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Grand Plans for Rail in Denver Hit a Wall of Fiscal Realities

By **KIRK JOHNSON**

DENVER — One of the most ambitious one-time mass-transit projects in the nation's history, called FasTracks — \$4.7 billion, 122 miles of passenger rail and a hectic construction schedule of only 12 years — was approved by voters here in 2004 along with a regionwide sales tax to pay for it.

But these days, swagger has been replaced by supplication. Projected costs have ballooned to nearly \$7 billion, and the system faces a budget gap of \$2.2 billion, mainly because of a sharp drop in sales tax revenues. Worse still, most rail lines are still on the drawing board, and the 10,000 or so workers needed when construction reaches full swing beginning in 2011 have not yet been hired, muting the economic stimulus.

Voters could be presented with a proposed sales tax increase as early as next year to finish a system that remains mostly an idea.

"The world has changed," said Phillip A. Washington, the chief executive of the Regional Transportation District in Denver, which is managing the project. "But that's all the more reason to do this stimulus package we call FasTracks."

For transit systems everywhere, old and new, the recession has made for a long, strange trip.

Some forces have been positive: Prices for steel and concrete, bread and butter to a railroad, have declined as global demand has cooled. And in other cities that are building major systems, including Salt Lake City and Dallas, money committed years ago in economically flush times emerged as if on cue over the last two years, creating thousands of jobs like rabbits from a hat at precisely the moment an economist would summon them.

New research about the recession has also bolstered one of transit's central premises — that highway-driven sprawl is bad for a city's economic health. Recent studies at the University of Utah, for example, concluded that foreclosure rates in the Washington area were much lower in counties served by the Metro rail system, compared with the next ring of counties farther out, and that home prices in Phoenix had also fallen in direct proportion to the distance from downtown.

"The underlying lesson is that the further out you go, the more vulnerable you are to losing value in your home," said Arthur C. Nelson, presidential professor of city and metropolitan planning at the university and author of the research. "Locating near transit and near urban centers is the safer investment."

Many more systems, though, are comrades in misery with Denver.

In New York, for example, home to the nation's largest transit system, tax increases for a \$1.9 billion state bailout of the bus and train system took effect in September, including a payroll tax and a surcharge on taxi rides. In Miami, rail administrators hope a special session of the State Legislature could rescue the system with new revenue.

Other places are taking Denver's tack, trying to reposition the appeal of transit from getting around to getting a job, arguing that new rail lines will provide economic stimulus now, and transportation and environmental benefits later on.

In Los Angeles, for example, where voters approved a \$13 billion sales tax increase in 2008 to pay for 12 new transit projects, city officials announced a plan last month to sharply accelerate the schedule for job creation.

But as Denver prepares to sell itself all over again to the public — the Regional Transportation District's board will make a decision early next year on how to address its budget shortfall — money is only part of the new equation.

Colorado ranks 10th in the nation in purchases of hybrid vehicles per thousand residents, according to R. L. Polk & Company, a research firm. With thousands of more energy-efficient vehicles on the roads in the last few years, higher taxes for transit could be a harder sell, some experts say, if people feel they are already going green by getting 50 to 100 miles on a gallon of gas.

"There could be an anti-government feeling, people saying, 'Let's let the market solve our problems with hybrids and electric cars,'" said James van Hemert, the executive director of the Rocky Mountain Land Use Institute, a research group at the University of Denver's law school.

Mr. van Hemert said that in persuading taxpayers to continue their support, FasTracks will need to talk about the high environmental cost of even the greenest cars, because those cars will still need expensive, energy-intensive highways to drive on, whatever fuel they use.

Neighborhoods around the proposed rail stations could emerge differently because of the recession, too. One nonprofit group based in Denver that works on urban real estate projects has joined with local and national groups to buy property within walking distance of future rail sites — capitalizing on reduced prices and foreclosures now to ensure that working class people do not get squeezed out when and if such neighborhoods gentrify because of their transportation access.

The recession has been an odd blessing in making the money go much further, said Aaron Miripol, the president and chief executive of the Urban Land Conservancy, which recently worked with a group of local and national nonprofits, as well as the city and the state, to buy a 62-unit apartment complex on Denver's west side, less than a block from the site of a future station, for \$2.9 million.

"It would have been a million more than that at the height of the market," Mr. Miripol said.

A lingering fear among many transit systems administrators, one shared by some economists in looking at the national economic recovery, is that business conditions improve in coming months, but unemployment stays high.

That might make building rail more appealing to taxpayers and politicians now because of short-term job creation, but less so down the road, since commuters are mass transit's main users. Almost 60 percent of all transit rides in the nation, according to the [American Public Transportation Association](#), a transit advocacy group, are for commuting.

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