

MARTA Matters . . . Transit Matters

The Case for Investment

Nationwide trends in population and demographics, land use and development, and energy consumption, along with significant public interest in environmental sustainability and increasing economic competition between states and metropolitan areas, all provide a compelling case for greater investment in public transportation.

- **Household trends are making cities healthier and urban living more attractive**, with growth in single-person households, as well as the numbers of young professionals, empty-nesters, and new immigrants in central city populations.
- **Demand for housing units in transit zones is expected to grow nationally** from 6 million in 2000 to 14.6 million in 2025.¹
- **Car travel has begun to decline**, after decades of growth.² This is in part due to fluctuating fuel prices and the recent economic decline. There are also fewer new drivers and travel choices have expanded since the 1990s.
- **Transit ridership has increased dramatically**, remaining strong even as gas prices dropped from record-high levels in late 2008.³ Yet many transit agencies across the country have been forced to make drastic service cuts and layoffs to close budget gaps in their systems.

Even as trends predict a growing interest in transit services, our state, like the nation at large, has experienced a chronic underinvestment in transportation infrastructure, which has hurt our economic growth.

- **The U.S. ranked 27th of 36 countries** listed by the international Organization for Economic Cooperation and Development in terms of percent of GDP invested in infrastructure and other components of fixed capital formation.⁴
- **From the 1960s to the 1980s, Georgia consistently invested more of its GDP in transportation infrastructure than the rest of the nation**, creating a phenomenal set of assets that have been the backbone of the state's success: the world's busiest airport, the fourth-largest and fastest-growing US port, the largest intermodal facility on the East Coast, an extensive Interstate highway system, and the largest rail network in the Southeast.⁵
- **However, beginning in the late 1980s, Georgia's investment posture began to rely on past-investment success rather than actively preparing for the future.** By 2006, state and local governments in Georgia combined invested only \$380 per person (excluding bonds) in transportation. This was about half the national average and far less than what Texas (\$730 per person), Florida (\$730 per person), Virginia (\$630 per person), and North Carolina (\$500) have been investing. Across the United States, only Tennessee invests fewer dollars per capita (\$354) than Georgia.⁶

Fully addressing the scale and scope of the state's 20-year legacy of under-investment on a sustainable basis will require a strategic plan (already completed as part of the SB 200 statewide transportation reform), as well as new, flexible revenue sources that can be invested in multi-modal approaches. Solutions should include demand management and other policies that support the investments and project-delivery models that use public-private partnerships to control costs and share risk. Georgia now has the opportunity to put all of those elements in place. Seizing this opportunity is critical to ensuring that Georgia does not cede any more competitive ground to "peer" states like Texas, North Carolina, Virginia, and Florida.

¹ Final Report of the TransitVision 2050 Task Force, American Public Transportation Association (APTA), October 2008.

² <http://www.fhwa.dot.gov/ohim/tvtw/09jantvt/figure1.cfm>

³ "10.7 Billion Trips Taken On U.S. Public Transportation In 2008," APTA Press Release, March 9, 2009.

⁴ Final Report of the TransitVision 2050 Task Force, American Public Transportation Association (APTA), October 2008.

⁵ Draft Statewide Strategic Transportation Plan, Georgia Department of Transportation (GDOT), December 31, 2009, p. 20.

⁶ Draft Statewide Strategic Transportation Plan, Georgia Department of Transportation (GDOT), December 31, 2009, p. 21.

WHICH WAY ARE WE HEADED?

State and regional decision-makers will have to ask critical questions about how transportation funds should be spent to address Georgia's transportation priorities.

Two clear paths emerge:

- **Business As Usual:** Continued under-investment in transportation infrastructure, exacerbated by the failure to enact a transportation funding solution for three years running.
- **The Smarter Way:** By wisely investing in transportation improvements, Georgia has an opportunity to create up to 425,000 jobs over the next 20 years and \$480 billion in GDP growth over the next 30 years, focusing on sustainable transportation options by improving our existing roads while investing in transit that provides more affordable commutes, reduces pollution and generates increased economic development.

HOW IS TRANSIT PART OF THE SMARTER WAY?

As the Draft Statewide Strategic Transportation Plan (SSTP) states, "**Addressing the expected shortfalls in current transit operating funds should be a top priority for state and local governments.**" The state's approach to transit maintenance and operations is to maintain a "state of good repair" on the equipment it operates (e.g., GRTA buses). For MARTA, **existing funding sources do not cover current service levels and will only get worse.** Utilizing only existing funding sources, "MARTA will operate at 50-70 percent of current levels" by 2030, according to the Draft SSTP. Beyond MARTA, "GRTA's Xpress bus service will also be cut or eliminated because there will not be operating funds to support it."⁷

Doing nothing to increase funding for the transportation network – including transit – means that "**in metro Atlanta, per capita congestion costs will nearly double today's levels.** Employment-center talent pools (i.e., the number of people who can reach an employment center in 45 minutes) will be 33 percent smaller than today, significantly eroding the value proposition to future employers and putting future job growth at risk. The public acceptance of cutting transit and increasing congestion for metro Atlanta will be particularly adverse when this story is contrasted with the aggressive investment its peers are making to mitigate congestion and create reliable trips through HOT-lane networks and new transit options."⁸

The Atlanta region, through the collaborative work of state, regional, and local leaders, has already developed a long-term vision for new transit investment called **Concept 3, which includes a network of heavy rail, light rail, commuter rail, streetcars, arterial buses, local buses, and urban circulators.** Gradual build-out of Concept 3 would again make the state of Georgia a national leader in transportation, and components of the vision, such as BRT, streetcars, and in-town light rail, would "provide a convenient alternative to automobile traffic on congested arterial streets and enable more dense, mixed-use development over time," according to the SSTP. Further, if a mixed-use development pattern actually occurs within a 20-year horizon, the benefit is tremendous—congestion costs fall by an additional 38 percent and the number of people that can reach major employment centers within 45 minutes expands by 109 percent (vs. 39 percent if development patterns continue on the current trajectory). Given the upside available from attracting more residential density in the employment centers, **public-private partnerships that focus transportation enhancement funds in a few areas and match them with other sources of public and private capital could become compelling public investments.**⁹

WHAT ARE THE BENEFITS OF MARTA?

⁷ Draft Statewide Strategic Transportation Plan, Georgia Department of Transportation (GDOT), December 31, 2009, p. 47.

⁸ Draft Statewide Strategic Transportation Plan, Georgia Department of Transportation (GDOT), December 31, 2009, p. 47.

⁹ Draft Statewide Strategic Transportation Plan, Georgia Department of Transportation (GDOT), December 31, 2009, p. 37.

MARTA serves as a significant economic catalyst to the state and region attracting major companies and international events to the Metro area, providing transportation to employment centers throughout the region and offering a direct connection to the world's busiest airport.

MARTA is responsible for creating jobs across the state.

- According to a May 2007 UGA study by the Carl Vinson Institute, MARTA is directly and indirectly responsible for the creation of over 20,000 jobs in Georgia.¹⁰
- According to an October 2009 report by the American Public Transportation Association, every \$1 billion invested in public transportation capital and operations supports an average of 36,000 jobs.¹¹

MARTA has a significant economic impact and spurs growth in the state.

- According to a May 2007 UGA study by the Carl Vinson Institute, Georgia realizes a \$2.1 billion impact to the state's economy because of MARTA.¹²
- According to an October 2009 report by the American Public Transportation Association, every \$1 billion invested in public transportation investment also yields \$3.6 billion in business sales and generates nearly \$500 million in federal, state and local tax revenues.¹³

MARTA gets you where you need to go.

- MARTA provides 500,000 daily passenger boardings - 54 percent of those are customers going to work and 10 percent use it get to school.¹⁴
- About 46% of MARTA customers report they do not have another readily available transportation option.¹⁵

MARTA provides safe and accessible service for everyone.

- Riding a transit bus is 91 times safer than travelling in a car.¹⁶
- About 13 percent of residents over 55 years old in MARTA's core service area (Atlanta and Fulton and DeKalb counties) intend to ride MARTA when they can no longer drive.¹⁷

MARTA reduces traffic congestion and emissions.

- MARTA takes more than 185,000 cars off the roads each day.¹⁸
- If MARTA stopped running, annual traffic delays in Atlanta (already second only to Los Angeles) would increase by 1.25 million hours and cost an additional \$245 million in "congestion costs" (i.e. gas consumption, tardy deliveries and employee productivity).¹⁹
- All of our state and Metro Atlanta federal transportation funding depends on meeting mandated air quality standards. Without MARTA, the region would risk losing its eligibility to qualify for billions of dollars in future transportation investments.²⁰

¹⁰ Tanner, T., & Jones, A. (2007). *The Economic Impact of the Metropolitan Atlanta Rapid Transit Authority*. Athens, GA: Carl Vinson Institute of Government, The University of Georgia.

¹¹ American Public Transportation Association, Economic Impact of Public Transportation Investment (2009), http://www.apta.com/mediacenter/pressreleases/2009/Pages/091023_creates_jobs.aspx

¹² Carl Vinson Institute of Government Report

¹³ APTA Economic Impact Report

¹⁴ MARTA Department of Research and Analysis

¹⁵ MARTA Department of Research and Analysis

¹⁶ American Public Transportation Association, http://www.publictransportation.org/resources/pt2_press_kit.asp

¹⁷ MARTA Department of Research and Analysis "Atlanta's Aging Population"

¹⁸ MARTA

¹⁹ Benefits From Public Transportation Service and Operations Strategies for Atlanta, GA," TTI Mobility Report, pg 7.

²⁰ U.S. Department of Transportation Federal Highway Administration, Congestion Mitigation and Air Quality Improvement Program, <http://www.fhwa.dot.gov/environment/cmaqps/>

- MARTA helps reduce Georgia's 7.6 million transportation related metric tons of CO2 output by providing alternative transportation options.²¹
- MARTA's entire bus fleet uses clean fuel technology, which significantly reduces air pollutants in the Atlanta region and has reduced the authority's carbon monoxide emissions by 95 percent.²²
- MARTA also houses two regional compressed natural gas fueling stations—as well as four water recycling centers for bus and rail operations.

MARTA provides transportation to hospitality employees and regional visitors.

- Hospitality is the second-largest industry in Atlanta, generating more than \$11.4 billion in economic impact each year and employing 230,000 residents.²³ Sixty percent of full-time employees in Atlanta's hospitality industry use MARTA to get to work.
- Approximately one-third of individuals attending events at the Georgia Dome, Turner Field, Philips Arena and the Georgia World Congress Center take MARTA.²⁴
- MARTA's Airport station, conveniently located inside Hartsfield-Jackson Atlanta International Airport, is a major catalyst for attracting businesses, events and conventions to our city and is one of Atlanta's "biggest recruiting tools."²⁵ The Airport station has the second highest ridership out of the 38 rail stations in the system – only the Five Points station has higher ridership.²⁶
- MARTA's rail stations directly serve major venues and attractions in Downtown Atlanta including the Georgia World Congress Center, Georgia Dome, Philips Arena, CNN Center, the Georgia Aquarium and the World of Coke, as well as the location for the recently-announced National College Football Hall of Fame.

ALL OF THESE BENEFITS ARE AT RISK WITHOUT ADDITIONAL INVESTMENT

Today, MARTA and public transit systems throughout our State are being forced to eliminate service and increase fares. **For the upcoming FY 2011 Budget, we are facing an unprecedented annualized operating budget shortfall in excess of \$100 million and similar constraints on the capital program. Without additional revenue by July 2010, MARTA is facing transit service cuts of 25-30 percent.**

For a decade – well before the current severe international economic downturn -- MARTA was steadily depleting reserves to pay for the mounting costs of our aging transit system. Today, our collective failure to increase dedicated transportation/transit funding has finally caught up with us. **Just two short years ago, we expected to receive \$403 million in sales tax revenue from DeKalb, Fulton Counties and the City of Atlanta. Today, those FY 2011 projections are down to \$286 million.**

For FY 2010, MARTA balanced its \$399 million net operating budget by significantly reducing costs.

That included the elimination of annual merit increases, significantly higher employee health care contributions, a 10-day mandated furlough for all non-represented employees, a 15-month deferral of collective bargaining, increased fares and parking fees for the first time since 2001 and cutting some bus and rail service (resulting in a savings of over \$27 million). MARTA also used \$45 million in "one time" federal economic stimulus funds and again tapped our reserves (another \$37 million). The following chart illustrates these initiatives.

²¹ Transportation for America, State Facts, <http://t4america.org/statefacts/georgia/>

²² MARTA Bus Maintenance

²³ Atlanta Convention and Visitors Bureau data.

²⁴ "MARTA Cuts a Blow to Business," Atlanta Business Chronicle, April 10, 2009.

²⁵ Quote from Debra Cannon, Georgia State University hospitality school director, "MARTA Cuts a Blow to Business," Atlanta Business Chronicle, April 10, 2009.

²⁶ MARTA Department of Research and Analysis.

Original FY10 Deficit Forecast (before initiatives) in millions (109.6)

Revenue Enhancement Initiatives		49.8
AARA (Stimulus PM Revenue)	20.0	
ARRA-ARC Stimulus Flex	25.0	
Fare Increase	4.8	
Cost Containment Initiatives		27.7
Core Service Adjustments	6.4	
OPEB Adjustment	2.0	
Non Rep Merit Elimination	3.3	
Non Rep Furloughs (10 days)	2.0	
Non Rep Healthcare Contributions	2.0	
Non-Rep Position Reduction (Vacancies)	3.5	
Rep Employee Availability Improvement	1.0	
Travel Expense Reductions	0.3	
Miscellaneous/OTPS Expense Reductions	7.2	

Adopted FY10 Deficit Budget (after initiatives) (32.1) *

Due to the continued sharp downturn in local sales tax receipts which has not abated, **we were also forced to reduce our annual capital program in FY 2010 from the average \$325 million to \$254 million, and are projecting a further reduction to \$187 million.**

Georgia State University's Economic Forecasting Center (GSUEFC), which performs MARTA's sales tax revenue projections, is not predicting an economic uptick until 2013.

In total reserves, we have \$39 million that is legally restricted for capital purposes, and \$114 million in other remaining reserves which includes the 10% MARTA Act operating reserve requirement in the amount of \$33 million. **Even if we used all of these remaining reserves in FY 2011-2012, we would not have sufficient funds to maintain current transit service levels and make essential capital investments.**

HOW CAN THE GENERAL ASSEMBLY HELP?

Our specific transportation funding requests for the Legislature are three-fold:

- For FY 2011, which begins July 1, 2010, we are requesting that the state help to structure a short-term financial bridge to help avoid massive transit service cuts.
- A new state transportation funding source that allows eligibility for transit operations, maintenance and capital expenditures.
- A "level playing field" for DeKalb, Fulton County, and City of Atlanta residents – a critical element of which is removal of the outmoded MARTA Act restrictions on use of the one-cent sales tax dedicated to transit.

In making your decisions about these issues, we ask you to think about the hundreds of thousands of customers who use, or connect to, MARTA services every day and the impact we have on businesses which are the economic engine of the Atlanta region and our state.

**Increased to \$37.5 million following a July 2009 reforecast of sales tax by the GSUEFC.*