcog-nm.gov/technical-services-mainmenu-257/traffic-counts-mainmenu-263>.

¹⁴ US Department of Energy: Vehicle Technologies Program, “Vehicle Occupancy Rates,” March 8, 2010, http://www1.eere.energy.gov/vehiclesandfuels/facts/2010_fotw613.html.

stretches of road north and south of Albuquerque. Of course, this does not include freight traffic on those roads.

Conclusion

Passenger rail will always have its advocates and, while technology and population densities may someday make passenger rail financially-viable, it is not currently feasible in New Mexico. Unfortunately, solutions like higher fares and additional emphasis on tourism are not likely to fill the gaping holes in the train's finances. Luckily, the Rail Runner is by no means essential to our transportation network and it can be shut down. The sooner our leaders realize this, the better off New Mexico's finances will be.

Paul Gessing is the president of New Mexico's Rio Grande Foundation. The Rio Grande Foundation is an independent, non-partisan, tax-exempt research and educational organization dedicated to promoting prosperity for New Mexico based on principles of limited government, economic freedom and individual responsibility.