MEDIA RELEASE

For Immediate Release
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THE NORTHERN VIRGINIA TRANSPORTATION COMMISSION RESPONDS TO THE HERITAGE FOUNDATION ON THE BENEFITS OF VRE

NVTC ENCOURAGES AUTHOR TO'GO BACK TO THE DRAWING BOARD' FOR REALISTIC SOLUTIONS TO OUR REGION'S TRAFFIC CONGESTION PROBLEMS

Arlington, VA -- Under the things that make you go "Hmmmm?" category: The Heritage Foundation has published a web memo calling for governments to stop funding public transit and instead to lease each of the 7,800 average daily riders of the Virginia Railway Express a new mid-sized car.

In web memo (#717) published on The Heritage Foundation's web site (www.heritage.org) on April 11, 2005 Mr. Ronald Utt, Ph. D proposes this as one solution to our region's traffic congestion challenges --instead of funding a popular and viable congestion easing alternative like the Virginia Railway Express.

The following response to Dr. Utt by NVTC staff examines his short sighted approach and provides hard facts in rebuttal.

The Heritage Foundation Erroneously Uses VRE as an Example of Burdensome Transit

The Heritage Foundation has published a monograph by Ronald D. Utt, Ph.D. titled "Getting Urban Transit Systems Focused on Cost and Service." The Virginia Railway Express is used as an example of rail passenger transportation and what Dr.Utt characterizes as a "19^{th} century technology [that] doesn't measure up to 21^{st} century needs." He calls for government officials to cut service and raise fares to put an end to transit's burden on taxpayers.

Dr. Utt repeats several assertions typically used by critics of public transit:

Do transit systems not cover their costs from farebox revenue and therefore require government subsidies that burden taxpayers?

The truth is, as with any other investments, what matters is the return on government investment in transit. Transit investments benefit transit users and the population at large, because transit usage eases traffic congestion, reduces air pollution, conserves energy and acts as an economic stimulus. That's why USDOT in its reports to Congress uses a methodology that considers mobility, location efficiency and congestion relief and concludes that transit benefits exceed costs by over $12 per trip. The Texas Transportation Institute reported that annual congestion costs are $1.2 billion lower in the Washington, D.C. area because of its existing transit system. NVTC's consultants found the rate of return on the investments by the Commonwealth of Virginia in Metrorail is over 19% annually in additional state tax revenues. And the 428,977 weekday transit trips in Northern Virginia save 8,150 tons of air pollutants and 59 million gallons of motor fuel each year.

Looking only at farebox revenues to determine whether transit is a wise investment is like ignoring interest on a bank account in months including the letter "r." Disregarding a significant portion of the economic return is not a useful way to guide future investments.

Is transit ridership a small share of total urban passenger trips?

Measuring transit usage as a percentage of a region's overall trip-making masks the fact that transit is not available to many travelers in the region. Statistics like this suffer the additional distortion of including travel in off-peak hours, when surplus roadway capacity is present and transit often is not. When measured in peak travel times in corridors in which transit investments have been made, transit ridership comprises significant shares of passenger trips. For example, Metrorail and transit buses carry over 60 percent of morning peak traffic along I-66 inside the Beltway in Northern Virginia.

Are transit subsidies paid unfairly from taxes, including fuel taxes on motorists, truckers and private bus companies?

As mentioned, the benefits of transit are derived by users and non-users. These benefits include space on existing highways made available when commuters choose to use transit, cleaner air, and reduced reliance on foreign oil. Taxpayers share the costs of public schools whether or not they have children attending those schools, because society gains from an educated citizenry just as it does from options for mobility created by transit investments.

Is it true that for VRE, a passenger at the most distant station paying $7.29 per trip is subsidized by $10.50? Does each of the 7,800 daily VRE passengers require an annual taxpayer subsidy of $4,481? Does it follow that "At that annual cost, taxpayers could lease or buy on credit a new mid-priced car for every VRE rider, and the government would still have millions of dollars left over for schools or tax relief?"

An informed Wall Street Journal reader has previously responded to Heritage Foundation claims along these lines:

A lease for a new mid-size car at $3,600 annually for 7,800 people is $28 million (of course, not the same 7,800 people ride each day). Each lessee would pay about an additional $2,800 for operating costs ($22 million), including fuel, maintenance and insurance. Peak hour space on I-66 and I-95 is needed to accommodate these extra cars. That's $20 million per mile ($100 million for interchanges) for the average VRE trip length of 35-miles, or $900 million assuming only two interchanges and ignoring the fact that many riders travel as far as 55-miles on VRE. How about annual highway maintenance costs for the additional lanes?

When they arrive downtown at work, the additional influx of leased cars must be parked. That's another $94 million for structures at about $12,000 per space, plus the significant loss of tax revenue for local governments forced to convert commercial property to parking. Assume a million square feet of new parking at a value differential of $45 per square foot and the resulting tax revenue loss is $45 million annually. That can blow a large hole in local school budgets.

Adding the costs of Dr. Utt's automobile option, we would need well over a billion dollars for new roads and parking, plus annual operating/lease/maintenance costs exceeding $50 million, plus annual government revenue loss of $45 million. The VRE budget that Dr. Utt deplores requires government subsidies of $36 million annually. Which is the better economic choice?

Should VRE end any plans to expand service, put out its operations for competitive bid, cut service and raise fares to reduce ridership in order to cover any operating deficit that remains?

By investing in new maintenance facilities and negotiating for access to Washington Union Terminal, VRE is readying itself for competitive bids to operate its system. But by pursuing Dr. Utt's other policy prescriptions, VRE would sacrifice the strong economic benefits enjoyed by its customers and those who prefer to keep driving.

Finally, in addition to the errors in economic and policy analysis listed above, Dr. Utt's monograph is marred by factual errors as well. For example, "the nation's capital and its surrounding jurisdictions" have not "refused to enact a new sales tax" to fund WMATA. Only Northern Virginia voters rejected a proposed sales tax increase for transportation, primarily highways. Also, "many of the local governments" funding VRE did not reject its proposed FY 2006 budget. In fact, only Stafford County has so far refused to budget a $90,000 portion of its subsidy. Finally, Dr. Utt alleges WMATA has turned to Congress for a billion dollar bailout. In fact, a Blue Ribbon Commission of government and business leaders has recommended that the federal government begin to pay a portion of the costs imposed on the system by the significant share of Metro customers working for federal agencies.

Dr. Utt concludes "VRE's managers are not necessarily the problem. No doubt they are doing as well they can in applying a 19th century technology to 21st century needs." He also concedes that "in the world of local transit, VRE is considered an efficient system…." But he does not address why he believes rail transit isn't appropriate for today's world other than to identify the obvious fact that farebox revenues don't cover direct rail transit operating and capital costs. His suggested remedy, leasing autos for all VRE customers, is economically wasteful while simply cutting back VRE service drastically also would dump more cars onto already packed highways.

With transportation dollars in short supply, decisions about what to fund are important ones requiring thoughtful analysis. Dr. Utt's proposals need to go back to the drawing board.

NVTC is *the* leading source of information about public transportation issues in Northern Virginia. NVTC is a regional agency with the mission of managing traffic congestion, restoring clean air, boosting the economy and improving the quality of life for all of Northern Virginia's citizens through effective public transit and ridesharing networks. NVTC includes the counties of Arlington, Fairfax and Loudoun and the cities of Alexandria, Fairfax and Falls Church covering over 1,000 square miles with a population of 1.5 million. The agency manages over $100 million of state and federal grant funds each year for public transit and serves as a forum for its board of 20 state and local elected officials to resolve issues involving public transit and ridesharing**. Information about NVTC is available at www.thinkoutsidethecar.org or call 703-524-3322.**

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