

RIGHTS-OF-WAY IN CRISIS

by E.L. Tennyson, P.E.

Economists warn us that transportation is not an end in itself, but merely a means of reaching some other more desired objective. Travel for pleasure is the exception that proves this rule, but most travel is work or shopping related, and most people may not consider that for pleasure.

The economists notwithstanding, transportation is the most expensive single activity conducted in this nation. With inflation raging on, this places transportation in the forefront of our national domestic problems, along with energy and crime. Energy, though, is a closely related problem, since so much foreign petroleum is used in the conduct of our transportation activity. Transportation consumes over half of our huge and costly imports of foreign oil. It is causing the export of our gold which backs our dollar values. We had better watch out.

For the current year, transportation is estimated to cost the people of this nation almost \$500 billion. This is not only a frightful and unsupportable price, but is also a vivid notice that the battle against inflation, if it is to be effective, must concentrate heavily on transportation efficiency and its counterpart, inefficiency. We must seek to devise more efficient transportation policies and operations, and to reduce or scale down inefficient means of transportation. No nation on earth can afford to spend \$8,000 per family per year on transportation as we now do. Too little is left for food, shelter, education, medical care, retirement, utilities and capital investment in asset replacement. Congress can not end inflation by legislation alone, although a balanced budget is essential in the battle against inflation.

Only more efficient transportation, with sharply reduced foreign petroleum consumption can save us from economic self-destruction. Think about it! How can the average family afford to spend or be taxed for an \$8,000 annual transportation expense? That is \$4 per hour for the average worker making \$8 per hour.

GOVERNMENT POLICIES

The fact that we can't afford it is obvious. In almost every state, our highways are hundreds of millions of dollars short of necessary maintenance funding and construction work. Construction has come almost to a halt. Congress, or more properly the Federal Office of Management and the Budget is threatening Amtrak, Conrail and public transit with near extinction. The Southeastern Pennsylvania Transportation Authority (SEPTA) in this area is largely shut down because it can't pay prevailing wage rates. Pittsburgh has a \$1 minimum transit fare if you need a transfer, and New Jersey Transit says a 50 percent fare increase is needed, but who would pay it when highways are free? Many independent truck operators have lost their rigs to the finance companies. Railroads are \$20 billion short of near term capital needs in spite of the greatest amount of work done in their history. Several major systems have failed completely. Barge lines are protesting that they can't afford to pay modest user charges for the support of government furnished facilities. Airlines have just experienced the worst losses in their history. These could become catastrophic problems.

The government response to this worst-of-all domestic crisis is to cut back on funding for the most efficient forms of transportation, inflating our dependence on foreign oil and increasing the total cost of transportation at a time when the op-

posite result is not only called for but is absolutely essential. Theoretical budget experts have no concept of how the transportation mechanism functions. They simply add up endless columns of figures and lop off sufficient sums to force a paper balance. The resulting impact on operational efficiency isn't considered sufficiently, if at all. Budget cutting is absolutely necessary, but it must be conducted by the managers of the activity, not by remote control. Budget cutting will help only if it is limited to the most inefficient activity in terms of resource consumption. When more efficient services are cut, budget cutting will make inflation worse at the same time it deprives people of essential services.

RIGHTS-of-WAY

What has all this got to do with right-of-way, even if what I say is true, and I assure you that it is? Simply this! All transportation facilities, except navigable rivers, depend upon continuous rights-of-way for their existence. Without rights-of-way, obviously, we would have little transportation. That is why it was necessary to enact eminent domain legislation. This is a simple concept. Transportation needs right-of-way. True enough! But which rights-of-way, where? To economize, to shrink that unfundable \$500 billion per year, what must happen to rights-of-way? Must we sell our rights-of-way for public housing developments in order to raise money? Obviously not, but what? How will we pay our transportation bills? How will we fund the preservation of invaluable rights-of-way and the acquisition of new, where it is essential?

The Pennsylvania General Assembly passed Act 450 of 1963 which specifies that metropolitan transportation authorities must "make every effort to utilize high

speed rights-of-way, private or otherwise, to the maximum extent practicable to avoid air pollution by its vehicles; to abandon no physical property which has useful and economical capabilities, and to extend its rail and highway services into areas which have sufficient need for them to economically or strategically justify such extension."

Again in 1980, the General Assembly passed Act 101 which contains the same language in Section 303(d)30. At the Federal level, the Federal Aeronautics Act provides funds for the public acquisition of property for airport development, but unfortunately, private enterprise is prohibited. The Railroad Revitalization and Regulatory Reform Act provides for the public acquisition of useful but financially insolvent rights-of-way for continued use. The administration of this Act, however, has been contrary to its legislative intent. The public must not let its civil servant bureaucracy thwart the law, or our democratic heritage will someday be lost. Eternal vigilance is the price we must pay to protect our heritage. I fear we have not been vigilant.

In the Philadelphia area, more than \$400 million is being invested right now in new urban rights-of-way for the operation of commuter trains through the heart of the city and continuing on to the International Airport. Construction is much in evidence throughout the Center City area. At the airport, you can see rusting new rails lying in wait for future use. You can also see more huge new office buildings, worth as much as the railroad construction, arising along the railroad right-of-way in expectation of filling their square footage with throngs of commuters. But will they? Or will the economic debacle we are in cause an abortion wasting \$800,000,000? Will the right-of-way and buildings go unused, or under utilized, will the commuter go elsewhere where transportation facilities are provided in the false belief that they are free? There is a commitment of \$1,600 per family in Philadelphia in this new right-of-way, yet we have statements from the local transit authority that they are faced with a budget crisis of \$15 million that could result in the shut down of

the railroad operations by July 1, 1981. What kind of public policy is this to waste \$400 million to save \$15 million?

PUBLIC PERCEPTION

The problem stems from the failure of the educational and political systems to teach people how the economic system must work. We all value, even worship, private enterprise in this nation. We should value, but not worship it. We are ignoring Gresham's Law which no Congress can repeal. This is the inexorable law of economics which provides that cheap money, meaning money created by excessive borrowing, drives good money, meaning hard earned money, out of circulation. With highway, airport, and water project funding almost entirely funded by excessive debt, private capital has been driven almost out of the transportation right-of-way business. It is now failing even in the manufacture of automobiles and buses, but the inability of private capital to compete with "free" highways has long been evident in the railroad and transit businesses. This is very bad for the economy and for people hurt by inflation. This is what has caused the creation of Amtrak, Conrail and SEPTA, none of which were theoretically sound, but which were necessary to offset previous transportation funding mistakes. Having driven private enterprise and efficiency out of the transportation business, the government has had to step in to cover for its mistakes, but it has not been efficient in doing so.

WHAT TO DO?

What can we do about it? I have already suggested and rejected the idea of selling off the rights-of-way to pay the bills. Pennsylvania's Governor Thornburgh has suggested raising gasoline taxes, just as other governors have done. David Stockman, the new budget cutter in Washington, has demanded the practical elimination of Amtrak and its \$500 million investment in brand new rolling stock, Conrail, and urban mass transit—all highly inflationary and energy inefficient moves in the opposite direction of solving the real problems which confront us. We lack competence in this area.

Recently, I was discussing this problem with State Representative Joseph Rocks of Northwest Philadelphia. He is Chairman of the House Mass Transit Committee, and has just returned from a trip to Japan where he conducted an in-depth inspection of that nation's transportation facilities. What Representative Rocks found gave me grave cause for concern. I think it may have worried him some, also. He found the Japanese working hard and efficiently, improving quality and productivity, giving excellent service and paying their bills, the very opposite of the directions being followed in this country. They too have huge transit deficits, but they pay them in favor of energy conservation, economy in transportation and mobility. Over here we are walking away from our problem, when in reality we can't. We can only make it worse by refusing to recognize it, much like going to work with a heart attack. What can we do?

Those most interested in transportation rights-of-way can communicate with policy makers and elected officials, warning that our energy shortfall can only get worse, but not better. They must be educated to take action accordingly. The need for maintaining efficient transportation services on essential rights-of-way must be emphasized. The efficiency can be superb. The Amtrak Harrisburg-Philadelphia electric train, has two cars operated by three men, carries 200 people and produces 10,000 passenger-miles of travel. That figures out to nearly 100 passenger-miles per gallon of fuel, and to 6,667 passenger-miles per employee on board. Yet Congress has legislated curtailment of this most popular and efficient service on October 1, 1981, for reasons only a politician can explain, if, in fact, he could explain it at all. I know of no Commonwealth of Pennsylvania response, other than the governor's refusal to permit PennDOT to speak against it.

If we are forced to go back to driving our cars, we will consume 400 percent more energy in making the trip. If we ride buses, which is unlikely for most travellers, we will get only 4,000 passenger-miles per on-board employee, and there

will be a 40 percent loss in labor efficiency. Labor is the largest cost. This is the type of political reasoning behind Khrushchev's boast that he "will bury us," and behind Japan's growing economic success in our markets. We have socialized our transportation system to the point where it cannot perform efficiently. The alternative is to restore private enterprise by eliminating highly socialistic policies. This does not mean eliminating physical facilities, but rather it means cutting highway subsidies and keeping transit going as if it were private enterprise until past inequities are resolved. For example, we should shift the \$9 billion annual property tax subsidy, now going to highways and highway traffic control, to the gasoline tax, so that property taxes can remain reasonable and available for traditional uses, including transit.

Money alone won't do it, however. It will require more skill than money. As an example of the futility of money alone, Ohio is now studying a new rail passenger system that may cost \$7 billion. It may serve 25,000 passengers per day. That means the investment cost will be \$100 per ticket, while the operating cost and revenue may be close to \$12. It makes no sense at all, not even for energy conservation, but Ohio is putting millions of dollars of study money into it. The Japanese will end up with the money again, taking home millions of dollars in consulting fees and that will be the end of the project, just as the Arabs now take home billions of dollars every year for their oil. To be effective, intercity transportation must be economical, but it can not be so at 150 miles per hour on all-new rights-of-way. There are many emerging corridors where rail passenger transportation can be very effective, but they will depend primarily upon speeds not to exceed 125 miles per hour on existing rights-of-way.

The operation of heavily travelled local transit service on new private rights-of-way are an entirely different matter. I have already cited the efficiency of the electric train on existing railroad right-of-way. We should also look at the rapid transit train, such as the service provided by the Port

Authority Transit Corporation east from Philadelphia to Haddonfield and Lindenwold, N. J. When that new service opened for travel in 1969, transit use in the corridor immediately jumped 115 percent. In certain years, the fare box fully covered operating expenses, and even today, the fare box on that line covers a higher percentage of cost than is the case on any other major suburban transit service on this continent. Local commuter trains are equally efficient. The exemplary Port Authority Transit system requires more than 300 employees to maintain and operate its automated fleet, prior to recent fleet expansion. With the original 75 cars, this means one employee for every 19 seats. SEPTA's commuter trains, now under such unfair criticism, require only one employee for 23 seats, yet SEPTA officials talk about closing down the operation for

lack of funds, in spite of the highest fares and largest government subsidies ever, and in spite of the laws giving it priority. In contrast, SEPTA can carry only 19½ seats for each of its employees in the bus operation. SEPTA's cutbacks just don't make economic sense, since employees by far are the greatest expense, and commuter train employees are the most efficient of all.

PRODUCTIVITY

A more sophisticated measure of productivity would accentuate the difference between private right-of-way and on-street operation. Before the recent spate of fare increases, commuter train employees were providing 900 passenger-miles per day, worth \$9 per employee hour in fare. SEPTA bus employees were providing only 500 passenger-miles per day per

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employee, worth only \$7.50 per employee hour in fares at a higher rate of fare per mile than on the commuter trains. For equal rates of fare, the bus provides only \$5 in revenue per employee per hour, down 44 percent from the rail rate. This diseconomy does not seem to be understood by the mayor, by city council, by the SEPTA Board or by the Pennsylvania Department of Transportation, let alone by Federal officials. This failure to understand transportation economics can make our urban areas uninhabitable and our nation uneconomical.

Public officials normally do understand public reactions, but even that is not yet evident here. The New York Times and CBS collaborated on a public opinion study earlier this year which found that a

majority of the public wishes to see the Federal budget balanced, but also objects to curtailment of public transportation service, even if it means no great reduction in income taxes as promised. People will pay for service, if it is good enough.

Since I first undertook commuter rail improvement in Philadelphia in 1958, ridership on existing lines had increased 50 percent prior to the present regime. In contrast, transit not using its own right-of-way lost over 40 percent of its riders during the same time period. Nationally, the loss was even greater. This voluntary public reaction to the quality and price of commuter service should tell public officials something. It appears that the message has not reached them. That is why they continue

to spend billions of dollars of tax money on such uneconomical pork barrel projects as the Tombigbee River in Alabama, the West Side highway in New York, on free controllers for the airline industry, and why they have increased weight limits on heavy trucks to exceed the design standards for the highways which are now crumbling under the load. Our nation can not succeed in worldwide competition if it continues to ignore real world values and realities. It is essential that public opinion be enlightened, that public services be improved, that better management be employed and supported, and that funding be put where it saves more money than it costs. Maintaining existing rights-of-way is a key element in such a viable public policy.

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