

BAKERY vs PUBLIC GOOD

- | | |
|--|--|
| <ul style="list-style-type: none">• Clear provider/customer• Competition• Individual choice• Flexibility, bankruptcy<ul style="list-style-type: none">-- writedown of assets
• Technology & innovation
• Marketing | <ul style="list-style-type: none">• Unclear, “lumpy” customer• Public monopoly• Complex political purchase• No forgiveness of debt, political price• Surrogate customers<ul style="list-style-type: none">-- owners-- workers-- real estate owners• Producer conservatism<ul style="list-style-type: none">-- the orange stripe on the lamppost |
|--|--|

TRANSIT AS REMNANT

Contingency role

“Rider” on auto system

HISTORY

- (a) Private, with regulation**

- (b) Public private, with public capital**
1900 --> 1950 --> 2004
-->

- (c) Public with public funding**
operating and capital 2004
1950 --> 1970 --> 2004
-->

RELATION TO AUTO

	AUTO	TRANSIT
Pre 1914	Local public roads	Regulation; vehicles by private company
1914-1940	Federal, state roads Local zoning Vehicles by private owners	Tax paying, regulated Vehicle infrastructure by private/public
1945-1960	Federal, state local roads Local zoning Commercial tax base Tax-exempt interest on homes Vehicles by private owners	Reduce taxes Begin subsidy of capital (vehicles & infrastructure)
1960-2004	Federal, state local roads Local zoning Commercial tax base Tax-exempt interest on homes Vehicles by private owners	Local, Metro, State tax support Federal capital - even operating Extenalities “Riders”

POLICY AND THE CHESHIRE CAT

Externalities:

Congestion

Urban form

Trip patterns

Clean air

Energy independence

Elderly, disabled, students

Low income

Which way do you want to go?

COGNITIVE DISSONANCE

- Clean air** - **Diesel bus**
- Disabled** - **High floor, broken lifts**
- Poor people** - **Bus cuts & fare hikes**
- Students** - **Separate buses**
- Workers** - **High wages, labor difficulty**
- **Property tax**
- **Sales tax**
- **Gasoline tax**
- **Parking tax**
- **Remnant**

INSTITUTIONAL STRUCTURE

- (a) Lumpy distribution; remnant**
- (b) Representation in tax oversight**
- (c) Big Bang**
- (d) Growth means higher subsidy per ride**
- (e) Labor costs**
- (f) Fare recovery ratio**
- (g) Costs per**
 - vehicle hour**
 - vehicle mile**
 - seat mile**
 - passenger mile**
 - rider**
- (h) Feeder services**
- (i) Tyranny of small decisions**

SNAPSHOT 1920s

No zoning yet

No big Federal and State highway model

No extensive auto ownership

**No low density land use, suburban mortgage, tax
exempt interest on local tax**

But auto zoomed and transit declined

FINANCE

I. O&M most fundamental

Problem:

lumpiness of public transport
highways are more like peanut butter

Need for stable, multi-year government

A. Municipal Level

too small to encompass reasonable access needs

B. Metropolitan Level

no real governance
lumpiness of service
power of labor

FINANCE

Need for stable, multi-year government (cont'd)

C. State Level

real government structure

lumpiness of public transport

need for coalition

D. Federal Level

O&M provided under Nixon

population/population density formula cap

distribution based on:

taxpayer effort

cost

ridership

fare recovery ratio

E&D requirements

CAPITAL FINANCE

Problem: high cost of

- **vehicles**
- **light rail**
- **subway**
- **BRT**

A. Municipal Level

- **not affordable**
- **big lead time, cost for future benefit**
- **under-investment**

CAPITAL FINANCE (cont'd)

B. Federal Level

Buy out private companies, renew fleet

HUD, 2/3 / 1/3

DOT, 80/20

Coalition (uneasy) with highways

interstate transfer (1973)

flexibility (1973)

penny for transit (1987?)

flexibility (1991)

CAPITAL FINANCE (cont'd)

B. Federal Level (cont'd)

MPO nexus of decision

Discretionary, new starts

cost effectiveness

contract authority

full funding grant agreement

PMO

earmarks

Comparison with interstate highway

Vehicles, formulas

CAPITAL FINANCE (cont'd)

C. State Level

varies

D. Metropolitan Level

varies

E. Referenda

General Problem:

- lumpiness
- effectiveness vs. distribution

RE-AUTHORIZATION

- A. Gas tax, capital budget, or gridlock**
- B. Highways plus transit
plus disabled & elderly; O&M**
- C. Matching ratios:**
 - 80-20**
 - 50-50**
 - 30-70**
- D. Desirability of uniform ratios between transit & highway**
- E. Open space acquisition, housing**
- F. Backlog idea**
- G. Highway O&M, like transit**

METROPOLITAN LEVEL

A. Houston

- suburban sidewalks

B. Massachusetts

- suburban commuter rail
- disabled & elderly
- gas tax/sales tax

C. Chicago

- CTA
- METRA
- PACE
- Sales tax

METROPOLITAN LEVEL

D. Chicago 2020

- open space
- housing
- turnpike
- MPO
- highways
- registration fees
- user-side subsidies
- parking tax vs growing auto ownership and mode share, commuter rail growth at expense of fare hikes and service cuts in urban public transportation