

Mass Transit

By Greg Varhaug



Green Rethink for Business

There is a strong argument that it is in the best interest of Americans to encourage the use of public transit and carpooling in an effort to curb congestion and pollution.

How does that affect the Texas business community?

Not long ago, the EPA estimated that three-quarters of Houstonians drove to work alone. The EPA states that many times, 20 percent to 30 percent of employees can be expected to switch to using public transit in response to encouragement by their employers. They also claim that employees who use public transportation are less stressed and more productive, and that easing traffic congestion means we aren't forced to spend as much on roads.

Need to Meet Mandated Targets

But perhaps the most important consideration cited by EPA for the Houston business community is that our receiving federal highway funds is dependent upon our meeting federal pollution requirements. Houston is reportedly not doing too well in this regard. We could lose federal highway funds if we don't reach federally mandated targets for air pollution. *Think about that for a second.*

For years now, the EPA has encouraged companies to promote the use of public transit and

telecommuting in the interest of fighting pollution. In 2003, the EPA launched an extensive media campaign in Houston, including numerous TV news reports focusing on Houston's air-quality problems, and the role that area businesses can play in the solution.

Increasing the use of existing public transit resources reduces pollution. There are arguments about the real energy savings achieved by public transit based on how much energy is used in the construction and maintenance of roads, rail lines, etc. These are interesting, but irrelevant – these systems are already built, and we're committed to maintaining and expanding them.

Improving air quality in the Houston area is one of the aims of the Houston Galveston Area Council, which is the Metropolitan Planning Organization (MPO) for Harris County and seven surrounding counties. HGAC advises Metro on matters of transportation planning. Increasing the efficiency of public transit is one of HGAC's main strategies for achieving better air quality.

In 2007, the U.S. Census reported that only five percent of Houstonians use public transit, as opposed to 17 percent in Seattle. If increasing efficiencies in public transit is indeed one of our strategies for cleaner air, then we have room for improvement.

Houston Metro Rail



Metro began development of its "METRO Solutions" plan in 2001. Area voters approved the plan in 2003, and it's scheduled for completion in 2014. The General Mobility Program gives Metro one-quarter of its one cent sales tax for mobility projects in Harris County. Metro is authorized to issue \$640 million in bonds for use in future projects.

The METRO Solutions Phase 2 Implementation Plan includes nearly 30 miles of Light Rail Transit (LRT) in the North, East End, Southeast, Uptown, and University corridors.

The North Corridor Line will be 5.2 miles long, and will originate at UH Downtown, where the Red Line ends. The route follows Main St., and turns right on Boundary St., north of Quitman. Then it picks up Fulton St., and continues to run north parallel to I-45. The line terminates on Fulton at Deerfield, north of Crosstimbers. This line will take riders to Moody Park, Holy Cross Cemetery, North Line Mall, and Irvington Village.

The East End Corridor Line is projected to be about 3 miles long. It will begin at the Magnolia Transit Center at the corner of 70th St. and Harrisburg. The line travels north along Harrisburg Ave. It will end where it merges with the South East Corridor Line, near the corner of Texas and Bastrop. Metro has not yet determined whether traffic lanes on Harrisburg will be taken or shared. Metro is anticipating 11,000 riders per day on this line.

The South East Corridor Line is projected to be 6 miles in length. From downtown, this line runs south down Scott St., where it passes the University of Houston's main campus. It connects to the University Line near this point, which runs east to Texas Southern University, and beyond. The main line will turn east onto Wheeler St., and continue down MLK Blvd.

The University Corridor Line was given FTA approval to begin its preliminary engineering phase in December 2009. This line is projected to run 11 miles. Its western terminus will be at US-59 and Hillcroft. It will run along Westpark, cross north of US-59 at Cummins, and continue west along Richmond Ave. It crosses back to the south of US-59 and continues along Alabama. It terminates at its intersection with the South East Corridor Line, next to the UH Downtown campus.

The Uptown Corridor Line is projected to run 4 miles along Post Oak, paralleling the West 610 Loop from I-10 to US-59. This route will provide convenient access to Memorial Park, Houston's First Baptist Church, and the Galleria area, one of the country's largest business districts. Construction is scheduled to begin later this year.

For further interest in Metro's RideSponsor programs, email sales@metro.org or visit <http://www.ridemetro.org/Opportunities/CorpAccounts.aspx>.

Can a big city like Houston have rates of public transit use comparable to smaller cities like Oakland, California with 16 percent, or Portland, Oregon with 13 percent? Of course, part of that answer depends on Metro's total combined carrying capacity, and their ability to respond to future increases in demand. Assume that they can. The real answer depends on the efforts of companies and the community at large to effectively utilize what we, Houston taxpayers, have bought and paid for. This isn't "Save the Whales," this is "Houston First!"

Initiatives by Companies

Many companies nationwide participate in transit pass programs, in part, to demonstrate their interest in fighting pollution. As a result, companies are often awarded in recognition of their efforts, and this generates positive press. But there are other benefits to companies who take part in transit pass programs. Some of these are tangible, like tax benefits for both the company and the employee; and some less so.

Federal tax laws allow private employers, nonprofits, and government agencies to provide tax-free transit commuter benefits to their employees of up to \$230 per month. Because employers receive a tax deduction for this benefit, it's more cost-effective for the company to offer commuter benefits to their employees than it is to offer a salary increase for the same amount. The company's cost for administering this program can be deducted as a normal business expense. In fact, the reduction in the amount of payroll tax that the company pays may well offset the cost of the program.

Companies that don't subsidize their employees' cards can set up a payroll deduction which is then deposited directly to the employee's card account. Employees can effectively trade up to \$230 per month in salary for a tax-free benefit equal to that amount. In this case, the employer does not have to pay payroll tax on the amount, and the employee isn't taxed for the benefit. There are also plans under which the cost of this benefit is shared.

People not eligible to receive these tax benefits under IRS rules: sole proprietors, the self-employed, partners, two percent shareholders of corporations, and independent contractors.



In 2008, Metro announced plans to replace 100 buses per year with new MCI hybrids. This has improved the weight-carrying capability of the city's buses, and equates to a lower emission rate per passenger carried, compared to buses running on natural gas.

These programs are easier and less expensive to run today than just a few years ago, thanks to cash-loadable debit cards, and computerized tracking. Metro's RideSponsor makes it easier for companies that include allowances for transportation as part of their employee compensation to administer their transit pass programs. Through RideSponsor, companies can administer their employees' use of Metro Q Cards, cash-loadable cards that can be used to ride Metro buses and trains.

The RideSponsor program has eliminated the need for companies to distribute paper bus passes to their employees. The computer program used in RideSponsor provides the company with all of the documentation it needs for tax purposes.

Jeff Linton, a representative with Metro, recently told me there are 136 companies using RideSponsor to manage their transit pass programs. Of these, about 40 are medium-sized companies, with the remainder including some of Houston's largest companies. Most are companies that already had transit pass programs in place prior to the introduction of RideSponsor.

Mr. Linton says that response from large companies to the RideSponsor program is very good, and that Metro is eager to expand the RideSponsor program to include more small and medium-sized companies.

Metro introduced Q Cards in 2007. They have many obvious advantages over older pass media. Q Cards can be replaced if they're lost or stolen, as long as the card is registered; if a card isn't registered, there is no way to replace the value of the card. Cards must be registered by calling Metro's help desk (713-635-4000).

Q Cards can be refreshed automatically. Users can arrange to have money added at regular times, and you can set it to refresh a set dollar amount when it reaches a lower limit. They can be loaded with up to \$500. And Q Cards allow you to take five free trips for every 50 trips you take – after your 50th trip, your next five bus or train boardings are free. The cards also track transfers, allowing two hours to complete a transfer.

Q Cards also help companies to reduce instances of abuse, if giving away unused bus tickets rises in your book to the level of "abuse." Q Cards cannot be used twice within five minutes, meaning you can't pay for your own trip, then turn around and pay for someone else's. This also reduces the possibility of unauthorized use.

Besides transit pass programs, companies can take other active steps to encourage their employees to use public transportation, or to carpool. Some companies offer special carpool parking, as well as assisting employees in organizing car pools. Companies can also adjust work schedules in a variety of ways to accommodate public transit, or even to reduce the number of trips employees make every week. Steps such as these cost companies little or nothing.

Changes in Public Transit

The face of public transit has changed dramatically over the past 30 years. When Metro was formed in 1979, they took over a fleet of aging buses, and not much else. Since then, Metro has built toll roads, plus HOV and HOT lanes. Houston was the first city to use HOV lanes, and this is one of the first actions that Metro took after its creation. They have also added park-and-ride, and the RideStar vanpool program.

Metro operates a fleet of 737 vans, which serve 7,500 riders through its RideStar program. They offer ride-matching programs to help commuters to better utilize RideStar. Metro is keeping an eye on developments in hybrid technology for its van fleet, but has not yet made specific plans to purchase hybrid vans.

Metro experimented with natural gas technology (CNG and LNG) in a move to reduce emissions from their buses. Within two years, Metro decided this wasn't cost-effective. In 2002, Metro made plans to acquire diesel-electric hybrids, which use ultra-low sulfur diesel. In 2008, Metro announced plans to replace 100 buses per year with new MCI hybrids. This has improved the weight-carrying capability of the city's buses, and equates to a lower emission rate per passenger carried, compared to buses running on natural gas.

Metro has engaged in a variety of community outreach efforts, and has a number of programs to help specific populations. The Q Card program has been actively promoted to college students. Metro has worked to accommodate people who are mobility-impaired. And on some lines, people can take their bikes on the bus. Other outreach efforts include pages on Facebook and Twitter, and a "Metro Matters" TV show on local cable, which includes a special edition in Spanish. No, Metro isn't "your father's bus company" anymore.



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The Future of Metro

Though Metro's vision is that of serving the entire Houston area, their current efforts, which is to say their initial efforts, are centered on making it easier to get downtown. The majority of Metro's bus lines, and all of their park-and-ride routes, go downtown.

Metro Solutions is the plan adopted by the Metro Board of Directors and approved by voters in 2003. Phase 2 of this plan was started in 2005, and is intended to speed the completion of transit projects versus the timetables originally proposed by Metro. The Phase 2 plan includes nearly 30 miles of light rail transit along the North, East End, Southeast, Uptown, and University corridors.

The Phase 2 plan also calls for 28 miles of commuter rail transit along US-290, and along US-90A. The plan also calls for expanding Signature (express) bus service, construction of 10 new transit facilities, and to convert

HOV to HOT lanes. Phase 2 completion is due in 2012. Metro is reportedly developing plans for a Galveston line.

Similar Situations in Dallas and Elsewhere

The discussion so far has centered completely on Houston, but the situation in Dallas is almost identical. Dallas' DART system was created in 1984, five years after Metro. Each of these regional transit authorities was funded with a one cent sales tax, which their member cities have faithfully paid ever since. The boards of both agencies immediately drafted plans that included ambitious light rail projects.

Like Metro, one of DART's express purposes at the time of its creation was as part of a comprehensive plan to help control air pollution. Though not as heavily industrialized as Houston, Dallas faces very similar problems with regard to air quality.

The DART Difference



DART's programs for area businesses are organized a little differently than those at Houston's Metro, although the types of services offered are essentially the same.

DART has representatives who work with companies in the DART service area to facilitate the sales of annual and monthly passes, vanpool services, and to assist with car pools and ride matching.

DART's programs include their Emergency Ride Home, trip planning, and training for those in charge of the company's transit pass program. DART's Employee Preferred Annual Pass is geared to the needs of large companies, while their Annual FlexPass is available to smaller companies, those needing between five and 24 passes.

DART has three different pass types. These differ depending on which services you want to use, and where you want to go. For instance, you'll need a Regional Pass to take TRE to Fort Worth.

DART currently has 59 large companies enrolled in their Preferred Annual Pass program, 59 smaller companies enrolled in their Annual FlexPass program, and 58 companies in the Monthly Pass program. DART also runs 173 vanpool groups.

For more information about DART's employer transit pass programs, call 214-747-RIDE (7433) or visit their website at www.dart.org. Click on Employer Pass Information under the Fares and Passes tab on the DART home page. Or, go to <http://www.dart.org/fares/employerpasses.asp>.

DART offers programs to individuals and businesses very similar to those offered by Houston Metro. DART offers "Monthly Pass" programs, as well as a "Companywide Annual Pass," and an "Individualized Annual Pass." Both are photo ID cards. The "Companywide" pass includes an "Emergency Ride Home" program, which allows employees two free cab rides per year within 50 miles.

DART says that their monthly pass programs help to increase employee productivity, reduce the number of employees who come in late to work, and reduce the number of absences due to car problems, in addition to other benefits.

DART has made it easy to enroll in the program. The company signs an agreement, then submits a list of authorized riders to DART. The company can either provide employee photos to DART, or DART will go to the company to take employee photos.

DART states that, "The corporate annual pass is a win/win for everyone: Employers get passes for less than the general public and get tax benefits for the amount of their subsidy. Employees also get a discounted pass and the portion they pay can be paid for with pre-tax dollars. Riders save on wear and tear on their personal autos and most insurance companies offer discounts to car owners that use transit at least three times per week."

The situation in Dallas and Houston is very similar to that of cities across the country. Transit authorities nationwide are faced with the

problem of how to decrease harmful emissions, and keep their cities in compliance with state and federal pollution standards.

Making Transportation Greener

There is no real debate over the necessity to switch to cleaner energy. As much as anything else because “dirty” energy is running out worldwide. This is an inescapable fact, and is an even more compelling reason than pollution concerns to commit ourselves to developing alternative energy resources.

And we have done just that. The federal government is funding new alternative energy projects, and energy companies are investing in alternative energy research. There is no reason to believe that these efforts won’t produce positive results over time, possibly within a short time.

Many of the contentions surrounding the plans of DART and Metro have to do with their plans for building rail, which is powered by electricity. At present, most electricity comes from burning fuel or coal. This complicates arguments that rail is greener than roads.

An extensive rail network powered by electricity becomes cleaner as more of that electricity is generated using cleaner technologies. It will be a gradual shift. To the extent that our transportation network is powered by electricity, that network becomes cleaner as power generation in the region becomes cleaner.

And although many people are still unaware of it, Texas is leading the way in the development of alternative energy, especially wind power. According to the Federal Reserve Bank, in 2009 only 3.5 percent of total electricity in Texas came from wind. But Dallas and Houston are among the top purchasers of wind-generated energy nationwide. In January of 2008, the EPA reported that Dallas was purchasing as much as 40 percent of its power from wind-based sources, and in Houston as much as 20 percent of the power purchased was generated by wind. There is no reason to believe that these percentages won’t increase in the coming years.

Rail versus Roads

There is considerable disagreement about whether operating rail, and light rail in particular, is cheaper



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than running a bus fleet. Initial costs for upgrading a bus system are almost certainly lower. But any attempt to analyze the relative cost of electric rail has to take fuel prices into account.

Oil prices are subject to a number of perverse influences, including market speculation and outright manipulation. Very few people in the oil business would argue that oil prices are governed by free-market factors alone. This fact complicates the attempt to justify rail (or anything else) by a supposed saving in the cost of energy required to run the system. And while it’s difficult to project future fuel costs, no one believes that fuel prices are going down. The days of cheap oil are over for good.

Businesses whose core operations

don’t produce a significant amount of pollution may believe that there’s nothing they can do to help. Because they aren’t the source of the problem, they see no role for themselves in its eventual solution. But pollution is everybody’s problem, and the business communities of Houston and Dallas have a chance to be a part the solution. **N**

Greg Varhaug has written software instruction manuals and procedural manuals for many Houston energy and manufacturing companies, and has designed websites for smaller companies. A professional musician for over 25 years, he has produced music for numerous commercials and independent films. Greg is an instructor at Houston’s ABC School of Music, and he operates HoustonGuitar.com, a commercial music-instruction website.