



TESTIMONY

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LOOP TOLLEY FUNDING THROUGH FEDERAL GRANTS

By Jakob Puckett

Testimony before the East-West Gateway Council
of Governments Board of Directors

To the Honorable Board Members of this Council,

My name is Jakob Puckett, and I am a policy analyst for the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free market solutions for state and local policy. The ideas presented here are my own. This testimony is intended to provide relevant information regarding the potential restarting of and awarding of grants to the Loop Trolley.

One of the projects being introduced to the East-West Gateway Council of Governments involves potentially awarding the Loop Trolley Company \$1.26 million in federal grants and \$540,000 in local grants for \$1.8 million in total over two years. This is intended to restart service offered by the Loop Trolley as a way to relieve traffic congestion along the Delmar Loop.

A monetary award to the Loop Trolley Company would be a poor

use of federal and local funds. During its 14 months of operation, the trolley's ridership was less than 10 percent of what was projected and brought in \$32,546 instead of the expected \$428,672. Trolley officials estimated that the trolley would carry 400,000 riders each year. It carried 15,776.¹ The Loop Trolley Company estimated that the first several years of operations would bring in hundreds of thousands of dollars each year in ticket revenue, comprising nearly half the operating budget.²

The Loop Trolley's primary source of funding has been taxpayers. Over its lifetime, the Loop Trolley received \$51 million in taxpayer money, \$34 million of which was from the federal government.³ This means that for every dollar the trolley made from riders from its one year of operation, it received \$1,000 from the federal government. It strains credulity to believe another \$1.8 million in taxpayer money will somehow make the Loop Trolley a successful venture.

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We can also estimate the amount of tax dollars raised and spent per rider. The Loop Trolley Transportation Development District raised roughly \$860,000 in 2019.⁴ Divided by the 15,776 riders during that time, that means \$54.51 of tax money was spent per rider. This compares poorly to similar forms of transportation. The Kansas City Streetcar, funded entirely by taxes, operated on \$13.5 million in 2019 to carry a little over 2.2 million riders, for an average of \$6.06 of tax dollars spent per rider.⁵ Metrolink in St. Louis estimated a \$4.99 subsidy per rider in 2019.⁶

The Loop Trolley Company is proposing restarting the trolley as a way to relieve traffic congestion. In order for the trolley to relieve traffic, Delmar Loop shoppers traveling from miles away must stop their cars just short of their destination and take the Loop Trolley for the final mile of their trip rather than driving the last mile and parking closer. Shoppers simply haven't been willing to do this, as over a year of poor ridership numbers for the trolley attest. Attempts to recognize Delmar Boulevard in the Loop as a high-traffic route—or to make it into one—have not been successful. St. Louis County removed parking prohibitions around 2005 because there was not enough traffic volume to justify such restrictions. The popularity of the area's stores and restaurants impeded its use as a rush-hour arterial option. Several years later, St. Louis County attempted to turn jurisdiction of Delmar Boulevard in the Loop over to University City, as traffic patterns continued to function more to support local businesses rather than serve as an arterial road carrying large volumes of cars throughout the county.⁷ The county ultimately maintained jurisdiction of this part of Delmar Boulevard, but not for lack of trying.⁸ (The main reason University City rejected the offer was that it did not agree with the county on the amount needed to pay to maintain the road.)⁹

Moreover, the Loop Trolley's route is already served by bus routes, MetroLink, and ridesharing services for the general public, along with shuttles for students and faculty of Washington University. Putting the trolley back on the same roads is more likely to *increase* traffic congestion than to decrease it.

The Loop Trolley Company finds itself in its current situation due to a history of construction delays

and operational shortcomings. The Loop Trolley Transportation Development District was established in 2008 to collect local sales tax revenue to fund operations. After several years of construction delays, service started in late 2018.¹⁰ This was two years after the scheduled opening, with two cars running four days per week rather than the expected three cars running seven days per week.¹¹ Daily service was supposed to begin in April 2019, but instead operating hours were cut from 38 to 29 hours per week with only one car running.¹² The Loop Trolley stopped operating in December 2019 after 14 months, as the Loop Trolley Company ran out of funds and local governments declined to continue their financial support of the project.¹³ Now, the Loop Trolley is asking for \$1.8 million more with the expectation that service would continue four days per week in 2022 with free service.¹⁴

If the board is interested in seeing the Loop Trolley restart, it should encourage the Loop Trolley Company to secure its funding from private investors. The infrastructure to continue trolley service exists, and if developers and investors see the revenue potential that the Loop Trolley Company sees, a solution can be reached that benefits all parties but does not require the tax money of people who will likely never ride the trolley.

Jakob Puckett is an analyst at the Show-Me Institute.

ENDNOTES

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