Does RTD Flub, Fib and Cheat

Issue Backgrounder

January 1, 2002

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Summary

Every year, the Regional Transportation District (RTD) is required to report to the Transportation Legislative Review Committee (CRS 43-2-145) about its compliance with a legislatively mandated farebox recovery ratio of 30 percent (CRS 32-9-119.7). The farebox recovery ratio means that passenger fares must pay for at least 30 percent of RTDs operating costs.

RTD tells the committee they meet the requirement.[1] But the truth is, they dont. By a form of Enron accounting, RTD adds funds they get from federal operating grants and federal formal bus grants to the farebox revenue. This falsely inflates the farebox recovery ratio and disguises the fact that RTD routinely fails to meet the legislatively mandated 30 percent farebox recovery ratio.

The facts show that only about 20 percent of the RTDs operating costs are recovered from the farebox.[2]

The mandated 30 percent farebox recovery ratio is a operating and budget threshold designed to protect transportation improvement resources and possibly make them available for other surface transportation needs. Presumably the Transportation Legislative Review Committee, which was established to provide guidance and direction to RTD, could compel RTD to restructure its service and achieve a true 30 percent farebox recovery ratio. If RTD failed to meet the ratio, the theory was that then the committee could make RTD funds available for other surface transportation needs.

The legislature empowered the committee to require from RTD financial and performance audits on any RTD project or program. Given that RTD is willing to paint a false and misleading picture on the farebox recovery ratio, perhaps the committee ought to delve deeper into the benefits and costs of RTD service. Here are some facts from the Denver Regional Council of Governments (DRCOG) Regional Transportation Plan (updated in 2000) that should cause concern about RTDs enormous costs and miniscule benefits.

- Presently, only two (2) percent of the total number of trips made daily by individuals in the metro area can be accounted for by people riding the RTD system.
- Almost 60 percent of the total metro areas 20-year transportation improvement budget is currently allocated to RTD system improvements. Thats close to $10 billion dollars of an approximate $17 billion dollar total budget.
- Even with $10 billion spent on RTD system improvements, DRCOG is projecting the same two (2) percent daily ridership percentage in 2020! Thats 20 years and $10 billion into the future, showing no change from present-day ridership figures.
- It costs 70 times more money to provide improvements for a daily transit trip than it does to provide road improvements for a daily automobile trip.

Costs and service aside, there is no question that RTD, a publicly funded mass transit system, is a necessary part of Denvers urban society. Many of Denvers transportation disadvantaged (low-income and/or disabled) citizens or those who simply choose to use public transportation are dependent on RTD. To that end, RTD has done a commendable job by providing an array of line-haul (daily route style) and demand responsive bus systems.

However, RTD has thrust itself into the limelight as a champion in the fight against traffic congestion and air pollution. It has the support of many planning/transportation agencies, environmental groups and those promoting smart growth initiatives. Their approach to fighting congestion and air pollution is very straightforward - just get people out of their cars and into buses or light rail. RTDs new FasTracks advertising promotes its service as an alternative to congestion, air pollution and even road rage. But what sounds easy, isnt. The facts do not support the mass transit alternative as a viable approach to reducing traffic congestion or air pollution.

Most wont ride it. For the vast majority of the traveling public, mass transit is too inconvenient and time-consuming. Only about two (2) percent of the daily trips made throughout the metro area are on RTDs mass transit system.

It does nothing to reduce peak hour traffic congestion. Congestion is a function of speed and vehicular density. Take a vehicle off the road and the gap is quickly filled with another vehicle. At the very most, mass transit will only shave a few imperceptible seconds from the length of the congested period.

It does nothing to fight air pollution. The overall reduction is imperceptible - like removing a few grains of sand from a beach.

It is an incredibly expensive alternative that serves only a few precious riders. Again, almost 60 percent of the metro areas transportation improvement budget, out of a total budget of $16.7 billion, for the next 20 years is being set aside for about two (2) percent of the daily travelers.

There are better alternatives to fight congestion including congestion management options such as Bus Rapid Transit (an efficient, flexible and less costly alternative to light rail) and HOT lanes.

Light rail attracts few new riders. The majority of light rail riders are former bus riders, not new RTD riders. When new light rail lines are initiated, RTD changes the bus routes to force bus riders to use light rail.

The market for mass transit is decreasing. Mass transit in Denver is oriented, like the spokes of a bicycle wheel, to a downtown hub. The majority of trips in the metro area are suburban to suburban. Suburban areas, such as Douglas County, are growing at an extraordinary rate. And some suburban employment centers have more employees than downtown. The vast geographical areas and low-density characteristics of the suburban areas are not conducive to mass transit.

Rich Mans Express! By promoting extensions of light-rail service to Douglas County, one of the richest counties on earth, and other wealthy suburban areas, RTD is not serving the transportation disadvantaged. And on top of that, RTD expects everybody to pay 80 percent of each passengers fare!

Considering the billions of dollars that mass transit costs and the dominance of the mass transit investment related to all other surface transportation needs, it is imperative that the committee demand that RTD provide sufficient, clearly-developed information to justify the enormous public investment.

As an example, Amtrak (the national passenger rail system) has cost $44 billion in public subsidies. Recently the U.S. Congress received a report from the Amtrak Reform Council that recommended that the system be broken apart and sold to private operators. A fairly dire consequence, but it should serve as an example of what can happen if costs get out of control.

A model of what should be required from RTD in terms of justification is readily available from the Federal Transit Administration (FTA). FTA considers fiscal responsibility as a key requirement of any federal transportation grant program and of any local transportation improvement plan. To meet this requirement FTA has established criteria[3] and thresholds to evaluate the justification of any proposed New Starts (major new fixed guideway transit systems or extensions to existing fixed guideway systems). There are five criteria:

For cost-effectiveness, FTA evaluates the total incremental cost per incremental transit passenger-trip.

For mobility improvements, FTA evaluates the projected aggregate value of travel timesavings per year compared to the base case.

For operating efficiencies, FTA evaluates the forecast change in operating cost per vehicle service-hour (or service mile) for that part of the system that will be directly affected by the proposed new investment. They also evaluate the forecast change in passengers per vehicle service-hour (or service-mile) and the forecast change in passenger miles per vehicle, as compared to the base case.

For environmental benefits, FTA evaluates the forecast change in criteria pollutants and the forecast change in fuel consumption, as compared to the base case.

For transit supportive existing land use policies and future pattern, FTA evaluates the degree to which local land use policies are likely to foster transit supportive land use measured in terms of the kind of policies in place and the commitment to these policies.

In addition proper reporting and demonstration of fiscal responsibility, RTD should be compelled by the committee to identify itself as a public agency that requires huge public subsidies to build and operate mass transit systems. The public should know the costs of building the system and the costs of supporting it. They should know that once they have paid for the system, they would also have to pay for people to ride it! RTD should prepare a comprehensive annual full-page newspaper advertisement that fully discloses RTDs capital, operating and maintenance costs, cost per rider and the true passenger fare subsidies. They should also report the actual ridership and what percent of daily metropolitan vehicle trips the ridership represents.

Also RTD advertising should be truthful, limited and factual. That means no clever and misleading ads to delude the public into a tax-grabbing scheme. The public should know not to expect any reduction in congestion, air pollution, or in road rage. They should be told that Smart Growth would increase traffic congestion just as much as any other type of growth. RTDs advertising budget should be limited to a certain amount and the content of RTDs advertising should be limited to intrinsic benefits.

RTD owes its tax-paying public and the committee factual reporting and an unembellished accounting of costs and benefits.

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ADDITIONAL RESOURCES on this subject can be found at:

http://independenceinstitute.org/Centers/Transportation/index.htm

[1] RTDs 2001 Report to the Transportation Legislative Review Committee

[2] Ditto

[3] Title 49 United States Code Section 5309 (m)(3) formerly (Section 3(j) of the FT Act)