

Testimony of John A. Charles, Jr.
Before the Transportation and Economic Development Subcommittee of Ways and Means
Regarding HB 5039

March 7, 2019

Members of the Subcommittee, my name is John Charles and I am President of Cascade Policy Institute. Cascade is a non-partisan policy research organization working to promote public policies based on sound market principles. As a non-profit corporation we are supported by contributions from individuals, foundations and businesses, most of them based in Oregon.

Much of the proposed ODOT budget involves dedicated funding sources such as motor fuel taxes, which means the Subcommittee has limited discretion to move money around. However, there are some programs supported by the General Fund or lottery-backed bonds, and I would like to call your attention to several that appear to have questionable value:

Willamette Valley passenger rail, \$9.86 million: This allocation provides operating support for the Portland-Eugene Cascades train that runs twice daily in each direction.

As noted in the budget documents, ridership for this line peaked in 2013 and has been flat for the past three years. Moreover, the ridership numbers provided to the Committee include the POINT bus service operated by ODOT. This significantly inflates the total number of riders attributed to the passenger rail program.

The POINT bus service includes five routes with stops at 42 locations, as shown below:

- a. Portland-Eugene, 7 trips/daily each way, 5 stops
- b. Bend-Ontario, 1 trip/daily each way, 11 stops
- c. Redmond-Chemult, 2 trips daily each way, 5 stops
- d. Portland-Astoria, 2 trips daily each way, 8 stops
- e. Klamath Falls-Brookings, 1 trip daily each way, 12 stops.

According to the Governor's budget proposal, passenger rail ridership in 2017 was 193,273. Given the many daily bus runs – including 14 just in the Portland-Eugene corridor that serve the same market as the train– it's likely that actual rail ridership is far less than 193,273 shown in your graphs.

We asked ODOT for the rail-only ridership totals, but did not receive an answer. Before making your funding decision, you should insist on receiving this information.

The Portland-Eugene rail service seems like a program in search of a purpose. Why does ODOT run both buses and trains in the same corridor? Buses are far less expensive to own and operate; couldn't we just provide bus service?

ODOT requests operating support from the legislature every two years because there is apparently no willingness by train passengers to pay the true cost of their preferred service. During the 2015 budget hearings, ODOT Director Garrett told this subcommittee that the total public subsidy for each one-way train trip on the Cascades line was \$120. By 2017, the number had dropped to \$118. That's progress, but it's still a long way from being self-sustaining.

Keep in mind that these subsidies are not means-tested. Many rail passengers undoubtedly have above-average incomes. Given the large number of budget requests being made this session, why are we spending \$235 per roundtrip on the Portland-Eugene train? Why is this program so special?

According to ODOT, the purpose of the rail program is to provide "safe, efficient transportation systems that support economic opportunity and livable communities for Oregonians..." This is an amorphous mission statement that provides little guidance to ODOT staff.

The 10-year goal for passenger rail is to "increase ridership by improving frequency, reliability, range of service, and train speed." Unfortunately, there is no evidence that paying for these improvements would actually lead to increased ridership.

Although I enjoy trains and use them regularly for my commute to the state Capitol, most people will never be able to use passenger rail because trains don't take them to where they need to go. The road system is ubiquitous, therefore a viable public transit system must be road-based. And as the ride-hailing revolution has shown, increasingly the public is requiring on-demand, door-to-door service. That's why Uber and Lyft have become so popular, and why fixed-route transit use is declining.

According to ODOT, the agency expects Willamette Valley passenger rail ridership to go up by either 2% or 3% annually (depending on which document one reads). Either way, those expectations have no basis in reality. What is the point of projecting an increase when ridership is flat or declining?

The legislature seems to have fallen for the "sunk cost" fallacy of believing that since we've already spent more than \$300 million purchasing train sets and establishing the current system, we have to keep spending more. Of course that's not true. You cannot recover all the money wasted in past years, but you can stop wasting money going forward. The Subcommittee should put the spreadsheets aside and have an honest discussion about the mission of this program before approving any more subsidies.

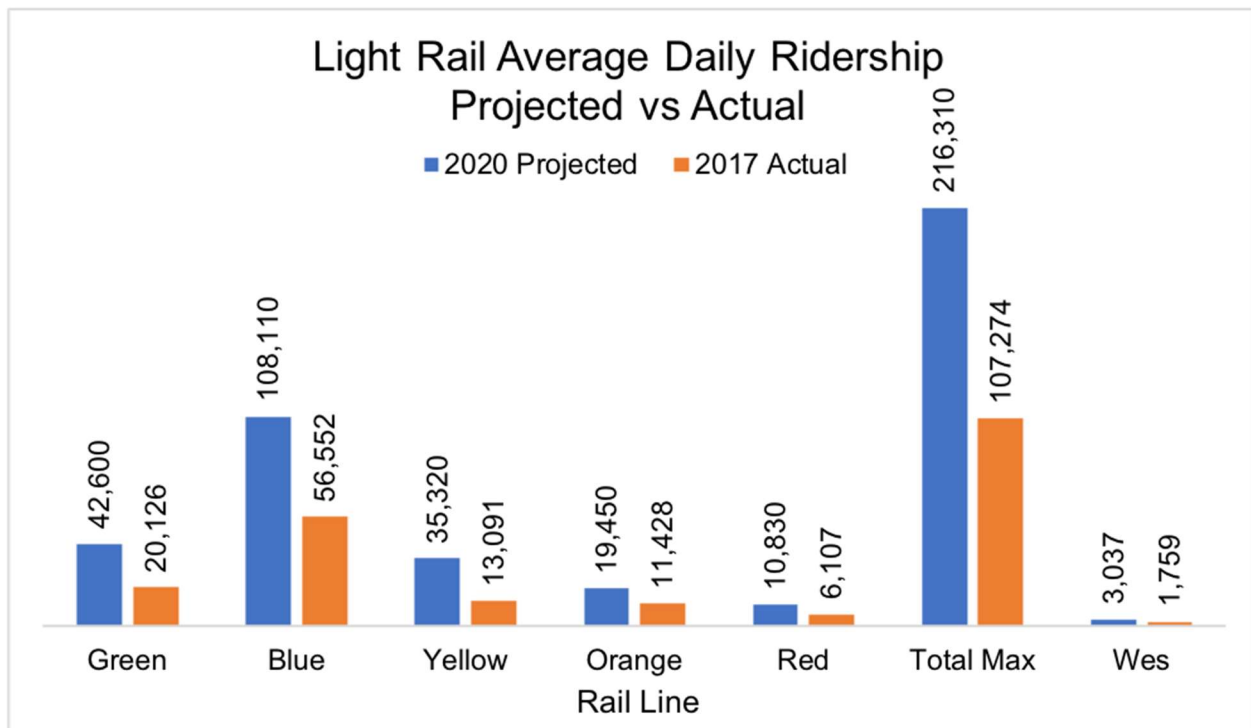
Extending TriMet's light rail system to Bridgeport Village with \$25.2 million in lottery-backed bond funds: This budget request has nothing to do with ODOT operations. Light rail is a Portland regional program that can and should be paid for by Portland-area advocates.

TriMet is hardly lacking in resources; it has two lucrative revenue streams through its own payroll tax along with the new statewide employee tax authorized in HB 2017. At TriMet's request, the legislature approved rate increases for the agency's payroll tax in both 2003 and 2009. As a result, the agency has been raising the rate almost every year since 2005.

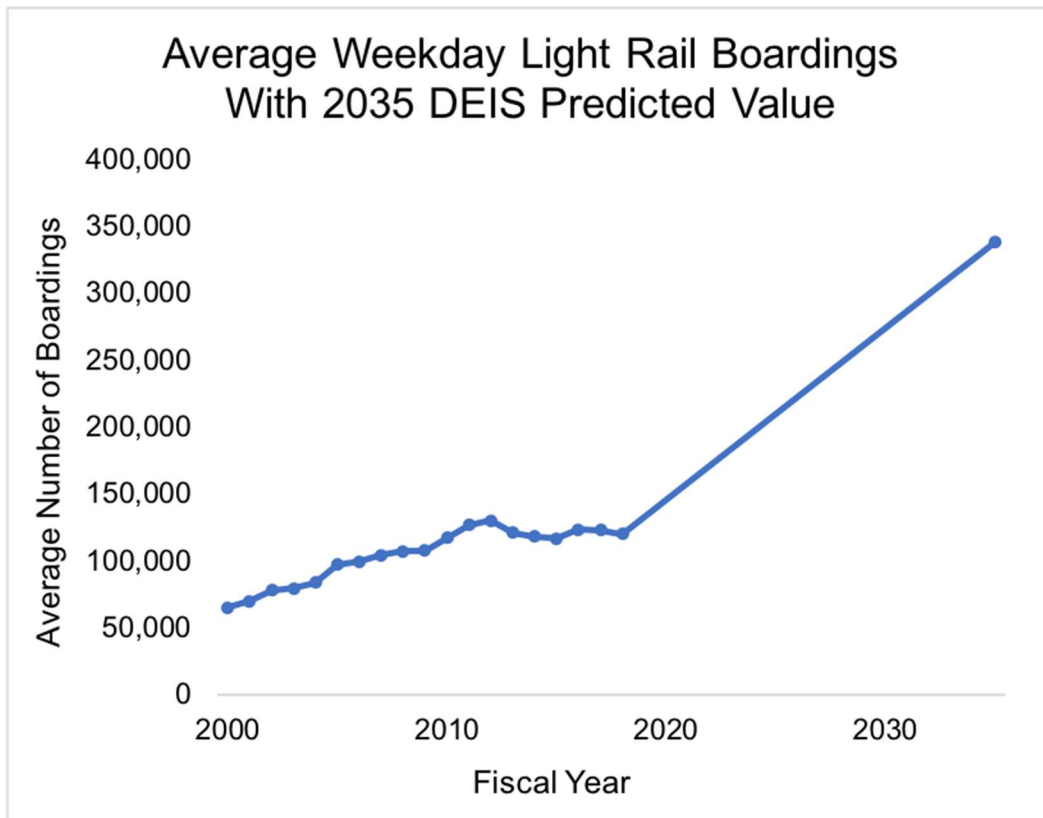
TriMet also receives large amounts of public subsidies through annual FTA operating grants and capital grants appropriated by Congress.

There is no statewide benefit to building one more light-rail extension, so there is no reason for the legislature to approve \$25.2 million in bond funding.

Also of concern is the poor track record of light rail over the past 32 years. Virtually every promise made by light rail advocates has failed to materialize. For starters, projections of ridership are always inflated as seen in the two graphs below:

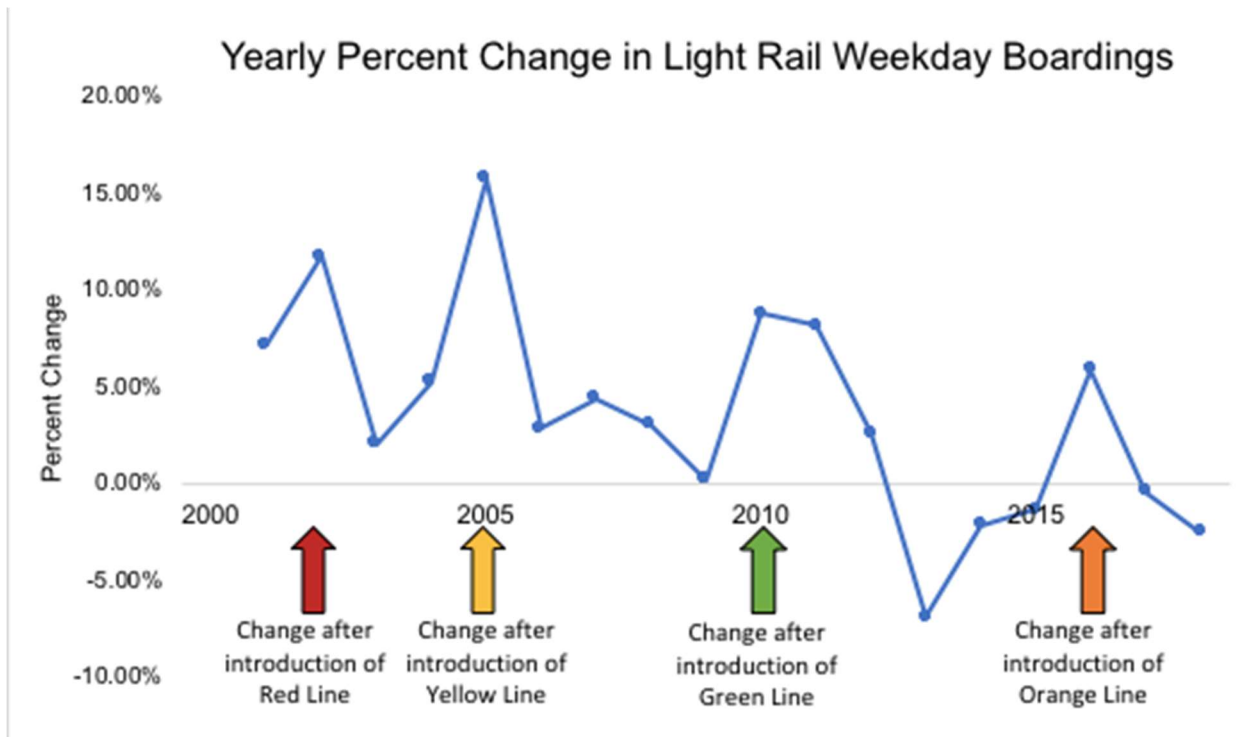


Certainly it is difficult to accurately predict the future, but is it just a coincidence that **all TriMet rail forecasts are on the high side?**



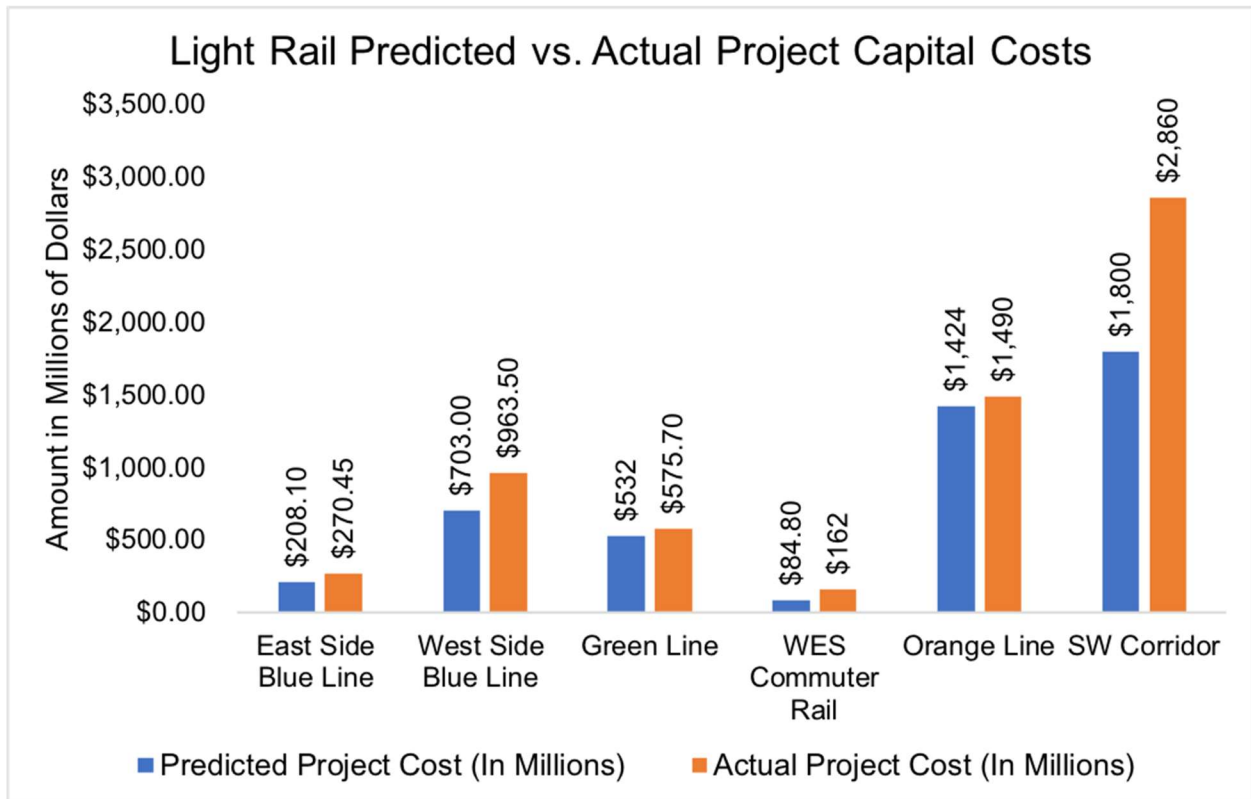
Why is there no learning going on by TriMet planners? Total MAX ridership being forecasted in the Bridgeport Village Draft EIS for 2035 is more than 200% above current ridership. Based on recent trends, it's not even plausible that ridership will reach that level. MAX ridership peaked in 2012 and has been falling ever since.

Also, the construction of additional MAX lines appears to be cannibalizing much cheaper bus ridership, as seen below:

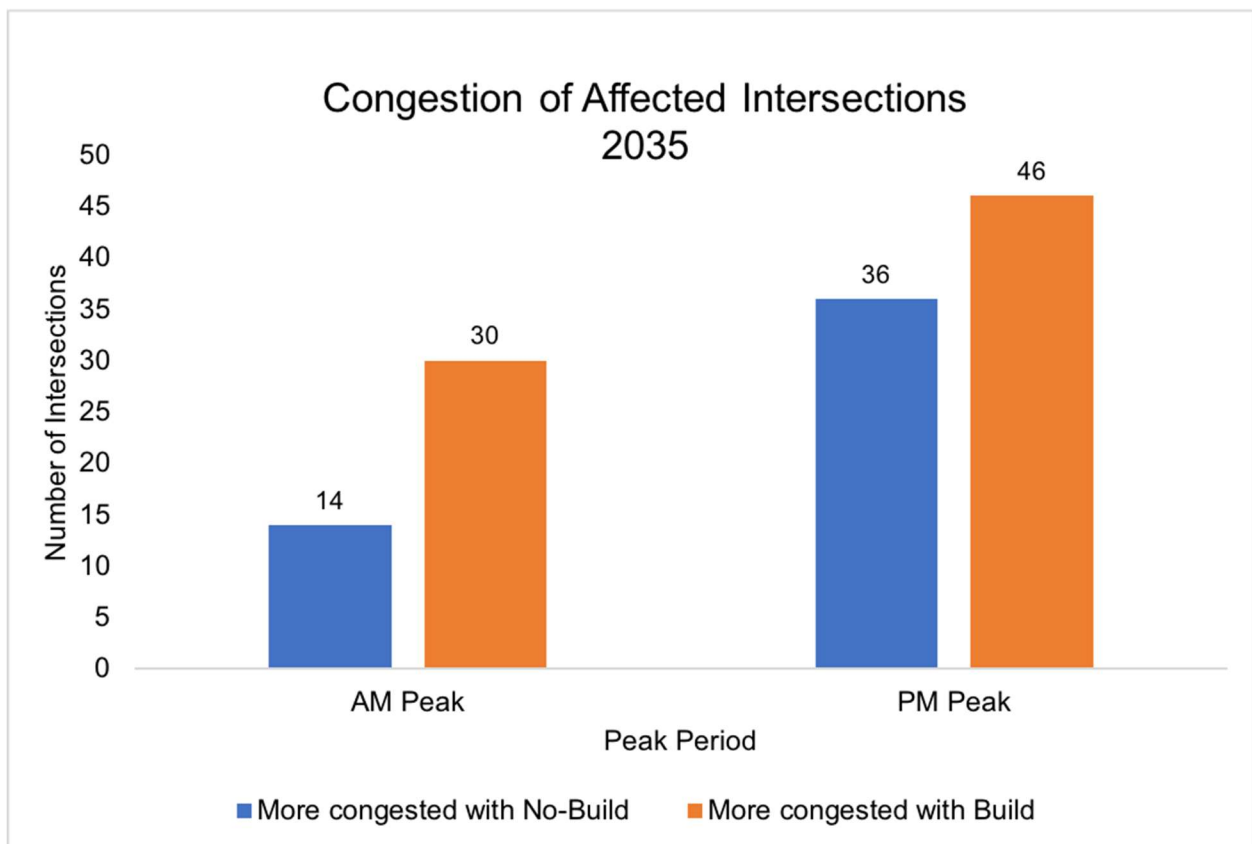


TriMet always re-configures bus service to feed passengers onto rail for each new line, and that creates a modest bump in the opening year. But the long-term trends have been downward. Light rail construction is not a winning strategy for transit.

Forecasts of capital construction costs have also been consistently wrong – and always on the low side, as shown below:



Rail advocates always claim that MAX is a “congestion-proof” way to move about the region, but that is certainly not the case for motorists affected by rail operation. According to the DEIS, if we build the next line, the number of congested intersections will go up compared to doing nothing:



Finally, note in the graph below that transit use in the Southwest region of Portland has been steadily dropping since 2001. What is the purpose of spending nearly \$3 billion to build a slow, low-capacity light-rail line when consumer demand is dying?

