



It's time to rethink the Central Subway

By Dennis Herrera

Fiascos aren't born that way. They typically grow from the seeds of worthy ideas, and their laudable promise is betrayed in subtle increments over time. It's a lesson we've learned often from history books, and one we have increasingly come to know from major public works projects—including Boston's infamous "Big Dig," among others.

And that's a lesson we San Franciscans would be wise to remember.

Because we will ignore it at our peril if we continue to move forward with current plans for the Central Subway project, whose estimated price tag has grown to nearly \$1.6 billion from the original \$647 million we voted for in 2003.ⁱ No less significant than its spiraling costs, however, are the sobering facts and troubling questions raised by the San Francisco Civil Grand Jury's investigation report in July.ⁱⁱ Taken together, these cast serious doubts about the strategic wisdom of the Central Subway project as now envisioned, and provide an eminently reasonable basis for San Franciscans to reassess whether the potential risks this project poses to our entire MUNI system are worth the costs.

The Central Subway plan calls for the continuation of the T-Third line from Fourth and King Streets (where it now turns right toward the Embarcadero) to a station at Fourth and Brannan Streets, where it will then travel underground for a length of 1.3 miles to three additional stations: at Moscone Center, Union Square, and Chinatown.ⁱⁱⁱ

The Central Subway began with wholly worthwhile goals. The original projected capital cost of \$647 million,^{iv} which San Francisco voters approved in November 2003, was admittedly expensive. But it enjoyed widespread support from public officials—myself included—who argued that it was a prudent investment. It promised to improve the efficiency of our entire MUNI system; to facilitate significant transit expansions long planned for the future; and to better connect underserved communities to jobs and economic activity throughout the Bay Area.

Moreover, it reflected an environmental imperative for 21st Century cities to facilitate greater economic development and jobs in urban centers, to increase housing density along transit corridors, and to reverse the negative ecological impacts of decades suburban sprawl.

Matoff's analysis exposed a number of flaws and strategic deficiencies for MUNI to address, including the creation of substantially higher operating costs without effectively meeting the market needs of riders. He raised serious questions about the reliability of MUNI's travel time calculations and fare collection schemes. He noted the virtual disappearance of longstanding plans to eventually expand service to the Geary Street corridor—an aspect of the decades old “Four Corridors” transit plan that actually lent the project its name as the “Central Subway” to begin with.

Perhaps most compellingly, however, Matoff's trenchant analysis questioned whether the investment would “move MUNI toward resolution of its problems and achievement of its strategic goals”—in short, was it a good strategic decision for our entire transit system? As Matoff wrote:

Very broadly, what is the role of capital investment in a transit system? It should represent either an opportunity to reduce operating expenses, or represent the most efficient way of bringing better service to additional markets. As proposed, this project does not appear to do that—it promises to combine high capital costs with higher operating costs, and in its service plan it retains paralleling express buses because it does not, apparently, effectively meet the market needs in the corridor it is intended to serve.

Five years later, Matoff's concerns would remain largely unanswered in one of the most compelling and well-researched Civil Grand Jury reports to have issued during my tenure in city government.

The Civil Grand Jury Report

On July 7, 2011, after an exhaustive seven-month investigation, the San Francisco Civil Grand Jury issued its report, entitled, “Central Subway: Too Much Money for Too Little Benefit.” The Jury presented extraordinarily compelling evidence in concluding that the Central Subway project “should be redesigned,” arguing that the project fails to answer San Francisco's overarching transportation needs, and that it falls short of furthering the expansion objectives of San Francisco's longstanding “Four Corridor” vision.

One of the most powerful lines of argument in the Civil Grand Jury's report was its conclusion that the addition of a new subway line would add substantially to MUNI's existing operating deficit, and that it threatened to “stretch the existing maintenance environment to the breaking point.”

Other hard-to-ignore conclusions included the following:

- The Civil Grand Jury correctly noted that San Francisco is responsible for any and all cost overruns on the Central Subway project, which—based on past experience with the T-Third Line—could be significant. And the project has already established a pattern of mounting cost estimates.
- The Civil Grand Jury noted what has become a major point of contention for transit advocates in that there is no efficient transfer from the Central Subway to the Muni

Significantly Rising Costs

But from its original projected cost estimate in 2003, the Central Subway's price tag began to swell ominously.

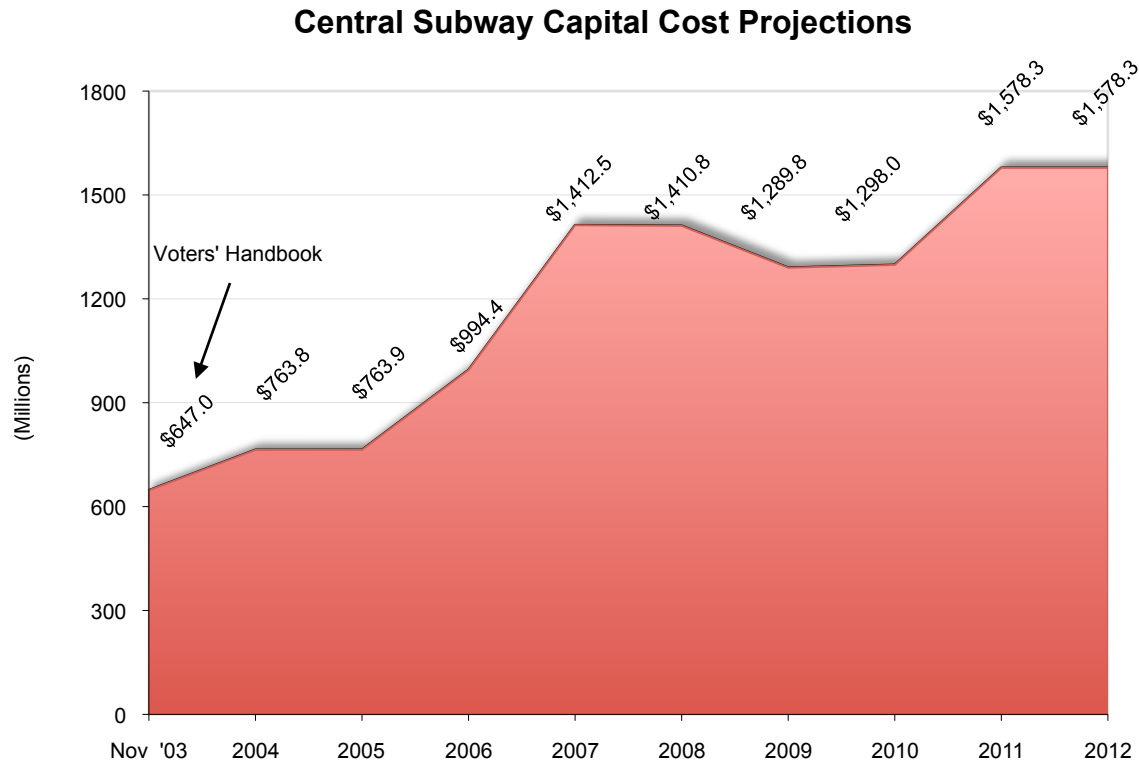


Figure 1. Federal Transit Administration Annual Report on Funding Recommendations Fiscal Year, 2004-2012, capital cost projections sent to Washington by MUNI or SFMTA. Data compiled by Thomas A. Rubin, CPA, transportation consultant, and former Secretary Treasurer of the Southern California Rapid Transit District. Source data available at http://www.fta.dot.gov/planning/newstarts/planning_environment_2618.html

By 2004, cost projections for the Central Subway project exceeded \$763 million. In 2006, after the estimated cost rose beyond \$994 million, MUNI began to scale the project back in ways that transit advocates have argued diminished its ability to meet the needs of future ridership. Station sizes were scaled back, and platforms narrowed to just 26 feet. Project managers reduced the length of station platforms to just 200 feet,^v which, as transit advocates correctly noted, precludes future expansions of 75-foot-long Breda LRVs beyond two cars to accommodate additional capacity in years to come.

The 2006 Matoff Report

Also in 2006, the San Francisco Municipal Transportation Agency commissioned independent consultant Thomas G. Matoff of LTK Engineering Services to examine the breadth and completeness of project alternatives to the Central Subway, and to consider other cost-saving changes. Matoff's long history of expertise in Bay Area transit issues included serving as MUNI's one-time planning director, and his report offered a thoughtful critique of the Central Subway project up to that point.^{vi}

- Metro and BART systems, except one that entails an underground walk of a distance of more than three football fields to Powell Street Station from Union Square.
- The current plans for the Central Subway offer insufficient service to the Financial District, ignore current transportation trends in terms of vehicles and fare-collection, and lack plans to address existing problems along corridors to be served before the project's completion.

The financial stakes

Apart from the San Francisco Civil Grand Jury and Thomas Matoff, transit advocacy organizations from the Sierra Club to Save Muni have raised increasingly serious concerns on the basis of their exhaustive research into public financial data maintained by the Federal Transit Administration, the SFMTA and the San Francisco County Transportation Authority.

While project supporters argue that pursuing the project is necessary to secure some \$942 million in promised federal funding,^{vii} they ignore the significantly higher operational costs that the Central Subway would impose on the entire MUNI system. In fact, even without a single further project cost overrun or delay, the addition of the Central Subway to MUNI's operating deficit would stretch MUNI's maintenance demands to the breaking point, as the Grand Jury concluded, and would likely result in further service cutbacks for the entire MUNI system.

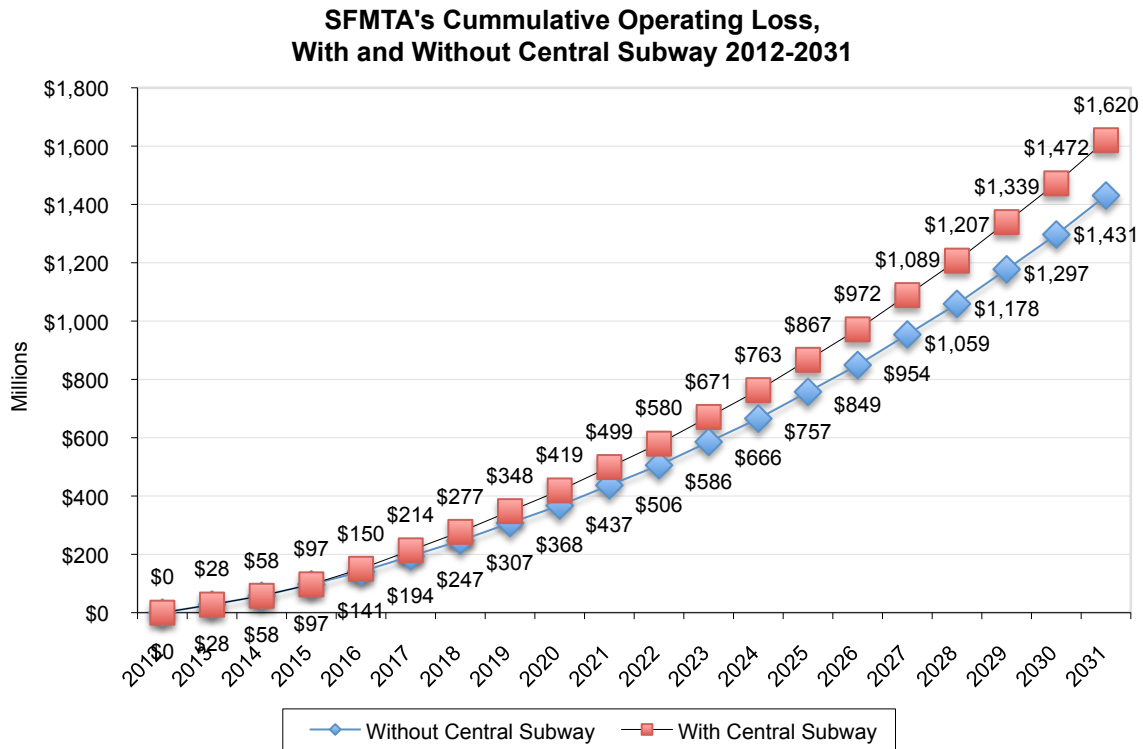


Figure 2. Analysis of source data from Memorandum, Sonali Bose, SFMTA CFO/Director of Finance and Information Technology, to SFMTA Board of Directors, "Background Materials for February 15, 2011 Workshop, Item 1: Long-Term Financial Plan Projections," February 15, 2011. Annual operating loss analysis is by Thomas A. Rubin, CPA, transportation consultant, and former Comptroller/Treasurer of the Los Angeles Rapid Transit District for Save Muni. Source documentation available at <http://www.sfmta.com/cms/cmta/documents/2-15-11Item11.pdf>

Even in a best-case scenario—the federal and state governments fulfill 100 percent of their funding commitments, and costs don’t rise another dollar—the Central Subway will dramatically increase MUNI’s operating losses over time. In fact, its cumulative operating loss will approach a half-billion dollars by 2021—some \$62 million more than it would be without the Central Subway project. Given cost estimates that have already more than doubled, betting against further cost overruns or delays is hardly wise. And as the Civil Grand Jury ominously noted, San Francisco taxpayers will be on the hook for all further cost overruns.

San Francisco’s Central Subway’s ‘red flags’

In the independent report the San Francisco Municipal Transportation Agency commissioned in 2006, Thomas Matoff noted the following: “Whenever we (MUNI) propose to do things differently than the way they are done on the world’s best and most complete transit systems, red flags should go up.”

San Francisco’s Central Subway offers striking differences with peer light rail projects nationwide, according to the following analysis of data collected by the Federal Transit Administration on cost, distance and new riders.^{viii} As the following charts illustrate, these differences should raise particularly alarming red flags. The analysis of FTA data depicted in Figure 3 demonstrates that San Francisco’s Central Subway has significantly higher costs per mile among peer transit systems currently slated for federal funding, with a \$928.4 million per mile projected cost.

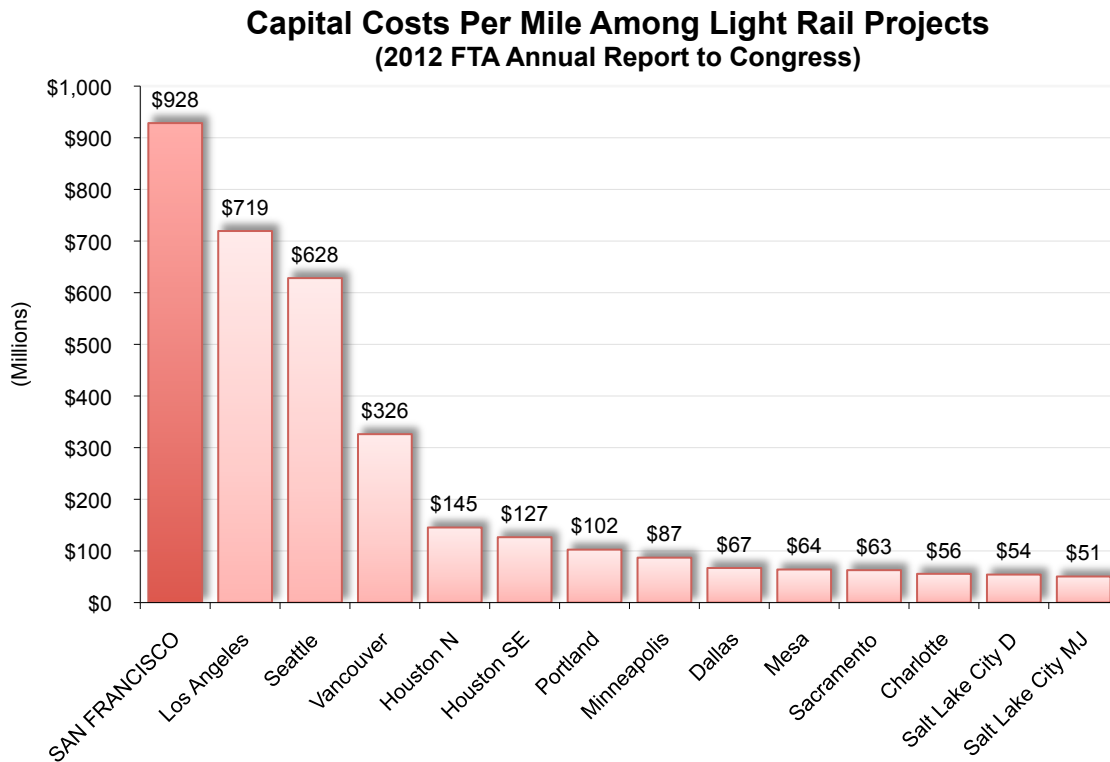


Figure 3. Source: Federal Transit Administration Annual Report on Funding Recommendations Fiscal Year, 2012, capital cost projections provided to the FTA by local transportation agencies. Data compiled by Thomas A. Rubin, CPA, transportation

consultant, and former Secretary Treasurer of the Southern California Rapid Transit District, for Save Muni. Source data available at http://www.fta.dot.gov/planning/newstarts/planning_environment_2618.html

Similarly, the analysis of FTA data depicted in Figure 4 demonstrates that among peer transit systems whose light rail projects are currently scheduled for federal funding, San Francisco's Central Subway is distinguished for its inordinately high cost relative to its projected new ridership.

Its capital cost of some \$315,660 per new rider, in fact, is by far the nation's highest.

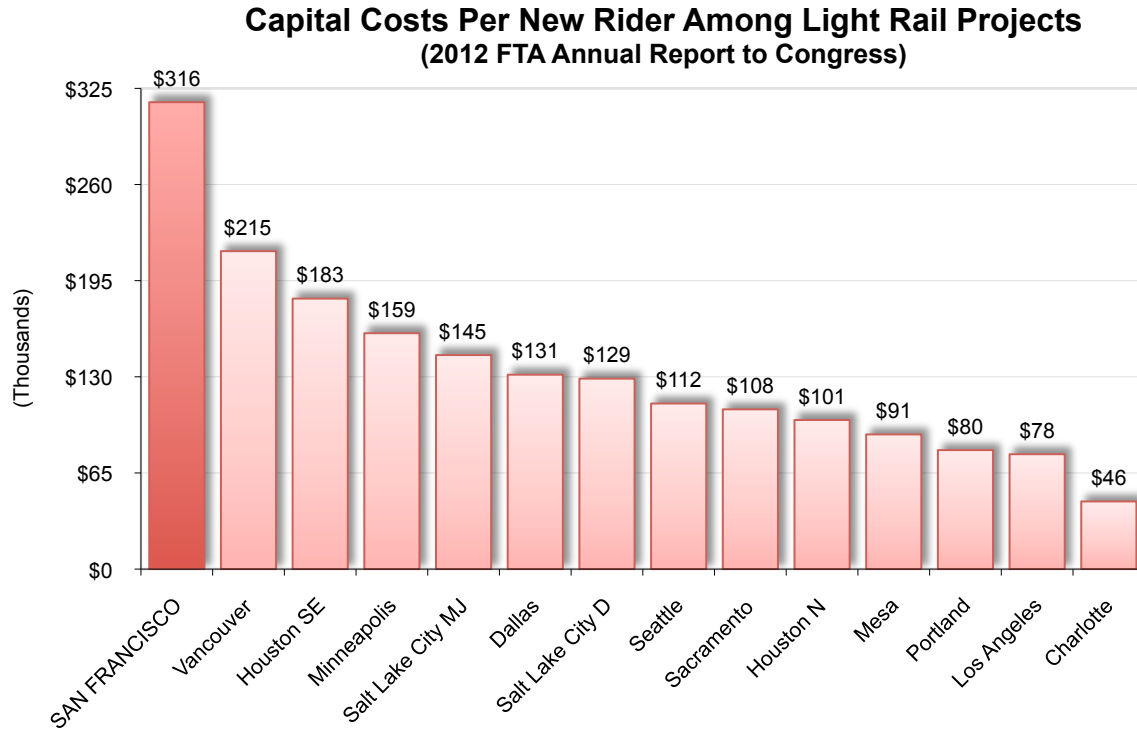


Figure 4. Source: Federal Transit Administration Annual Report on Funding Recommendations Fiscal Year, 2012, capital cost projections provided to the FTA by local transportation agencies. Data compiled by Thomas A. Rubin, CPA, transportation consultant, and former Secretary Treasurer of the Southern California Rapid Transit District, for Save Muni. Source data available at http://www.fta.dot.gov/planning/newstarts/planning_environment_2618.html

Apart from costs relative to distance and ridership, the Central Subway stands out in another category in terms of its projected new ridership relative to other transit systems with light rail projects due for federal funding. According to FTA data, San Francisco's Central Subway has the lowest percentage of new riders projected among total ridership—at just 14 percent.

New Riders as Percentage of Total Riders (2012 FTA Annual Report to Congress)

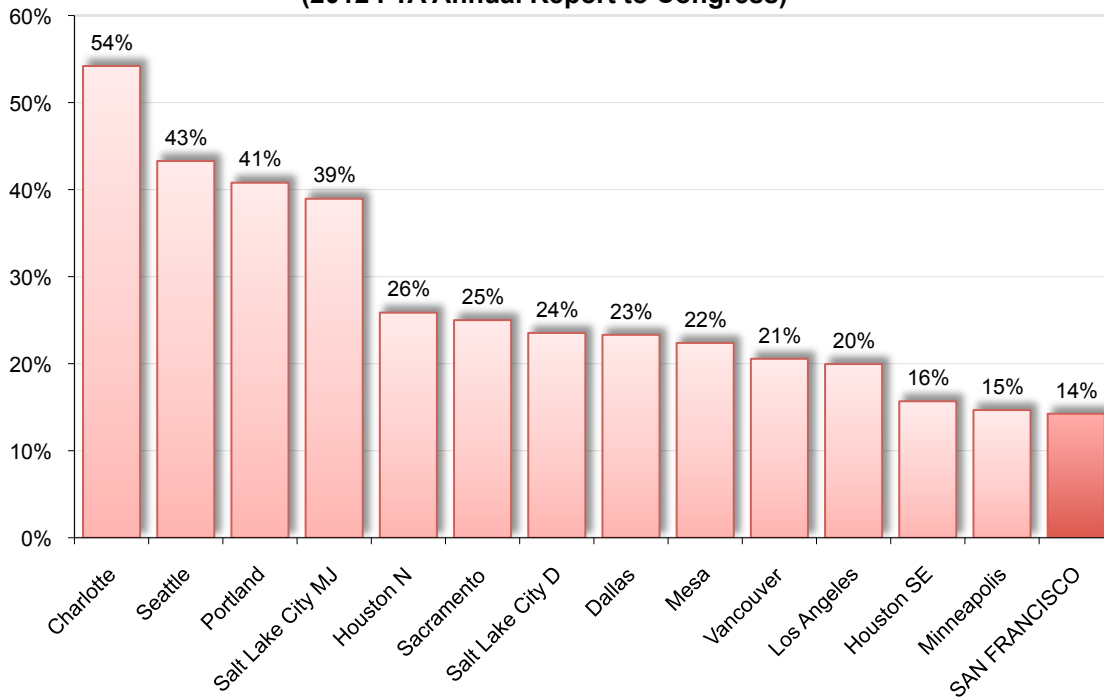


Figure 5. Federal Transit Administration Annual Report on Funding Recommendations Fiscal Year, 2012, data compiled by local transit agencies. Analysis by Thomas A. Rubin, CPA, transportation consultant, and former Secretary Treasurer of the Southern California Rapid Transit District, for Save Muni. Source data available at http://www.fta.dot.gov/planning/newstarts/planning_environment_2618.html

Conclusions

When major construction projects go awry, the responsibility to represent San Francisco’s interests in the lawsuits that typically follow belongs to me as City Attorney. Over nearly ten years, that role has afforded me more opportunities than anyone would wish for to litigate these extraordinarily complex, extraordinarily expensive cases. In some instances, these disputes arise from negligence by City contractors, in others by poor oversight among City departments, and in most cases from some combination of fault on both sides.

But in every instance, public works projects that are poorly conceived or mismanaged do San Francisco taxpayers a grave disservice—not simply for the millions of dollars they needlessly squander, but in perpetuating the notion that government can no longer perform competently, or respond constructively to constructive criticism.

I am a strong advocate for public transit. Apart from my tenure as City Attorney, I served in the U.S. Department of Transportation in the Clinton Administration. A few years later, I went on to serve as a commissioner on what was then San Francisco’s Transportation Commission. From my experience with transportation policy at both the federal and local levels, I understand and strongly support a forward-looking, robust public investment in our transportation infrastructure.

Yet like many responsible transit advocates from the Sierra Club, Save Muni, and elsewhere—as well as Civil Grand Jurors who generously contributed their time and considerable effort over a period seven months—my opposition to the Central Subway project as currently planned reflects a commitment to public transit in San Francisco, not a retreat from it. Indeed, it is the risk posed to MUNI's long-term financial stability, and the impacts further operating deficiencies will have on all MUNI riders, that make our further investment in this project imprudent.

The Central Subway project has ceased to be a prudent investment

- The Central Subway is on its way to a cost estimate that is triple its original price tag from 2003. From \$647 million in late 2003, to nearly \$1.6 billion today—and that is after the project has been scaled back.
- San Francisco will be on the hook for all further cost overruns. Federal and state governments have made their commitments. And even if 100 percent of that funding comes through, it will not cover any additional price tag hikes.
- Even in a best-case scenario—the federal and state governments fulfill 100% of their funding commitments, and the cost doesn't rise another nickel—current plans for the Central Subway will dramatically increase MUNI's operating loss. Its annual loss will reach nearly a one-half billion dollars in a decade (some \$62 million more than without the project).

The Central Subway project will not improve MUNI service

- The Central Subway will actually disconnect—rather than better connect—economically underserved communities to the main transit corridor, and regional economic activity. The current T-Third line directly connects riders from the Southeastern part of the City to BART and MUNI metro service citywide. The proposed Central Subway will effectively sever that connection, and force T-Third riders to walk more than 300-yards from the planned Union Square station to the Powell Street station in order to transfer to BART or other MUNI Metro lines.
- Because the Central Subway will dramatically increase MUNI's operating deficit, and cause deferred maintenance of MUNI vehicles, it will diminish the efficiency and reliability of our entire MUNI system for all transit riders rather than improve it.

The Central Subway does not fulfill the objectives of a modern citywide transit system

- The 2006 Matoff report noted that the Central Subway ignored future light rail service to Geary Boulevard, one of the original four corridors. Five years later, that apparent disappearance remained unexplained to Civil Grand Jurors who investigated the project for some seven months. BART Director and transit advocate Tom Radulovich has argued that underground positioning of the proposed Union Square station and the existing Powell Street station make it impossible for a future Geary light rail corridor to connect with the Central Subway.
- The current Central Subway plan insufficiently accommodates the Financial District, and stops short of service to the North Beach, Fisherman's Wharf and beyond.

- The Central Subway plan ignores current transportation trends in terms of fare-collection systems (issues that were raised in both the Matoff report and the Civil Grand Jury report), and the use of industry standard low-floor vehicles (as noted in the Matoff report). Transit experts have argued that MUNI’s continued use of legacy high-floor vehicles increases the costs of procurement and maintenance, and that it fails to embrace industry trends that would better serve transit riders.

On the basis of compelling evidence—and mounting doubts, quite frankly, about SFMTA’s willingness to respond appropriately to compelling evidence—I have concluded that the San Francisco Civil Grand Jury is correct in its assessment that the Central Subway should be redesigned. Over the course of this mayoral campaign, I intend to continue meeting with transportation experts and transit riders to discuss alternatives that fulfill the original and laudable promise of the Central Subway project, and that do so in light of abiding principles: to assure a prudent investment of public dollars; to improve MUNI service for all its users; and to further the objectives of a modern citywide transit system for generations to come.

Though reasonable minds may disagree, *San Francisco Chronicle* editorial page editor John Diaz is correct in his opinion that this “is a civic debate that is overdue and necessary.”^{ix} Pursuing the best possible transit project for San Francisco is a moral obligation we owe to our residents, our businesses, and our visitors—as well as to our state and federal representatives, who have worked so diligently to secure funding to meet San Francisco’s transportation needs.

But in the final analysis, the evidence is persuasive that we must honestly reassess our commitment to a deeply flawed Central Subway project—and that we should do so before it turns into a fiasco every San Franciscan regrets.

Endnotes

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- ⁱ San Francisco Ballot Proposition Database, Proposition K, “Sales Tax for Transportation,” passed Nov. 4, 2003; Yes: 142,042 (74.79%); No: 47,879 (25.21%), <http://sfpl.org/index.php?page=2000027201&propid=1698>
- ⁱⁱ Civil Grand Jury, City and County of San Francisco, “Central Subway: Too Much Money for Too Little Benefit,” July 7, 2011, <http://sfsuperiorcourt.org/Modules/ShowDocument.aspx?documentid=2882>
- ⁱⁱⁱ San Francisco Municipal Transportation Agency, “Central Subway Factsheet,” <http://www.sfmta.com/cms/mcsp/documents/infosheet2011-06v5.pdf>
- ^{iv} San Francisco Voter Information Pamphlet, Consolidated Municipal Election, November 4, 2003, Legal Text of Proposition K, page 155, http://sfpl.org/pdf/main/gic/elections/November4_2003.pdf
- ^v Municipal Transportation Agency Memorandum: “Central Subway Alternatives Review” by William Lieberman, Director of Planning, Nov. 6, 2006
- ^{vi} LTK Engineering Services Memorandum: “Review of Central Subway Alternatives Project Report” by Thomas G. Matoff, to William Lieberman, Director of Planning, SFMTA, April 27, 2006.
- ^{vii} Federal Transit Administration, Capital Investment Program Project Profiles, “Third Street Light Rail Phase 2 – Central Subway, San Francisco, California, Final Design” (based upon information received by FTA in November 2010), http://www.fta.dot.gov/documents/CA_San_Francisco_Third_Street_Light_Rail_Transit_Phase_2_-_Central_Subway_complete_profile.pdf
- ^{viii} Federal Transit Administration Annual Report on Funding Recommendations Fiscal Year, 2012, capital cost projections provided to the FTA by local transportation agencies. Data compiled by Thomas A. Rubin, CPA, transportation consultant, and former Secretary Treasurer of the Southern California Rapid Transit District, for Save Muni. Source data available at http://www.fta.dot.gov/planning/newstarts/planning_environment_2618.html
- ^{ix} “SF plans a subway to...somewhere” by John Diaz, *San Francisco Chronicle*, September 4, 2011, <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/09/04/INLN1KU8H8.DTL>