

# UMTA's Perspective

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## INTRODUCTION

A topic that has gained increased prominence in the scheme of transportation planning recently is the need for responsible, effective transportation financing at the local level. With the economy in a period of marked prosperity, the mobility requirement of our fast-growing metropolitan regions is an ever-expanding need. Hand-in-hand with this has come a national concern for federal spending.

The deficit is a problem that Americans must face together. The Reagan administration has made a commitment to maintain realistic restraints on government spending so that today's needs will not impoverish the nation tomorrow. Judging from their resounding support in the recent election, it is clear that the American public has faith that President Reagan will attain this goal swiftly and competently.

The challenge of reducing spending growth brings with it a burden of securing alternative support for the many programs that are fed by the federal hand. In this respect, transportation is no exception.

With the continuing expansion of major urban centers nationwide to include extensive miles of suburbs, the need for reliable, flexible mass transit is evident. The traditional public transportation services that have come into their own since federal assistance to mass transit was instituted 20 years ago are no longer adequate to meet the needs of this mushrooming suburban population. With \$4 billion per annum required merely to update standard traditional public transit systems in the United States, a way must be found to augment federal transit assistance or the services required by sprawling metropolitan regions cannot be maintained.

A four-point plan covering problems needing attention in the realm of local financing has been developed. Touching briefly on each of these phases demonstrates UMTA's perspective in each category.

## TRANSPORTATION FORECASTING

It is essential to effective public transit that financial planning be developed in conjunction with transportation forecasting activities. Good transit planning is founded on the basic premise that a transportation system is created on the basis of need. The basic mobility requirements of a community must be considered first—the need for people to find cost-effective commuter travel to work, school, and the marketplace.

The particulars vary within each community. Once the transit need has been established, an efficient project that meets those specific regional demands should be developed, with a fiscal plan that speaks responsively to the monetary requirements of the project. A system should not be devised merely to enhance the general prestige of a community. Projects created solely for the sake of their existence are doomed from their inception, and it is important for local political leaders to realize this. The congressional represen-

tative who votes for a mass transit system his district cannot afford to operate when the construction is completed is not doing his constituency a favor.

## ALTERNATIVE SOURCES OF REVENUE

Alternative sources of revenue used to fund a system must reflect the particular characteristics of the region. Funding measures should be based on the relative needs and assets of a community. There is a myriad of options available to serve this task, including various forms of taxation or lottery systems. The means selected will depend on the locality. For example, in a district experiencing an elevated unemployment rate, a payroll tax would be unsuitable. In contrast, a community that is undergoing a period of population growth and economic prosperity, such as Houston, Texas, and various regions throughout California, would be wise to implement such a system or, alternatively, a sales-tax method of procurement.

There is an overwhelming advantage to involving the private sector in the development of alternative funding sources. Private-sector participation in local transportation planning results in the creation of stronger, more efficient transit systems dealing directly with community needs.

The private sector can provide input to gear transportation to specific local needs and enhance the financial base available for transportation support. An example of a funding source that can be generated by this type of involvement is issuance of bonds by various segments of the private sector.

Private-sector involvement in early planning stages promotes community interest in a transit system that may lead to enhanced ridership. The overall result of private-sector participation is a positive sharing of costs and benefits that provides transit support and enhances local economies.

In making the determination of what constitutes cost-effective transportation planning, the real concern is one of mobility—the best, most efficient way to get people from one point to another. This is not a transit versus highway debate. Responsible, thoughtful transportation planning on the local level must be created to foster effective transit systems throughout the country, while at the same time alleviating some of the federal burden through the instigation of local funding sources.

## FINANCIAL PLANNING TECHNIQUES

Another issue that must be addressed is the absolute necessity of devising sound, legitimate financial planning techniques to produce the best available systems for funding. These techniques should be state-of-the-art, reflecting the best professional planning options.

The need to have these reliable planning mechanisms in place cannot be overemphasized. There are all too many

illustrations of problems that arise in financing and implementing a system when the projections at the planning stage are conducted haphazardly.

The downtown People Mover in Detroit is a poignant example of what can go wrong when the groundwork is not properly laid for development of a cost-effective mass transit project. In addition to serious quality-control problems plaguing this system, the cost overruns for the People Mover are now estimated at between 35 and 50 percent of the original figures.

What was once expected to cost in the neighborhood of \$135 million is now a project of more than \$180 million, and anticipated expenses will soon drive the price tag for this project over the \$200 million mark. What is disheartening is the knowledge that the People Mover will cost Detroit commuters and taxpayers unpredictable sums of money for years to come.

Other regions have experienced similar disappointments as a result of insufficient planning. At a cost of \$1.7 billion, the Bay Area Rapid Transit (BART) was completed \$1 billion over budget. With a projected first-year usage of 258,500 commuters each day compared to actual ridership of less than half that figure, and an operating deficit for the last fiscal year of \$87 million, this system is also a victim of inadequate fiscal planning.

Washington, D.C., is not exempt from the pitfalls of transportation forecasting. The Washington Metropolitan Area Transit Authority (WMATA), once billed as the prototypical metro success story, has grossly exceeded its original cost estimates as well. From a starting figure of \$793 million, the project has engulfed to date nearly \$6 billion in construction funds, and more than \$13 billion will likely be needed to complete the system. All these examples drive home a single, inescapable truth in transit planning—a system can be cost-effective only if it is conceived with meticulous precision.

It is essential that data input be consistent with available empirical evidence to ensure that the results obtained from this process are an accurate calculation of the needs and expectations of the public. These statistics must be realistic, based on reasonable assumptions; it is wrong to assume that people will pay any price to get the transit system they think they want. Unless a proper balance is struck at this stage, a community may run through all the preliminary planning steps only to find itself on the verge of constructing a system that will be rejected by the public.

## PACKAGING

An extension of this need to develop rational planning techniques should be addressed. Once those measures have been established in a reasonable fashion, the next step is the implementation of a package logically employing the specifics determined in the planning stage. A rational prospectus is useless if the output does not follow the same sensible guidelines.

For a plan to be applied effectively, several factors must be present. It is important to have a good working relationship among all parties concerned. Input from private citizens must be obtained early so that, when the plan is ready for implementation, the private sector has a clear understanding of what it can expect from the project.

Everyone involved must be aware of their respective roles and responsibilities. This requires detailed accounts of contractual obligations, the anticipated schedule for the flow of capital to the project, and the accompanying legal ramifications for each stage of development. These preventive measures will be helpful in reducing conflicts between the political and private sectors and will serve to ensure that the project, once built, will receive continued support from the public.

## CONCLUSION

As the need for local transportation funding continues to grow, the responsibilities of the private and public sectors for developing new resources will expand. Local leaders must be assisted by the federal level in developing accurate forecasting techniques and reliable funding sources. The ultimate responsibility for efficient local transit, however, will rest with the community itself. If the leadership in the various regions throughout the nation will keep the need for public mobility as their primary objective in transit planning and development, the ride will be smoother for all concerned.

With continued efforts, transit funding on the local level will emerge as another illustration of new local independence fostered by the Reagan administration, helping to keep the federal government out of the public's pocket and back in the role of adviser where it rightfully belongs.