

Some politicians are more than happy to jump on the bandwagon for the next extension of light rail in Minnesota: The SouthWest line. But what are the true costs? And can we actually afford it?

I have done some analysis of the costs, and have come to the conclusion that any way you look at it, building more light rail lines makes no sense. Let's take the Hiawatha line as an example.

Using the Met Council's 2010 report ¹, the cost of just a single ride on the Hiawatha light rail line is \$2.46. Riders pay only \$0.99 of this cost, leaving almost 60% of the costs to be subsidized by the Public. But this is NOT the true cost of an actual ride, as it does not include the 30-year amortized costs of bonding for the build-out of the line. Adding those costs in at a 4% bond interest rate, a single ride actually costs \$6.42, which means each ride is subsidized by 85%. If a family of four rides the Hiawatha line to a Twins game, the public is paying a total of \$43.36, while the riders are contributing \$3.96.

Right now, we are paying over \$15 million dollars each year to keep the Hiawatha line operating ¹. Adding in the amortized costs of building the line, it's over \$56 million in taxpayer dollars each YEAR. Yes, some of the costs were federally funded and other revenue streams are bearing some of the burden. But with trillions of dollars of deficit spending, do we really want to add to the debt that generations will pay for decades to come?

Using the Met Council's Hiawatha line as a model, let's project out the costs of the Central corridor and SouthWest lines ². Assuming the same level revenue from ridership and operating costs, the Central Corridor will require over \$17 million each year in operating subsidy with over \$55 million a year for the amortized costs ². The new SouthWest line will require over \$12 million in operating subsidy with over \$72 million in amortized costs ². And don't forget about NorthStar rail, which has an annual operating subsidy of over \$13 million ³, with amortized costs of over \$18 million ⁴.

	Annual Operating Subsidy	Annual Amortized Build-Out Cost	Total Annual Cost
Hiawatha	\$15,584,890	\$41,348,521	\$56,933,411
NorthStar	\$13,600,000	\$18,505,632	\$32,105,632
Central	\$17,025,875	\$55,343,405	\$72,369,280
SouthWest	\$12,316,767	\$72,287,624	\$84,604,391
	\$58,527,532	\$187,485,182	\$246,012,714

Once all four lines are in operation, the public will pay over \$58 million EACH YEAR to just operate the lines. The ACTUAL costs, with the amortized build-out costs is just short of quarter of a BILLION dollars EACH YEAR.

We can all argue about what impact light rail has had or will have on traffic congestion. What we can NOT argue about is the simple fact that EACH YEAR, the taxpayers are on the hook for a quarter of a BILLION dollars. This is for a mode of transportation that, in my opinion, has a negligible effect on traffic congestion and is more economically served by existing bus service. Even worse, we are taking money away from building or rebuilding critical highway infrastructure needs to operate this incredibly expensive mode of transportation. Starving the rest of our transportation system in favor of a more expensive, less efficient, and totally inflexible light rail system is the epitome of politics trumping common sense.

Light rail proponents will promote the fact that light rail will create jobs. But so will building lane miles and bridges. MnDOT studies ⁵ have proven that roads have a Benefit/Cost ratio greater than 1, meaning that the economic benefit of a project outweighs the actual cost of the improvement and will pay for itself over time. Most road and bridge projects have ratios of 3 or 4, meaning \$3 or \$4 dollars of calculated value is returned for every dollar of costs. The Hiawatha line was projected at 0.42 in 1999 ⁶, meaning that for every dollar spent, we receive 42 cents in value. Even before it was built, we KNEW the costs did not outweigh the benefits.

When you look at the costs, building more light rail lines is nothing short of a money pit, which will bankrupt our State and our Nation. It is time to cut our losses and stop this madness. Let's focus our spending on projects that actually improve our transportation system and not leave our grandchildren with mountains of debt. Let's be Minnesota-smart, not Washington DC-stupid.

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1 <http://www.metrotransit.org/Data/Sites/1/media/ightrail/hlrtstats10.pdf>

2 <http://www.metrotransit.org/facts-about-trains-and-construction.aspx>

3 <http://www.metrocouncil.org/about/2011Budget/2011OperatingBudget.pdf>

4 http://www.northstartrain.org/abt_ncr_glance.html

5 <http://www.dot.state.mn.us/d7/projects/14northmankato/pdf/costbenefit.pdf>

6 <http://www.macalester.edu/~wests/econ231/HiawathaLRTCBAAnalysis.pdf>