

**Testimony of John A. Charles, Jr.
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Before the Portland City Council**

Regarding the Portland Streetcar System Concept Plan

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The Portland Streetcar System Concept Plan would have been considered cutting-edge in 1909. Unfortunately for rail advocates, this is 2009, and the heyday of streetcars is long over. The streetcar as a meaningful transport mode will never return to prominence no matter how much the Council tries to subsidize it, because it's too slow, too expensive, and not flexible enough for people who typically have multiple places to go each day.

The Concept Plan is built on a series of false assertions. The Council should carefully consider at least three of them:

Assertion #1: Expansion of the streetcar will result in improved transit mode split, compared with other transit alternatives.

Rebuttal: Transit planners are fond of making rosy predictions about future ridership, but they are rarely held accountable for actual results. A look back is informative.

In 1995, the Council adopted the Central City Management Plan, which included a **goal of 60% transit mode share** in downtown by 2010. Since that prediction was made, transit mode share has **actually declined** in both downtown and the broader city, despite the expenditure of more than \$1.6 billion on three new MAX lines and a streetcar loop.

According to the annual PBA downtown business census (the most comprehensive collection of commute-trip data for downtown workers), mode split trends have been as follows:

**Changes in Transit Market Share
Commute Trips to Downtown Portland, 2001-2008**

	2001	2005	2008
Bus/MAX:	45%	37%	43%
Streetcar:	1%	1%	1%

Since it opened in 2001, the streetcar has been irrelevant for commuting purposes. The only reason it has any ridership at all is because it is widely considered to be “free.” The average fare paid per rider is \$0.03.

Transit use trends are no better on a city-wide basis. According to the annual Service Efforts and Accomplishments Report published each year by the city Auditor, mode share for commute trips for all of Portland has been stagnant, despite record-high gasoline prices in 2008:

**Changes in Portland Commuting Habits
1998-2008**

	1998	2002	2004	2008
Bus/MAX/Streetcar	12%	10%	11%	11%
Drive/park/transit	3%	3%	2%	4%

If transit mode share has been declining despite vast sums of money spent on new rail lines, what is the basis for continuing to predict that success is just around the corner, if only we spend another \$750 million on a streetcar concept plan?

Assertion #2: Streetcar users will pay 29% of the operating costs when the Eastside Loop opens in 2011 (*Portland Streetcar Eastside Loop Environmental Assessment, 1/08*).

Rebuttal: The streetcar has never achieved a farebox recovery ratio greater than 3%, and it is currently at an all-time low of 2.2%. Streetcar users are only interested in riding if someone else pays.

**Percentage of Streetcar Operations Costs Paid for by Riders
2005-2009**

	Annual ridership	Total fares	Total Op. Cost	% paid by users
FY 05-06	2,587,033	\$100,605	\$3,727,014	2.7%
FY 06-07	2,964,576	\$101,702	\$4,368,018	2.3%
FY 07-08	3,550,316	\$145,817	\$4,891,560	2.7%
FY 08-09	4,041,109	\$120,000	\$5,417,947	2.2%

Source: Portland Office of Transportation, August 2009

Notwithstanding this trend, Portland planners are predicting that in the first year of operation for the Eastside Loop expansion, passenger revenue will total \$1,063,606 and total operating costs will be \$3,770,559, for a farebox recovery ratio of 28.7%. This is not a credible estimate. The Council should closely examine this assumption before committing any more funds to expansion.

Assertion #3: Expansion of streetcar service will promote the growth of affordable housing.

Rebuttal: The dense, mixed-use neighborhoods favored by Portland planners are at least 100% *more expensive* to build than lower-density neighborhoods, as shown below. Mixed-use buildings typically require structured parking, high-cost unionized labor, compliance with expensive building codes, subsidized transit service, and complicated financing. Moreover, as soon as the city steps in with the inevitable subsidies, that involvement will bring with it prevailing wage requirements and Green Building mandates, adding additional costs.

Cost of New Housing in Portland

	SFH	Plexes	Multi-Fam.	Mixed Use
Per person	\$17,961	\$20,407	\$28,377	\$31,488
Per Sq.Ft.	\$74	\$74	\$91	\$96

Building Cost by Density

Units per acre	Cost per sq.ft.
0-20	\$62
21-50	\$81
51-200	\$104
200+	\$125

Source: Portland Housing Cost Study, 1997

When virtually all inputs to the construction process – land, materials, design, financing and labor – are inflated due to density mandates associated with rail transit, it is impossible to produce low-cost housing. The Council should learn from the “affordable housing” fiasco of South Waterfront in this regard.

There is a Better Way

A much more realistic transit alternative can be found in Los Angeles. The Los Angeles MTA has implemented an innovative, low-cost program called the Metro Rapid Transit bus service. This system relies on distinctive, low-floor CNG buses with red stripes providing fast, reliable transit service with headways as low as 2.5 minutes during the peak commutes. A summary of the key characteristics of the Metro Rapid Transit bus system compared with the Portland Streetcar is shown below:

Summary Statistics

	LA MTA Rapid Bus	Portland Streetcar
Year opened:	2000	2001
Avg. weekday boardings	242,000	13,000
Annual boardings	71.7 million	4.3 million
System length (mi)	369	4
Capital cost/mile	\$354,798	\$25.75 million
Peak frequency of serv.	Every 2.5-10 min.	Every 13 min.
Service area	Citywide	Parts of NW and downtown
Cost per/vehicle	\$400,000	\$2.9 million
Avg. speed	14-30 MPH	7-12 MPH
Farebox recovery ratio	30%	2.2%
Avg. fare per boarding	\$0.71	\$0.03

The Portland Streetcar is 73 times more expensive to build per-mile than the Rapid Bus alternative; in what ways is it 73 times better? In fact, it is not superior by even a single metric. The Rapid Bus system is cheaper, more flexible, twice as fast, arrives more often, is easier to implement, and its users are willing to pay 23 times more for service.

Portland is a city whose leaders pride themselves on promoting “sustainability,” yet the streetcar requires subsidies for 100% of capital costs and 98% of operating costs. Exponential debt is not a sustainable development concept.