



**PUBLIC TRANSPORTATION
MEANS BUSINESS**

WHAT HAPPENS TO A CAPITAL INVESTMENT IN PUBLIC TRANSPORTATION?



IT SPARKS AN ECONOMIC CHAIN REACTION THAT GENERATES BUSINESS ACTIVITY, CREATES JOBS, BOOSTS PROPERTY VALUES AND TAX EARNINGS, MAXIMIZES TRANSPORTATION SPENDING, AND GETS MORE PEOPLE TO WORK. AT A TIME WHEN COMPETITION FOR RESOURCES IS FIERCE, CAPITAL FUNDING FOR PUBLIC TRANSPORTATION IS AN INVESTMENT IN AMERICA'S BUSINESS THAT MAKES ECONOMIC SENSE.



\$10 million
transportation
capital investment

PUBLIC TRANSPORTATION PAYS OFF

310

jobs

\$30 million
business sales



Across America, investment in public transportation is paying off—in a big way. In urban areas from Dallas to St. Louis to San Jose, as well as in smaller communities from Manassas Park, VA, to Sweetwater, WY, the \$27 billion-per-year public transportation industry is putting federal, state, and local investments to work. This successful public/private partnership is building systems that are generating thousands of jobs in the private sector, and stimulating economic development to an extent that far exceeds expectations. Returning up to six dollars in economic and other public benefits for every dollar invested, while enhancing the quality of life for millions of Americans, public transportation is a sound investment in America's business—and in America's future.

SPARKS BUSINESS ACTIVITY

In project after project, a capital investment in public transportation sparks a chain reaction in business activity that far exceeds the initial investment. The dollars flow to hundreds of industries, from specialized rail or bus construction firms to maintenance and software suppliers. In St. Louis, a 25-year modernization and expansion of the public transportation system is expected to bring a \$2.3 billion return in business sales. In Chicago, the Metra commuter rail system's 20-year "good repair" strategy could add up to an estimated \$4.6 billion in business sales.

New businesses and developers are drawn to transit stations, where a solid customer base and consumer demands create a robust business environment. The Virginia Railway Express station in Manassas Park near Washington, DC, has jump-started commercial activity, helping revitalize the community. In South Orange, NJ, North Hollywood, CA,

“Indeed, development atop Los Angeles subway stops already is revitalizing Hollywood Boulevard... from affordable apartments and neighborhood retail at Western Avenue to a 640,000-square-foot, entertainment retail complex and a 640-room hotel at Highland Avenue.”

The Wall Street Journal

and dozens of communities in between, transit villages are springing up around transit stations, which are becoming hubs for new businesses as well as cultural activities. The \$16 million transit village in construction around DART's new Downtown Plano Station features 238,000 feet of housing and commercial space.

GENERATES JOBS

A capital investment in public transportation translates into thousands of private-sector jobs in the design, construction, and manufacturing industries and in the retail and retail/wholesale trade sectors—not just in the regions served but throughout the country. Champion Bus, Inc. of Imlay City, MI, puts 365 people to work every day, building buses that serve rural and mid-size communities across America. In places such as Plattsburgh and Hornell, NY, and Sacramento, CA, hundreds of workers are assembling orders for rail equipment. The list goes on and on, but the message is the same: public transportation products that serve communities every day also help boost the business activities of other states.

Beyond the jobs directly created by new construction or renovation are the jobs created by the ripple effect of a capital investment in public transportation. Consumer spending by transportation workers and riders attracts new businesses that hire new employees.

In New York, the East Side Access project, bringing the Long Island Rail Road to Grand Central Terminal on Manhattan's east side, will strengthen ties between Manhattan and growing business centers in neighboring Nassau and Suffolk counties, and support regional employment growth—with expectations of 375,000 jobs and \$26 billion in wages. New Orleans expects the economic activity generated by its Canal Line to create over 1,661 new jobs. Add to this the jobs created at the system level. For example, Tri-Rail of South Florida expects its five-year transit development plan to generate 6,300 ongoing system-related jobs, in areas such as operations, maintenance and other industries.

And as systems attract riders, corporations set up shop around transit stations. Motorola's new cellular phone factory in Harvard, IL, at the end of the Chicago Metra, draws on a large labor pool with easy access to Metra. In Atlanta, BellSouth is consolidating all its suburban offices into three downtown locations convenient to the city's public transit system.

BOOSTS PROPERTY VALUES, TAX REVENUES

When capital investments are made in public transportation, property values near transit stops swell, as do tax revenues. The 19.2 percent return on investment that the Metrorail system is expected to generate for the Commonwealth of Virginia includes additional tax revenues of \$2.1 billion. The impact is



“...the tremendous investment that has been made over the last two decades [in New York City] in subways and buses appears to have paid off not only in increasing transit ridership but also, along with other factors, in discouraging car use, an accomplishment that many other congested cities can only dream about.”

The New York Times

“In Atlanta...BellSouth is consolidating all its suburban offices into three downtown locations convenient to the city’s mass transit system.”

U.S. News and World Report

felt on the regional level as well. NJ TRANSIT’s Kearny Connection has raised the values of homes near rail stations in towns on the Morris & Essex Lines by \$30 million, and boosted local tax revenues by nearly \$6.7 million. In the Chicago area, homes within a half mile of a suburban rail station on average sell for \$36,000 more than houses located further away. Fannie Mae now even offers special mortgages for buyers of homes near public transit.

Public transportation also puts the brakes on migration out of urban areas and promotes long-term stability. In fact, it’s a magnet for urban growth. Developers are pouring millions into corporate buildings, sports facilities and entertainment complexes near transit stops in northern Virginia, Portland, San Diego, Denver, Chicago, Baltimore, Los Angeles, Dallas, St. Louis, New Jersey, and New York—boosting property values and generating millions in additional tax revenues.

CONNECTS EMPLOYERS TO THEIR WORK FORCES

From suburb to city, from city to suburb and from rural areas to metropolitan centers, a capital investment in public transportation links people with jobs. Most suburbanites who ride public transportation are headed for work. And systems are being created especially to reach specific commuters. San Jose’s business community were early proponents of the highly

popular Altamont Express Commuter Train as a link to Silicon Valley’s work force.

For service or entry-level employees with limited mobility options, public transportation is an important link to suburban-based employers. The success of the Greater Lafayette, IN Public Transit Corporation in linking workers to jobs in outlying areas is so valuable that local businesses are underwriting the costs of their employees’ bus commutes. In suburban Detroit, the Job Express service of SMART (Suburban Mobility Authority for Regional Transportation) connects bus riders with 800 employers and 16,000 jobs.

Businesses save in other ways as well. In New Jersey, over 1,200 firms take advantage of NJ TRANSIT’s BusinessPass™ program, which, by allowing employees to deduct a portion of their public transportation costs from their pre-tax salaries, reduces payroll costs and saves taxes for both employers and employees.

The same is true in rural areas. In Canyon County, ID, Treasure Valley Transit helps 91,000 residents dispersed over 583 square miles get to jobs, shopping, schools, and health care providers. Sweetwater Transit Authority Resources in Wyoming helps thousands of residents within a 10,000-square-mile service area reach work sites.





“The train creates a certain excitement. DART’s investment gives the private sector a greater confidence.”

Robert Shaw, president,
Amicus Partners

Investment in public transportation has proven to be a smart business move, spurring billions in private sector development, raising property values, attracting blue chip companies, and revitalizing flagging central business districts. Both DART in Dallas and MetroLink in St. Louis have meant big business for the cities they serve—and they are but two examples of similar experiences around the country.

DART puts Dallas on track for development boom.

Dallas Area Rapid Transit (DART) moves more than 200,000 people a day across its 700-square-mile service area through a network of light rail and commuter lines and a fleet of 1,000 buses and vans. Since the 20-mile, 21-station light rail system opened in 1996, ridership has doubled. In 2,000, voters approved a funding program for light rail lines to carry another 45,000 riders and for acceleration of an extension to the Dallas/Forth Worth International Airport eight years sooner than planned.

- The \$860 million light rail starter line has generated more than \$922 million worth of development—more than a dollar-for-dollar return on the public investment. Property values surrounding DART stations are up 25 percent over similar properties not served by rail.
- Extending DART will cost \$1 billion. And as the build out progresses, DART expenditures will generate \$2.3 billion of economic activity in the Dallas region, and \$2.5 billion throughout Texas.
- In the DART service area, occupancy in Class A office buildings increased from 80 percent to 88.5 percent between 1994 and 1998. Strip retailers near DART stations saw a 50 percent gain in occupancy and a 65 percent increase in rental rates.
- In downtown Dallas retail sales jumped nearly 33 percent—as opposed to only a 3 percent rise citywide—from mid 1997 to mid 1998. The in-town apartment market grew from 4,300 units in mid 1997 to well over 9,000 in mid 2000. Prominent national companies like Omincom Group, Blockbuster Entertainment, and the 1,900-room Adam’s Mark Hotel, the largest in Texas, cite proximity to DART as the key factor in locating in downtown Dallas.



\$1 billion investment

\$2.5 billion in economic activity



“Chance Coach is excited about its future in both the public and private transportation sectors. With our new factory and state-of-the-art 30' and 35' low-floor product line, we are well positioned to meet the expanding needs of the marketplace.”

Scott Culbertson, president,
Chance Coach, Inc.

The heartland builds transit vehicles for America.

From Wichita, Kansas, the privately held, employee-owned Chance Coach, Inc. manufactures five types of transit vehicles that travel the roads of cities, airports and suburbs coast to coast, many of which have logged in more than one million miles. Chance's showcase product, the American Heritage Streetcar, operates in more than 100 cities across America.

Investment in public transportation systems in cities nationwide fueled the growth of Chance Coach. With a new manufacturing plant opened in September 2000, the company has increased its staff, production and sales, creating in the heartland of America a successful public transportation business with a national clientele.

Chance Coach buses are built in Wichita, KS; Neoplan USA buses in Lamar, CO and Brownsville, TX; New Flyer buses in St. Cloud, MN; Nova Bus buses in Roswell, NM; GILLIG buses in Hayward, CA; North American Bus Industries in Anniston, AL; Champion buses in Imlay City, MI; MCI buses in Pembina, ND; Orion buses in Oriskany, NY; and the list goes on and on.

- Chance contributes \$15 million to the local Wichita economy annually, including employing Minority Business Enterprises and Women's Business Enterprises.
- Since 1998, Chance Coach has nearly quadrupled its production, to 320 trolleys, buses, and shuttles in 2002. Capitalizing on a bus market ready for growth, Chance Coach has expanded its product lines in recent years.
- Chance anticipates 2002 revenues of \$50 million, double those of the previous year.
- With its new 125,000-square-foot final assembly plant built in 2000, Chance has increased production from one to three assembly lines, doubling the number of Chance employees to 200 within one year.



**Capital investments
in public transportation**

\$15 million to Wichita economy



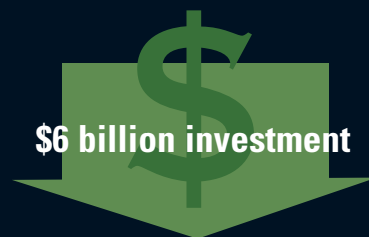
“...our local public transportation, through regional partnerships–VTA, Caltrain, ACE–has continued to keep Silicon Valley moving...local voters and leaders have continually recognized that strong public transportation can enhance a healthy regional economic engine and a high quality of life.”

Carl Guardino, president and CEO,
Silicon Valley Manufacturing Group

Multimodal transportation network moves Silicon Valley, the center of the high-tech world.

Although the valley is served by a high-frequency bus network, over 30 miles of light rail, Amtrak’s Capitol Corridor San Jose-to-Sacramento service, Caltrain’s 77-mile rail route, the Altamont Commuter Express, paratransit and shuttle services, residents are clamoring for more transit. In November 2000, voters overwhelmingly passed a ballot measure to fund more than \$6 billion in new transit projects. In Silicon Valley, public transportation is recognized as the smart choice for employers and employees alike.

- VTA’s Eco Pass Program lets employers purchase annual VTA passes for all full-time employees, giving them access to unlimited rides on any VTA bus, light rail and ADA paratransit service, seven days a week. Benefits to employers include a low-cost, tax-free benefit to employees, a significantly discounted VTA pass, a tax deduction, and a reduced demand for on-site parking. In 2001, 130 employers representing 113,000 employees participated in Eco Pass. Intel, Hewlett-Packard, Cisco Systems, Lockheed Martin, Sun Microsystems, IBM and Agilent are all enthusiastic participants in the Eco Pass program.
- The Altamont Commuter Express (ACE) train slashes commuting costs nearly in half, decreasing the annual cost of an 80-mile-a-day commute from \$5,282 by car to \$2,688 by train.
- In reducing some of the transportation barriers facing welfare recipients in getting to work, the Santa Clara Valley Transportation Authority’s (VTA) paratransit agency, Outreach, Inc., operates a Guaranteed Ride Program (GRP). Since its inception in November 1999, over 1,700 CalWORKs participants have enrolled in GRP, and GRP has provided more than 47,900 passenger rides.
- Over 50 shuttles bring employees directly from public transit stations to more than 100 companies. VTA shuttles at the ACE Great America Station alone serve 85 percent of the popular commuter line’s ridership.



***Cost savings to commuters
and employers***

“Extending MetroLink and improving the bus system that feeds it is a high economic development priority of the St. Louis business community.”

Richard Fleming, president,
St. Louis Regional Chamber and
Growth Association



MetroLink drives revitalization in St. Louis.

The 35-mile, 27-station MetroLink stretches from Lambert International Airport in St. Louis to Southwestern Illinois College in Belleville, Illinois. Daily ridership, expected to reach 37,500 after 20 years in service, exceeded that figure after only five years. Ridership continues to grow, averaging 44,500 a day in 2000, with the overwhelming majority—79 percent—new transit riders. Opened in 1993, MetroLink has been extended once, at a total cost of \$803 million, and is now undergoing a 20-mile Cross County Extension; three additional extensions are under consideration.

- MetroLink has sparked construction of a range of sports and entertainment facilities—from the \$5.8 million Jackie Joyner Kersee Sports Complex to the \$60 million Performing Arts Center to the \$266 million Convention Center Hotel.
- The area surrounding the Busch Stadium MetroLink Station in downtown St. Louis has experienced phenomenal growth and development. In the works is the \$160 million renovation of the 10-building, 12-acre Cupples Station. The Cupples mixed-use redevelopment is a key element in the city's \$300 million downtown revitalization plan. Recently, the new \$60-million, 221-room Westin Hotel, housed in four of the Cupples buildings, opened for business. The Westin considered MetroLink's direct access to the airport pivotal to its decision, and is spending \$1.5 million to integrate the station into the development.
- Also near the Busch Stadium MetroLink Station will be the proposed \$646 million Ballpark Village. A mixed-use development with a new 49,000-seat ballpark for the Cardinals, a world-class aquarium, museum, offices, residences and parking, Ballpark Village is the single largest development in the history of St. Louis. The new stadium will be completed in time to host the 2006 All Star Game, slated to have a \$100 million impact on the region.

\$803 million investment

\$1.5 billion in new development

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