



**Policy Brief**  
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## **Throwing Taxpayers Under the Bus**

### **Should Albuquerque Rapid Transit Receive Federal Subsidies?**

**By D. Dowd Muska**

#### **Introduction**

In August, the City of Albuquerque will request funding from the Federal Transit Administration's "Small Starts" subsidization program. The application will seek revenue to cover 80 percent of the costs for the first phase of Albuquerque Rapid Transit (ART), a planned system that will combine "many features of rail transit with the flexibility of buses."<sup>1</sup>

As currently envisioned, ART's initial segment will run along a "10-mile stretch along Central Avenue ... from Louisiana to Coors." Planners hope to extend the route "as far as Tramway to the east and Unser to the west, with another route up Louisiana to Uptown."<sup>2</sup>

Calling it "the next logical step in public transportation," Albuquerque Mayor Richard Berry believes that ART "can be done for pennies on the dollar compared to light rail and trolleys."<sup>3</sup> Attractions would include regular service, efficient ticketing, "prioritized signaling at intersections," and single-level boarding.<sup>4</sup>

But there are reasons to doubt the rosy claims of ART's proponents. Herewith, seven reasons why Washington should view the city's funding request skeptically.

#### **1. Is Rapid Ride Inadequate?**

From a ridership perspective, ART is a project in search of a purpose. ABQ Ride, the city's bus system, has seen surging demand in recent years. Between the 2005 and 2014 fiscal years, total boardings rose by 77.9 percent.<sup>5</sup> The bulk of the growth was "directly attributable to the addition of the 766, 790, and 777 Rapid Ride routes in 2004, 2007, and 2009, respectively," and all three express lines "predominately operate on Central Avenue."<sup>6</sup>

Rapid Ride features “60-foot long, articulated buses that accommodate up to 86 passengers.” The vehicles are “are loaded with new technology,” including WiFi, automatic announcements, “a global positioning system to aid in the transit applications that help passengers locate their bus in real time,” and state-of-the art security cameras and microphones. Most Rapid Ride stations have “a structure which allows passengers to wait in safety and comfort.”<sup>7</sup>

Each Rapid Ride route has seen impressive ridership gains:

- Between 2006 (the first full fiscal year it was in service) and 2014, Route 766, which runs from the Uptown Transit Center to the West Side, saw passenger growth of 25.8 percent.
- Between 2008 (the first full fiscal year it was in service) and 2014, Route 790, which runs from the University of New Mexico’s main campus to the Northwest Transit Center, saw passenger growth of 87.2 percent.
- Between 2011 (the first full fiscal year it was in service) and 2014, Route 777, which runs from Tramway Boulevard to downtown, saw passenger growth of 135.6 percent.<sup>8</sup>

It’s clear that Rapid Ride’s success has been driven, in part, by economic hardship. Amazingly, the Albuquerque region has 16,300 fewer jobs now than it did eight years ago, during its pre-recession employment peak.<sup>9</sup> But regardless of the possibility of slumping demand due to a return to robust economic growth, would replacing the existing express routes with ART be an improvement for riders? The answer is not clear. For example, ART’s first phase will not reach employment and shopping centers such as Coors Boulevard north of Central Avenue and ABQ Uptown, which are currently served by Rapid Ride.

## **2. Congestion Creation**

To attain its speediness, the initial segment of ART “would reduce Central traffic by one lane each way in order to dedicate one lane ... in each direction to buses. In places, that means only one lane of traffic in each direction on Central.” In addition, “left turns from Central onto ... smaller streets or to simply get to a business on the opposite side of Central will be reduced significantly. Instead, motorists will be required to make a U-turn at a major intersection and then head back down Central to the business or side-street.”<sup>10</sup>

In transportation scholar Randal O’Toole’s judgment: “Dedicating two entire traffic lanes on Central Avenue to buses and giving those buses priority at traffic signals will do far more to increase congestion than any relief provided by the few cars taken off the road by the bus. Why should a few hundred bus riders a day be given these privileges while tens of thousands of people in cars are forced to sit in traffic?”<sup>11</sup>

Don Hancock, of the University Heights Neighborhood Association, believes ART’s plan to eliminate the route’s median strip will cause “bicycle/pedestrian safety problems ... to increase

dramatically.” Walkers and cyclists attempting to cross the guideway, Hancock said, are “continuous accidents just waiting to happen.”<sup>12</sup>

ART would make bus travel along its guideway faster, but at the cost of reducing mobility for drivers, bicyclists, and pedestrians. To date, the city has not produced an analysis of the congestion-causing and public-safety consequences of replacing all-purpose travel lanes with dedicated ART lanes.

### 3. Dubious Environmental Benefits

Transit projects are often pitched to voters, taxpayers, and travelers as beneficial to the environment. Here again, ART is seeking to solve a nonexistent problem. In the last three decades, air quality in Albuquerque has improved substantially. Despite surging population growth, between 1984 and 2014, pollution has plummeted:

Carbon Monoxide: 2 <sup>nd</sup> highest non-overlapping 8-hour average	-92 percent
Sulfur Dioxide: 2 <sup>nd</sup> highest 24-hour average	-78 percent
Nitrogen Dioxide: 98 <sup>th</sup> percentile of the daily max 1-hour measurement	-40 percent <sup>13</sup>

In the American Lung Association’s “State of the Air 2015” report, “the Albuquerque-Santa Fe-Las Vegas area ranked the 16<sup>th</sup> cleanest of [220] U.S. metro areas.”<sup>14</sup> In the future, air quality will only get better. David T. Hartgen, emeritus professor of transportation studies at the University of North Carolina, recently noted: “Improvements in conventional engines, along with alternatives such as fuel cells, electricity, natural gas and better batteries, will significantly increase average fuel efficiency and reduce emissions.”<sup>15</sup>

As for the environmental impact of Rapid Ride’s current buses, they “are powered by cutting edge technology -- a diesel electric hybrid engine that has an extremely low level of emissions while providing power and improved gas mileage.”<sup>16</sup> By inducing congestion via switching Rapid Ride for ART, it’s possible that air quality will *worsen* in the region.

### 4. Likely Cost Overrun

Since ART was first proposed several years ago, its cost estimates have varied. In October, ABQ Ride’s director projected a per-mile cost of \$10 million, putting the expense for the initial, 10-mile phase at \$100 million.<sup>17</sup>

But there is ample justification to doubt the reliability of whatever figures are offered. “Infrastructure spending,” wrote the Mercatus Center’s Veronique de Rugy, “tends to suffer from massive cost overruns, waste, fraud, and abuse.”<sup>18</sup>

While a rapid-bus route does not pose the potential pitfalls of a rail line, building ART will nonetheless be a complex undertaking, involving ripping up median strips, improving sidewalks, constructing stations, and “utilities relocation efforts.”<sup>19</sup> Without private-sector incentives such as shareholder expectation of return on investment, fierce competition, and demanding customers, it is not unreasonable to expect that ART will exceed its budget, possibly by a wide margin.

Scholars Bent Flyvbjerg and Atif Ansar warn: “Forecasters have proved incapable of accurately predicting or controlling projects. This is true for large hydroelectric dams, as well as airports, bridges, tunnels, public buildings, high-speed rail and Olympic Games. The optimists ignore hard facts and uncertainty, betting the house on projects with very low probability of success. The more pernicious exploit the project for private fiscal or political gain by predicting overly positive investment prospects.”<sup>20</sup>

O’Toole has observed the phenomenon of “planners deliberately lowball[ing] estimates in order to gain project approval. Once the project is approved, they develop more realistic estimates, add expensive bells and whistles, and respond to political pressures to lengthen the originally proposed project.”<sup>21</sup>

Several years ago, Willie Brown, a former California politician, confirmed O’Toole’s cynicism: “In the world of civic projects, the first budget is really just a down payment. If people knew the real cost from the start, nothing would ever be approved. The idea is to get going. Start digging a hole and make it so big, there’s no alternative to coming up with the money to fill it in.”<sup>22</sup>

## **5. Economic Development: A Pipe Dream?**

Will making the ART central corridor more difficult to access by car draw a higher volume of shoppers and homebuyers? It’s another concern unaddressed by the city. (The construction process itself certainly won’t help. “This does nothing for us, it’s just going to tear up the streets and cause us a loss of business and we’re already hurting in recession,” a Nob Hill store owner grumbled in February.)<sup>23</sup>

ART’s website touts mixed-use development as an “area of commercial businesses, residential and public space like parks and other types of gathering spots that create an inviting area that attracts residents, employers and visitors alike.” More specifically, transit-oriented development (TOD) occurs “within close proximity to a transit stop or line; normally with a core commercial area that is pedestrian-friendly and encourages people to walk or bike between businesses, offices, homes and other destinations.”<sup>24</sup> City planners believe that ART will facilitate significant TOD, claiming that the corridor between the BioPark and East Nob Hill has “\$940 million in development potential.”<sup>25</sup>

Attracting young adults appears to be the focus of ART supporters. Last year, developer David Silverman told *Albuquerque Business First* that “Millennials want an urban place, a live-work-play environment. The demand for that will only continue to build.”<sup>26</sup>

But the evidence that Generation Y is eager to remain in urbanized regions, once compelling, is starting to dissipate. In January, the National Association of Home Builders released a survey of prospective homebuyers born after 1977. “Two-thirds ... wanted to reside in a suburban neighborhood, compared to 10 percent wanting to own a home in a central city. Nearly a quarter of residents wanted to be outside large metropolitan areas entirely, preferring rural housing.”<sup>27</sup>

“The preference for the suburbs suggests that future demand will be in the form of single-family homes rather than condominiums more prevalent in cities,” David Berson, chief economist with Nationwide Insurance, told *The Wall Street Journal*.<sup>28</sup>

“It's easy to assume that Millennials love cities simply because so many of them live there,” wrote *The Atlantic's* Joe Pinsker, “but it looks like a majority of them, after a stint in a city, still yearn for the same thing their parents pursued: a single-family home in a suburban neighborhood.”<sup>29</sup>

ART's proponents have supplied no credible evidence that high-density, transit-dependent cities reliably attract skilled Millennials. While recent college graduates continue to be drawn to places such as Washington, D.C., they are also flocking to “sprawling” metro areas such as Houston, Oklahoma City, Phoenix, Orlando, Salt Lake City, Las Vegas, and Nashville.<sup>30</sup>

## **6. The Privatization Alternative**

Given Rapid Ride's impressive growth in boardings since its inception, it is fair to ask if the private sector could assume control of the three routes. Instead of replacing a successful -- at least from a ridership perspective -- transit system with a problematic alternative, city officials should seek to attract for-profit entities interested in assuming operations, if not ownership, of Rapid Ride.

As the Cato Institute's Chris Edwards observed, “In the 19th century, more than 2,000 turnpike companies built thousands of miles of toll roads. The great majority of America's vast railroad system was built without federal subsidies, and most urban rail and bus services were originally private.”<sup>31</sup> Globally, there's a back-to-the-future trend -- for-profit entities are increasingly engaged in infrastructure, providing relief to taxpayers and impressive performance for users. Sometimes, full privatization is implemented. In other cases, businesses compete for management contracts of government-owned assets.

Most U.S. transit agencies contract out some portion of their systems.<sup>32</sup> In the Albuquerque area, one need look no further than the Rio Metro Regional Transit District, which hired Herzog Transit Services, Inc. to operate the New Mexico Rail Runner Express.

Before adopting an entirely new system -- one which is expected to cost “an extra \$2 million a year to operate”<sup>33</sup> -- the city should solicit input from firms willing to assume management, if not full control, of Rapid Ride. As the highest performing segment of ABQ Ride, it might be an attractive target for transportation-management firms.

## **7. The Federal Government Is Insolvent**

The national debt is currently \$18.2 trillion<sup>34</sup> -- a sum larger than America’s gross domestic product in 2014. But the sum, which combines debt held by the public and “intragovernmental holdings,” is one part of a much scarier story.

In February, Boston University’s Lawrence J. Kotlikoff told the Senate Budget Committee: “Our country is broke. It’s not broke in 75 years or 50 years or 25 years or 10 years. It’s broke today. Indeed, it may well be in worse fiscal shape than any developed country, including Greece.” The cause of the economist’s concern is not the national debt, but the unfunded liabilities for entitlement programs such as Social Security, Medicare, and Medicaid. Estimates vary, but there is no question that the obligations are massive. At “58 percent of the present value of projected future taxes,” Kotlikoff explained to senators, Washington is “in far worse fiscal shape than was Detroit before it went broke.” His estimate of the nation’s total bill for unfunded liabilities is *\$210 trillion*.<sup>35</sup>

The federal government cannot afford to squander taxpayer dollars on local transportation projects that are likely to deliver negligible benefits, and are likely to generate significant unintended consequences.

## **Conclusion**

City officials have aggressively lobbied for the creation of Albuquerque Rapid Transit, and expect federal coffers to cover most of the project’s cost. But close scrutiny of the proposal reveals many deficiencies. Unless the city adequately addresses ART’s meager benefits and likely unintended consequences, the Federal Transit Administration should deny the city’s funding request.

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## **Notes**

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