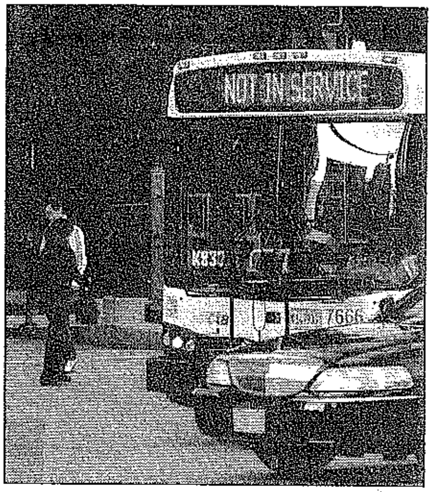
COMMENTARY



Tribune photo by Michael Tercha

CTA hopes to ride out 'doomsday'

By Ian Savage

"Doomsday" looms for transit riders in the Chicago region. Fare increases and service cuts are slated for Nov. 4. Illinois Senate Bill 572, which proposes an increase in sales taxes, the primary method of transit subsidies, appears to be in trouble. Gambling revenues have been offered as an alternative funding source. Without a consensus funding solution in sight, perhaps it is time for the Chicago Transit Authority to take its destiny partly into its own hands.

The situation in Chicago is not unique. Throughout the developed world, the introduction of transit subsidies in the 1970s was accompanied by a run-up in costs. A political backlash ensued with efforts to introduce competition into the market. In a few places, such as the provincial cities in England, this has taken the extreme form of deregulation and competition on the street. Much more common, and more relevant to Chicago, is a competitive contracting model that was adopted in London in 1985.

If Chicago followed London's model, the existing CTA bus division would be broken up into smaller units, and the assets would be sold to companies in the private sector. These companies would then compete against each other and against existing private sector firms to win the contracts to operate individual bus routes. Typically, the contracts are for three to five years. And if a route isn't making money, bids are decided based on who requires the least amount of subsidy. While operations would be in private hands, the CTA would set the routes, specify how frequently the buses run, what color they are painted, and what fares are charged. The CTA would continue to exist, but as a marketing and procurement organization.

It may surprise many readers to learn that the iconic red buses in Britain's capital have not been owned by the government for more than 10 years. Yet, as visitors will testify, the network is marketed as a seamless system, with electronic fare card options that Chicagoans can only dream of. This form of organization has found favor in Scandinavia, Australasia, South America, and, rather ironically, the former Soviet-bloc countries of Eastern Europe. Large multinational companies have developed to meet this maturing market. Some of these companies are already active in the United States, owning extensive school bus holdings and Greyhound Line Inc.

Some cities, such as San Diego, Las Vegas, Phoenix, Denver and Indianapolis, have experimented with contracting. However, opposition by organized labor and a lack of will by city leaders have made major U.S. cities a notable exception to a worldwide trend.

Thomas J. McCracken Jr., former chairman of the Regional Transportation Authority, was a proponent of contracting, and initiated a public debate during the transit financing crisis of the mid 1990s. However, the crisis passed, and the political will to do anything evaporated. Increasing ridership in the buoyant economy of the late 1990s swept the financial woes under the mat for a few years. However, a softening of the market in 2003 coupled with service expansions and a 10-year fare freeze led to a return to unbalanced budgets.

While doomsday has already been postponed once, the public should not delude itself into thinking that the moment of reckoning is not close at hand. Desperate times call for bold moves.

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