

# The Great Train Robbery

**Hold on to your wallet: The state's big federal grant is anything but free**

**By Patrick McIlheran**

Business, it is said, clamors to zip by train between Milwaukee and Madison. Business, we're told, needs high-speed rail and its \$810 million in federal funding to get it built.

Well, not all business. You have to figure John Meier is an exception.

Officially, Meier says his family's company, Badger Coaches, is willing to work with any new entrants into its bread-and-butter market. One must surmise the unspoken phrase: ...even if that includes a state-sponsored, richly subsidized train that's meant to squash me.

The train, say backers, will offer a fast, convenient alternative to driving between Madison and Milwaukee. This, as Meier points out, is what Badger already offers, six times a day each way. (Competing Greyhound offers another three round trips.)

Badger carries about 120,000 people a year between the two cities. The state's plans for passenger train service are premised on 380,000 riders annually.

Meier, a Madison native who grew up in the business his grandfather founded, is baffled about where the state thinks all those riders will come from.

Some will certainly come from his buses. The proposal estimated that 71,000 rail passengers are people who would have taken the bus.

So the state itself is figuring on its tax-subsidized option taking away customers from a private, tax-paying business that, as Meier put it, has "had not one tax dollar given to us." The future of Meier's company, then, may be part of the price of launching a Milwaukee-Madison train.

Too bad for John Meier. Consider him a casualty of progress.

Don't take the \$810 million price tag for Milwaukee-to-Madison service seriously.

The full tab will be far, far larger. This is why rail's backers have offered such a drumbeat about how necessary high-speed rail is for business. It's meant to hint that \$810 million —

the start-up costs to which the state will admit — is not expense but investment. It's to suggest that smart businesspeople don't worry about price, however shocking it turns out to be, so you shouldn't either.

The money is part of \$8 billion being passed out by the Obama administration in grants to spur new high-speed passenger trains nationwide. Wrapped into the much larger Obama stimulus package, the money is a product of Washington's lowered inhibitions when it comes to getting value for the taxpayer dollar.

Wisconsin's grant specifically was part of a scheme to tie Midwest cities to Chicago. Backers speak of trains displacing short-haul flights — so instead of us changing planes in Chicago, we'll change trains there, or we'll just do business there and forget about traveling on to St. Louis or Singapore.

Rail backers say the Madison-Milwaukee service should be considered an extension of existing Milwaukee-Chicago trains. Imagine, as one typical pitch put it, the convenience of biking from Madison's west side to the light rail station, zipping to the train station, and taking that train to Chicago, where your client's Loop office is steps away.

You clinch the sale, e-mail the good news from your seat on the homebound leg, decide to celebrate by stopping off for dinner at Roots and a show at the Rep, then glide in traffic-free bliss back to Madison.

The example suggests the idea's limits. Notice that the train won't make it quite to you. Early on, the state planned to put the station at Madison's airport, six miles from downtown, to make it easier for eventual trips to the Twin Cities. After months of trying to sell around this obvious defect, the state now plans to bring trains to a station at the Monona Terrace Community and Convention Center, a couple blocks from the Capitol.

That move has trade-offs of its own, such as the trouble of bringing lots of supposedly fast trains through some 50 at-grade street crossings

in a dense part of Madison chock-a-block with people who regard protest as a hobby.

But even when the train stops in downtown Madison (or Milwaukee), passengers will have to get to or from it. That's why that dream trip involves a train to the train. The \$220 million cost of Madison's planned light rail system is not included in the high-speed train's cost. Nor is the \$100 million cost of the downtown trolley that Milwaukee Mayor Tom Barrett wants to ferry people from the train station.

And even with that kind of extra money, the fact is that most trips either start or end somewhere other than near the train. Clients incorrigibly move their offices out to the University Research Park, seven miles west of Monona Terrace. Or you move to Franklin.

All this crimps the speed advantage of a train when you add the time it takes to wait for the light rail, to ride it, to transfer to the big train, to wait for the big train to leave.

Interestingly, buses have the advantage here. Meier, whose nostalgia appears limited to having found and bought a 1957 GMC model his company once used, notes that Badger used to have a depot in downtown Madison. Not anymore: It was scarcely used, so the company closed the depot and took customers where they wanted to go.

"That's one of our advantages as a bus," says Meier. With tires instead of tracks, "if a stop isn't very popular, we can stop going there" and instead go directly where people prefer. "We can adjust."

And about the trains' planned speed: Even assuming your trip starts and ends right next to a station, the trains will move between them at 79 mph max until at least 2016. After more track work, the diesel-powered trains will top out at 110 mph, though they'd reach that on only a few stretches. The trip would average about 68 mph.

That's not high-speed rail. On European networks, 125 mph is unremarkable. High-speed trains in France, Germany, Japan and Spain reach 180 mph routinely. Then there's the ongoing cost. The state itself says its trains will need a \$7.5 million subsidy annually. Other calculations put the figure closer to \$10 million. Not to mention the future: A little of the federal grant is to plan the extension of "high-speed"

trains to Minneapolis-St. Paul. Just putting 110-mph trains along the route of existing Amtrak service could cost about \$2 billion. (Yes, with a B, as in "brace yourself." Go on, look at the numbers in the sidebar).

And 110 mph won't do for long. The Midwest High Speed Rail Association, a big-name lobby, is campaigning for real bullet trains at French speeds. That's where it gets really expensive.

For one thing, the trains won't be diesel any more. Nearly every train in the world going over 125 mph is electric, something environmentalists want anyhow, and stringing power lines over tracks costs heaps.

Nor will existing tracks do. The curves are too sharp, and over 125 mph, laws and good sense prohibit any at-grade crossings. Every junction with any road will have to become a bridge. In fact, nearly every bullet train worldwide runs on entirely new, exclusive rail routes, since fast trains cannot safely share tracks with freight or slower passenger trains.

Add it all up and you're talking roughly \$3.6 billion for real bullet-train service just to Madison.

That's where the state's plans lead to. But even the starter version doesn't make much sense: \$810 million to duplicate existing bus service with a train that shaves only 20 minutes off the trip, costs about twice as much per ticket and that lacks the buses' flexibility.

And why?

Because, backers say, business demands it.

You'll find people in business writing essays in newspapers saying we need a train. There was one lately in the Milwaukee Journal Sentinel from an Oliver Hauck calling it "an important first step...to catch up with Europe and Asia."

Hauck, by the way, runs Siemens Mobility USA, which builds and sells high-speed rail equipment.

Otherwise, stories about rail plans usually manage to round up some law firms to make affirmative sounds. "This is going to be used significantly by our people," said the head of Quarles & Brady when Wisconsin's federal grant was unveiled. His people would appreciate getting work done during the trip, which the trains, due to be Wi-Fi equipped, would permit. Other law firms, too, said that, sure, as long as

you're going their way, and as long as there's light rail on the other end....

That explains a lot about how sober, bean-counting businessmen come to say nice things about the train. Go get a billion of someone else's dollars and offer service at subsidized rates from one office to another, and anyone would be a fool not to take you up on it.

If you look through the public debate, the striking thing about business support for high-speed rail is how much of it amounts to public officials and interest-group guys talking up trains in business' name. They are no doubt sincere.

One indefatigable example is Tom Still, who heads the state-created Wisconsin Technology Council, charged with promoting high-tech industries. Still tirelessly backs high-speed rail specifically as being good for business. He makes the excellent point that, far from Milwaukee being the ultimate destination, the train really would link Madison to Chicago and the Twin Cities. This lets biotech entrepreneurs get to and fro without having to drive or fly.

That's valuable. It's probably productive for high-cost help to be riding and sending e-mails instead of keeping their eyes on I-94.

But is it worth \$26 a ride, minimum, in taxpayer subsidy? Plus the \$810 million to build it? Plus whatever else we're on the hook for later? For that price, couldn't they all take Meier's bus? Those buses have an excellent on-time record, Meier points out. They never run out of space, since he can add an extra easily. They have Wi-Fi. They have power outlets. You can reserve online, and a surge of competition from new low-cost lines in recent years has led the entire intercity bus industry to similarly upgrade its equipment, service and schedules.

But it's a bus. That's the most honest answer. "We get some attorneys who will go back and forth a little bit," said Meier, but for the most part, his business is transporting people who do not have recourse to a Lexus.

In the end, what a train would bring to Madison-Milwaukee travel is the fact that it's not a bus. It would be public transportation with sufficient panache for executives and professionals.

If we build faster passenger trains because we believe it's good for business, it means rail is a shovel-ready form of corporate welfare. The nation would spend vast sums not to provide an alternative to driving but to marginally improve

on existing alternatives. Trains would be almost as fast as airplanes (at least for downtown-to-downtown trips) and would lack the hassle of security lines. They'd be a bit faster than buses and way cooler.

Such incremental benefits do not fuel political passions. Rail backers obviously see other benefits from trains — more motivating to them but less publicly salable, which is why they're using the business-wants-it story.

Lame-duck Gov. Jim Doyle enthusiastically pursued that federal grant and signed a no-bid contract to buy the trains. For Doyle, who otherwise raised taxes and served as a reliable draft horse for Democratic Party constituencies, the rail line would constitute a legacy.

After the governor decided the station would go near the Capitol, Madison Mayor Dave Cieslewicz enthused that the terminal ought to be named for Doyle. That kind of ego bump can fuel a lot of passion for trains.

Of course, trains also appeal to environmentalists. They use less fuel per passenger mile than cars. But buses use even less, at least according to studies using federal figures on actual passenger loads. But, again, buses utterly flop on the romance meter.

As Meier points out, buses can go where people move to. That's a flaw for the sorts of progressives who call suburbia "sprawl." If train stations are hard to move, the reasoning goes, they'll become permanent attractions downtown. People, wanting to be near them, will abandon suburbia, something appealing to big-city mayors like Barrett.

Besides, buses like Meier's aren't government-run. The intercity bus business is a business, while high-speed rail would be state-owned. As progressives' hearts beat faster at the thought of an expansive, provident state, this alone explains why train dreams have such support from the political left, while buses are scorned.

But why would an expansive state appeal to business? Aren't they all Republicans?

Maybe, but they're Republicans who need customers. Hauck, the Siemens guy, in touting rail as a fine public-private partnership, plainly saw the government as a big, fat customer.

Other businesses do, too, in all sorts of areas. If the public is going to spend billions on railroads, there's money to be made. Passenger

trains are an attractive opportunity for would-be contractors.

Besides, it's someone else's money the public is spending. Or, unless you're the poor sap

whose bus company may well get squashed, someone else's livelihood. That alone makes you a little less skeptical about what the state is dreaming up.

## Money, money and more money

As stunning as it is to realize the state is about to spend \$810 million of money borrowed from your kids to build a middling-speed train to Madison, that figure is just the start.

Take the cost of actually running the trains. The state reckons that if it draws 380,000 passengers and if they pay \$44 to \$66 per round trip, the train will still lose enough money to need a \$7.5 million subsidy annually.

That guess may be low. Nearly all Amtrak lines already lose money. The Milwaukee-to-Chicago trains lose \$26 on every passenger, according to figures from the Pew Charitable Trusts' Subsidy Scope initiative. It's one of the lower per-ride subsidies on Amtrak.

Assume the trains from Madison can do even that well — dubious, considering it's a much smaller destination than either Milwaukee or Chicago — and it implies a subsidy of \$9.6 million a year.

Then there's the future. The trip to Madison is part of a grander scheme to extend "high-speed" trains to Minneapolis-St. Paul. They may follow the route of existing Amtrak service, so you'd think it wouldn't take much to buff up the tracks. But remember, 46 miles of the Madison-Milwaukee service is also over rails now used by Amtrak.

Upgrading just that stretch for the state's middling-speed trains will cost \$286 million. At that rate, that's about \$1.9 billion to fix up tracks all the way to the Twin Cities, assuming everything goes right and the state doesn't decide to route the trains through Eau Claire instead over tracks that will need a lot more work.

The state also plans to extend trains to Green Bay. There are no passenger trains to Green Bay now and haven't been for decades. Those tracks, too, will need a lot of costly repair. Those trains will lose money on each passenger, too.

Don't think that's the limit: 110 mph won't do for long. The Midwest High Speed Rail

Association already is complaining, justly, that 110 mph is pathetic by world standards. (Steam trains in the 1930s crossed Wisconsin at about that speed.) Going faster means the trains, like nearly every bullet train in the world, will have to run on new exclusive rail lines. Right now, Europeans spend about \$40 million to \$80 million per mile to build such bullet-train lines.

The low-end number is what engineers used when the Midwest High Speed Rail Association hired a consultant to study what it would cost to build real bullet-train service across the ideal terrain between Chicago and St. Louis. Their estimate: \$11.5 billion, for one 305-mile line.

Assume a middle-range figure and truly fast service from Milwaukee to Madison would cost \$3.6 billion before inflation. Going to the Twin Cities would be about \$15 billion.

This full cost is especially important in light of how the train's backers are selling it. When two men running for the Republican nomination for governor, Milwaukee County Executive Scott Walker and former congressman Mark Neumann, both said they'd halt the train project, their presumptive Democratic opponent, Milwaukee Mayor Tom Barrett, scolded them.

The state already will have sunk \$57 million into the project by inauguration day, Barrett said, so "it would be a huge mistake for us to stop construction."

The fallacy is plain: If the entire project is a bad bargain, it makes more sense to regard it as a \$57 million lesson in prudence than to let it become an \$810 million sinkhole. But the good-money-after-bad reasoning misleads people all the time. It's why lost travelers keep heading the wrong way.

And it is why backers feel it's so important to get the middling-speed train built: It isn't just an alternative way to reach Madison. It's a down payment that will be used to justify a much costlier, much larger network.

— P.M.

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