Memo to: Board of Directors

From: Staff

Subject: Transmittal of Staff Recommendation on MetroLink Alignment

Date: September 10, 1997

Attached is the recommendation we were asked by your resolution of August 27 to provide within two weeks time. This recommendation is ours alone and reflects our best professional judgement and experience.

The MetroLink route decision will be a difficult and no doubt controversial decision for the Board. While it has been our custom over many years to build consensus around important regional decisions, such a consensus has proven elusive in this case, despite a long and deliberative planning process. Nonetheless, we have tried to provide a basis and foundation for a decision which respects the common interests of our member governments.

Unless otherwise advised by Chairman Slay, or by a majority of Board members from either state, we anticipate that the staff recommendation will be considered at the next regular meeting of the Board of Directors on September 24.

Memo to: Board of Directors

From: Staff

Subject: A Preferred Alignment in Segment I of the Cross-County Corridor

Date: September 10, 1997

Summary

At its August 27 meeting, the Board of Directors instructed staff to prepare a route recommendation for Segment I of a MetroLink extension in the Cross-County Corridor. That first segment will extend from the existing light rail line in the City of St. Louis west through Clayton and south to I-44. The decision at hand is whether the easternmost portion of the extension should remain north of Forest Park (option S-IA) or go through Forest Park (option S-IB) before following identical routes west to Clayton and south to I-44.

In response to the Board's request, **staff recommends the endorsement of the S-IA alternative north of Forest Park.**

Background

This recommendation follows from a careful review of the materials that have been presented to the Board in several stages: the 1991 Systems Analysis, the 1996 peer panel report on major transit investments, the 1997 findings of the Major Transportation Investment Analysis conducted for the Cross-County Corridor by Sverdrup, and the Strategic Alignment Analysis completed in August by Gannett Fleming. This last report directed the attention of the Board and its advisory committees to the SI-A and SI-B alignments (depicted in Figures 1 and 2 on the following page) as the two most promising alternatives. In relationship to the region's social, economic, and environmental goals -- which provide a reference point for transportation decision-making -- each alternative has strengths and each has weaknesses. As might be expected, each has a vocal and committed constituency.

Supporters of S-IA point out its more direct connection to Clayton, its shorter length and faster travel time, its shorter construction period, and its lower construction and operating costs. Backers of S-IB argue that those advantages are outweighed by the benefits of providing direct service to important community institutions south of and within Forest Park.

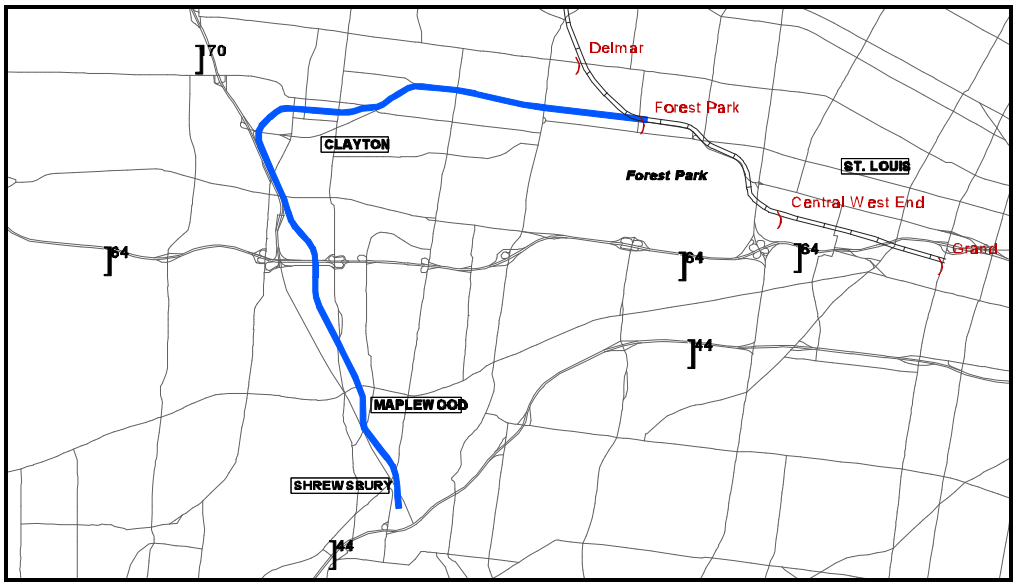

Figure 1
Alignment S-IA ("North of Forest Park")

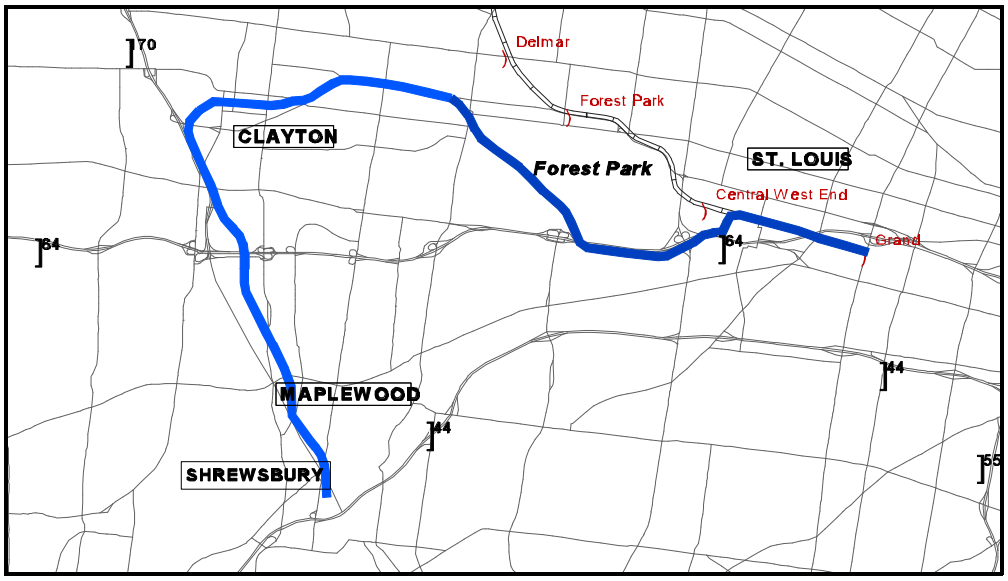

Figure 2
Alignment S-IB ("Through Forest Park")

Despite the arguments advanced by proponents of each route, service and ridership data provide no compelling reason to promote one route over the other. Both are expected to attract more than 25,000 riders a day. The most obvious difference between the routes has been portrayed as one of cost, with S-IB requiring $100 million more to build than S-IA.[1] The relative cost of various alignments has become a topic of considerable discussion in the public and the press, with a refrain now widely heard urging regional leaders to muster the will to "find the money."

But those who contend that we simply need to find more money for more costly routes, holding future extensions harmless, ignore immutable facts -- the most essential of which is that there *is* no more money. The region took advantage of extraordinarily creative financing to build the initial MetroLink line. (East-West Gateway was the organization that conceived a light rail system to be built with no local cash.) Some of those same creative techniques will be used on future routes. Two separate investigations of financing options were done, including exploration of additional revenue sources, and neither of these disclosed significant new sources of revenue.[2] Included in our financial projections is the passage of an additional one-quarter cent sales tax to pay for MetroLink expansion. This is already conjecture. Basing a plan for imminent construction on anything more speculative is not financially responsible.

Government's obligation to use tax dollars judiciously is not eased by having more money. We believe that the "price tag" associated with each alternative is not in itself the central issue. The more critical distinctions between SI-A and SI-B, and the ones on which our recommendation is based, come from considering what comparable sums will buy, now and in the future. The fulcrum for the decision is: "What return can the region expect from an investment of this kind?"

Arriving at a Recommendation

In formulating our recommendation, staff returned to the 1996 report from East-West Gateway's peer panel review which reminded us that this is, above all else, an *investment* decision from which both the public and the region's chief elected officials should expect the best possible return.[3] We have used the recommendations of the peer panel review and the principles and priorities of the 20-year plan, *Transportation Redefined*, to develop a framework for evaluating return on investment. Underlying our work is a set of core values about what makes a good investment. Most important among these are:

- ✓ productivity (the outcomes which can reasonably be expected from the investment);
- ✓ equity (the distribution of benefits and costs in the context of a regionwide system); and
- ✓ sustainability (the durability of the investment, and its impacts on future quality of life choices and opportunities).

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[1] Gannett Fleming, *Cross County MetroLink Strategic Alignment Analysis*, Table 6, August 15, 1997.

[2] Boatmen's Bank, *St. Louis Regional Transit Program MetroLink Expansion: Capital Financing Analysis*, February 28, 1997; Gannett Fleming, *Cross County MetroLink Strategic Alignment Analysis*, August 15, 1997.

[3] Aldaron, Inc., *Report of the Peer Panel on Major Transportation Investments for the St. Louis Region*, July 1996.

- **Productivity**

The productivity of the investment is gauged by the relationship between cost, the number of people transported (as distinguished from the number of places served), and the purpose of their travel -- for individual travelers are the principal customers to be served by the system.

Some have portrayed the pending decision as "cheaper" (S-IA) vs. "better" (S-IB). Setting aside the fact that analytical comparisons to date do not really support the designation "better," such a portrayal ignores the larger implications of the cost increment for the S-IB route. The critical question here is the "opportunity cost" of that $100 million, or what could that additional money buy for the region?

The next phases of development will soon proceed for planned light rail extensions in three other corridors: Northside (St. Louis City and County), Southside (St. Louis City and County), and West County (St. Louis County). If more local funding, such as the one-quarter cent sales tax on the November ballot, becomes available, construction in at least one of the three corridors could likely commence on or before the completion of the full Cross-County extension.

The implications of the additional cost needed to go through Forest Park has to be measured over the longer term and in relation to how MetroLink might expand after the Cross-County Corridor is complete. From that perspective, the *real cost* of going through Forest Park is actually between $153 and $213 million over the next twenty years, measured by the difference in actual dollars available for future MetroLink expansion beyond Cross-County. That range takes into account the cost of debt (some debt would be required to build the entire Cross-County expansion if the first segment goes through Forest Park), the inflationary effects of the additional time needed to construct S-IB, the additional operating costs associated with S-IB (about $1.4 million a year in 1996 dollars), and the leverage effect on future federal funding. Table 1, which follows, compares the ridership performance of the Forest Park investment with similar investments in other corridors in our plans, and illustrates the potential opportunities that the region will forego because of the added cost.

This long-term view illuminates the S-IA route as the far more productive investment. The relative costs of the two alternatives is the key factor -- costs in terms of both immediate financial outlays and future opportunities lost. As indicated in the table, the additional expenditure needed to build MetroLink through Forest Park will result in service for an estimated 1,700 additional riders a day.[4] If that money were invested in one of the other corridors being considered for future expansion, it would result in three to four miles of new light rail service and an additional demand of 5,600 to 7,700 riders a day. From a customer point of view, alternative S-IA -- which preserves the opportunity for future investments yielding this kind of return -- is clearly the better buy.

[4]Gannett Fleming, *Cross County MetroLink Strategic Alignment Analysis*, August 15, 1997.

Corridor	Future Capital Cost ($millions, at-grade design)	Daily Riders[5]	Riders/Mile[5]	"Opportunity Cost" (daily ridership increment from added investment)
Composite Corridor (West County, Northside, Southside)[6]	$705	25,600	1,950	5,600-7,700
Cross-County "through the Park" segment				1,700

Table 1
Opportunity Cost of Alternative Investments

A related issue is the effect that the additional cost and construction time of S-IB will have on the timing of the next MetroLink extension beyond Cross-County. Building the entire Cross-County extension starting with a low cost S-IA route would result in sufficient funds through 2015 to build the next extension, assuming revenues from the additional one-quarter cent sales tax (or its equivalent) and federal funds. In contrast, building Cross-County with the S-IB route would require the construction period for the next extension to be pushed out several years beyond 2015, delaying the benefits derived from further expansion. The end result is that the short-term investment needed to go through Forest Park will not enhance, and may limit, MetroLink's long-term productivity.

- **Equity**

The equitable distribution of costs and benefits to customers of the system and to the larger metropolitan community often defines a truly "regional" decision -- a decision which respects the common good and recognizes unifying goals.

The trade-off between serving the Forest Park institutions or making alternative investments raises questions about whom MetroLink should serve. Many see the impressive crowds drawn to light rail for special events downtown and they suppose that serving such discretionary travel is MetroLink's greatest utility. It is not. MetroLink is an important component of a multimodal, regional transportation system. It is one of our most effective means of easing congestion while lessening negative environmental impacts associated with transportation, as well as improving mobility for our citizens who depend on public transportation in order to access employment and other opportunities. MetroLink's enduring success will be measured by the extent to which it

[5] Based on data from: East-West Gateway Coordinating Council, *Systems Analysis for Major Transit Capital Investments*, 1991.

[6] Composite corridor represents an average of the costs, ridership, and miles associated with the three identified corridors.

meets the needs of the customer groups who experience these problems: commuters and transit-dependent travelers.

The long-range plan sets the context for important policy and political questions about the demographics and trip purposes of those served by alternative transit investments. In the Cross-County corridor, the route segment through Forest Park is aimed at an important but specialized travel market that includes tourists, local visitors to the zoo and science center, and community college students. Among those corridors next in line for improvement, the West County Corridor will specifically be considering ways to relieve congestion problems facing county-based commuters and "reverse commute" opportunities that can be provided for job-seekers in the urban core. The Northside and Southside corridors encompass higher density areas of St. Louis City and County where there are greater concentrations of persons who are less likely to own automobiles. While this is an overly simplified analysis, its implications are important. Should the region add significant expense to the MetroLink system to serve a largely discretionary and specialized travel market -- likely at the expense of future opportunities to address congestion and urban mobility problems? The staff perspective is that it should not.

In the context of the serious problems facing the bus system (discussed in more detail below) and the threat to regular riders who depend on transit service, the equity implications of the present route decision become profound. Aside from the $100 million difference in capital costs, operating the route through Forest Park will cost an additional $1.4 million annually. From a policy standpoint, it seems questionable to be spending large sums to dedicate light rail lines to park destinations serving discretionary riders at a time when service to regular riders is being threatened. Among those destinations which rely on frequent and regular bus service is the St. Louis Community College at Forest Park, which, ironically, could find itself in the position of having to lose one form of service in order to gain another.

It is also difficult to ignore the distribution of costs to the regional community. Segment I in the Cross-County Corridor will be paid for with funds from a one-quarter cent sales tax collected in the City of St. Louis and St. Louis County. Approximately 75-80 percent of the revenue from this tax comes from sales in St. Louis County. Taken by itself, this should not be the basis for a route decision. However, it should be balanced in combination with other compelling equity concerns and problem-solving strategies. For example, might the demand for increased transit service in Forest Park be better met by alternative transit programs with greater flexibility and growth options than light rail offers (such as circulator buses or rubber-tired trolleys[7]), supported through user-fees or other dedicated regional resources?

- **Sustainability**

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[7] Staff was directed in the August 27 resolution to explore the feasibility and cost of implementing an effective transit system in Forest Park. Based on analysis sponsored by Des Lee under the auspices of the Missouri Historical Society and carried out by Sverdrup Civil, Inc., staff estimates that a modern transit system providing 7 ½ minute headways between buses and serving all of the major institutions in Forest Park and environs is indeed feasible. The capital costs for such a service and ancillary "stations" would be $5-6 million and operating subsidy would be about $600,000 a year. The desirability of this investment would need to be weighed, of course, against competing investments discussed herein.

Sustainability is about protecting our investment and ensuring that it continues to provide appropriate and adequate service for future generations.

The decision about expanding MetroLink into the Cross-County Corridor is being made at a point in which the Bi-State transit system is facing enormous financial challenges. In the fiscal year beginning next July, Bi-State is projecting an operating deficit of $14 million, and that deficit will grow by about $1.5 million a year. At the same time, the bus fleet will continue to age as bus replacements and other capital purchases are postponed. This is a structural deficit that will result in a continuing downward spiral of bus service.

While "efficiencies" can save some money, it is increasingly apparent that without additional revenue there will be significant reductions in bus service. Because service levels in suburban areas are already relatively low, meaningful savings probably are not possible by further reducing service on low-demand suburban routes. Service reductions will likely affect those in the inner city who most depend on transit. Further, because nearly half of MetroLink riders transfer from or to a bus as part of their total trip, reductions in bus service will inevitably affect MetroLink ridership. The future of the bus system and MetroLink are inextricably bound together.

Some believe that the ridership estimates for the Forest Park institutions have been grossly underestimated and that income from much higher ridership would moderate or even recapture the additional expenses of going through Forest Park. The expectations of higher ridership for park attractions come from the experience of what downtown attractions have drawn. But this is a false analogy. What distinguishes downtown destinations and makes MetroLink access to them so attractive is: 1) the size of downtown events, often drawing tens of thousands of people, 2) the relatively limited supply and high cost of parking downtown, 3) traffic congestion in downtown and on the Interstate approaches, and 4) a simple reluctance by some people to drive downtown. Just to meet the incremental operating cost alone, the park attractions would have to draw almost 6,700 riders a day *more* than the current projection at no increased level of service.

Given the above factors, it is apparent that the significant additional capital *and* operating costs of alternative S-IB will not contribute to the long-term sustainability of the regional transit system, and may indeed further weaken its already fragile financial underpinnings.

The Climate for Decision-Making

In an August 27 editorial, the *St. Louis Post-Dispatch* urged the East-West Gateway Board to be guided by a principle and a process "that puts quality and common cause ahead of the interests of one group of people or part of the city or county." We concur wholeheartedly with what we hear to be an emphasis on informed and responsible regional decision-making -- although our conclusions about the preferred outcome of this decision differ from the *Post's* recommendations. Our efforts to achieve regional consensus have involved several years of professional study and review and are based on a common set of long-range regional goals adopted by the region's chief

elected officials. The staff recommendation is the outcome of what we believe to be a thorough, objective and informed process.

Clearly, this will be a difficult choice for the Board, which remains divided as the hour for a decision approaches. Board members are cognizant, as are we, of wide community support for MetroLink and for either alternative route, as well as locally-organized opposition to both routes. We believe that this opposition is in large measure based on design features of the system. After the selection of the route, and during preliminary engineering, a thorough cooperative design process, involving the affected communities directly, should be conducted. While there remains a threat of continued opposition and even litigation, the threat is common to both routes and many of the claims made by opponents can be effectively dealt with during the design process.

Today's decision is not just about today, nor is it just about the area through which the first segment will be built. It is a long-term decision, sure to influence all future MetroLink choices, and it is a regional decision, ultimately affecting residents throughout the City and County and areas beyond. It is also a decision about whether the region will build on or turn from the functional elegance and cost-effective principles that guided the design of the original MetroLink route -- principles that helped make MetroLink the least expensive and yet, arguably, the best light rail system in the United States. Finally, it is a decision about financial responsibility and using public funds in ways that maximize service to *everyone* in the community. The planning work is now complete, the information needed for a decision is available, and the only remaining task is the decision itself.

Staff Recommendation

The SI-A option which runs north of Forest Park is the better investment for the region. Staff recommends that the Board endorse the selection of alternative S-IA as the preferred alignment for the first segment of the Cross-County Corridor and authorize preliminary engineering to begin immediately for this segment, including a design process which fully consults with affected communities.