



Ridership forecast questioned

Taxpayers could be on hook for millions, Burnaby mayor worries

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LOWER MAINLAND - Greater Vancouver taxpayers could be on the hook for hundreds of millions of dollars if the RAV line falls short of ridership forecasts, Burnaby mayor and former TransLink director Derek Corrigan said Wednesday.

But the executive in charge of the RAV line said the ridership projections are as solid as they can be and while there are no guarantees, taxpayers are not likely to be left holding the bag.

"I am very confident in these numbers," said Jane Bird, chief executive of Ravco, which oversees the project for TransLink.

They were commenting on a new Danish study of 27 rail-based transit projects in 14 countries. It found nine of 10 projects had inflated passenger forecasts and that on average, in actual operation the projects fell more than 50-per-cent short of projected ridership.

For example, a new \$2.2-billion US SkyTrain line in Bangkok was overbuilt on the basis of ridership forecasts 2.5 times higher than actual ridership. Many of its trains are permanently parked, stations are bigger than needed and the project is in financial trouble.

Corrigan and other critics have argued that projections for the Richmond-Airport-Vancouver line of 100,000 passengers per day by 2010 are also inflated.

At \$3 per ticket, a 50-per-cent ridership shortfall on the line would cost \$150,000 a day in revenue or nearly \$55 million a year.

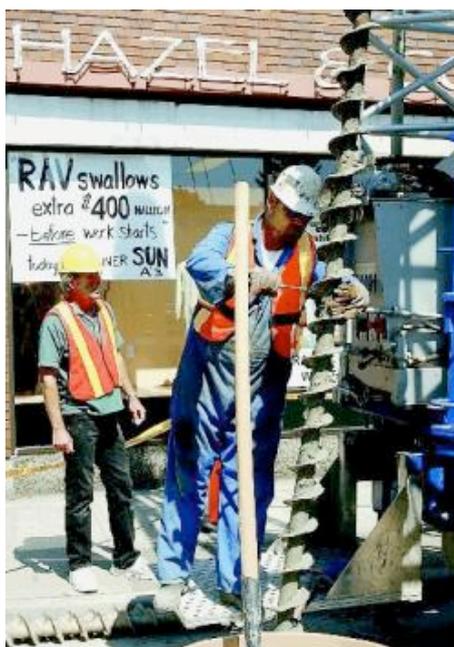
TransLink is required to make up 90 per cent of revenue shortfall in such an event, and builder-operator SNC-Lavalin and its partners are responsible for the other 10 per cent.

A 50-per-cent shortfall could theoretically add up to a liability of nearly \$1.5 billion for taxpayers over 30 years. But Corrigan said it won't be that bad because even if ridership falls short initially, it will increase over time as Vancouver continues to grow.

"The real impact will be on the taxpayers in the first five to 10 years," he said. "Later on, the moneys won't seem so significant."

He agreed that Greater Vancouver taxpayers could be liable for hundreds of millions of dollars.

But Bird said ridership forecasts are among the safest in the transit business



CREDIT: Ian Smith, Vancouver Sun

Test holes being dug to a background of hostility in a protest sign at Hazel and Co. on Cambie that refers to another increase in the cost of transit project.

because the Vancouver-Richmond corridor is already developed, it has 65,000 people riding the buses every day, and the RAV line will make transit faster, more comfortable and more convenient.

Ravco has followed all the best practices for its forecasts, Bird said, including those recommended by the Danish study to prevent inflated outlooks.

The forecasts -- like opinion polls -- come with margins of error, in this case 15 per cent. If ridership falls 15-per-cent short of forecasts in 2011, she said the liability to TransLink would be \$4.8 million, which would be just one-half to one per cent of TransLink's operating budget.

The study's authors, two professors of planning and a mathematician at Denmark's Aalborg University, said inflated ridership forecasts constitute "a massive problem" that leads to "substantial financial risks."

Corrigan said forecasts are inflated to justify projects that might not draw public support with more realistic numbers.

"I remain skeptical on the ridership," he said of the RAV line. "I'm very concerned that this deal is going to be a very bad one for Lower Mainland taxpayers, and that's going to make it very bad for the cities."

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