

## POLICY NOTE

# Overview of Spokane's electric trolley proposal

*The \$72 million electric trolley plan for downtown Spokane*

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March 2015

### Key Findings

1. *Spokane Transit Authority's (STA) Proposition 1 would increase the sales tax in most of Spokane County to 9 percent.*
2. *STA's portion of the sales tax would jump by 50 percent.*
3. *Proposition 1 includes a \$72 million, six-mile long electric trolley plan for downtown Spokane.*
4. *In addition, taxpayers would pay at least \$4.1 million a year to operate the trolley.*
5. *Moving transit riders on the trolley would be 20 percent more expensive per trip than a typical STA bus.*
6. *Any future economic development along the trolley line would likely be the result of major taxpayer-funded subsidies.*
7. *Enhanced bus or Bus Rapid Transit systems would better fit Spokane's needs, at a lower cost to taxpayers.*

### Introduction

In an April 28th special election, Spokane Transit Authority (STA) wants voters to raise the transit agency's share of the local sales tax by 50 percent to fund its 10-year, nearly \$300 million plan called "Moving Forward."

Proposition 1 would increase the sales tax in the Spokane Transit Authority's service area (most of the urban areas of Spokane County) from 8.7 percent to 9 percent. This level approaches Seattle's sales tax rate and would be one of the highest in the state.

### The electric trolley plan

The "centerpiece" of the plan is a six-mile long, \$72 million electric trolley line running through Spokane's Browne's Addition neighborhood, the downtown core, the university district, Gonzaga University and east to Spokane Community College.

In addition to the cost to build the electric trolley, taxpayers will also be charged to operate the system every year. Spokane Transit officials say the annual operating costs for the electric trolley will be more than \$4.1 million – enough to buy more than 91,000 riders a free monthly bus pass every year.

If STA projections are correct, the per-trip cost for the trolley would be \$4.73 – 20 percent more than the cost of a regular bus – which is \$3.92 per trip.

### Technical problems and costs

The evolving technology Spokane Transit officials propose for the electric trolley involves a number of unresolved technical problems. Officials say the battery technology they want to use is "newer and less proven." As for inductive charging, STA officials say there are "technical unknowns to be explored" and admit there are "engineering and commercial risks of a fast-moving technology."

### Spokane Transit Authority's spending and revenue

Washington state law limits transit agencies to collecting a maximum local sales tax rate of 0.9 percent. If the STA ballot measure is approved, Spokane Transit's sales tax rate would rise to 0.9 percent and its taxing authority would be exhausted. Spokane-area taxpayers are already very generous in the amount of money they provide public transit. Spokane Transit's operating revenues were in excess of \$66.2 million in 2014.



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Published by  
Washington Policy Center  
© 2015

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**206-937-9691**

## The 'economic development' argument

Spokane Transit officials claim building the electric trolley would result in \$175 million worth of economic development in Spokane, and would increase land values by \$45 million.

Transit agencies across the country frequently say their projects will result in economic development. Supporters point to the Portland Streetcar in Oregon, which they say created more than \$3.5 billion in economic development.

However, a review shows Portland taxpayers spent millions not only to build and operate the transit systems, but to subsidize private development along its routes. In total, almost a billion dollars in subsidies were given to private developers along sections of the Portland streetcar line.

Conversely, the review found almost no new building took place on portions of the route where developers received no additional subsidies. STA's own economic analysis says, "supportive measures (regulations, zoning and direct development subsidies), where justified, are an important catalyst for transit-oriented development."

## Other options: Additional buses, enhanced buses or Bus Rapid Transit

Originally, STA officials showed enhancing bus service, not creating a streetcar-style alternative, would yield the most benefit in the "effectiveness and efficiency of transit, serving land use changes and accommodating growth." Enhanced bus service was also the least costly of all reviewed modes. Spokane Transit also determined enhancing bus service would meet both environmental and transit ridership objectives.

However, despite the cost and performance benefits, STA officials opted to build the more expensive trolley line, apparently because it required more infrastructure spending and was electric-powered.

An enhanced bus or BRT system, similar to what's in place in other Northwest cities like Eugene and Everett, would provide many of the same elements STA officials say they are looking for; off-boarding ticketing, frequency, permanency elements including built stations and a bus design that looks and feels very different than a typical transit bus.

## Conclusion

In April, voters in Spokane and surrounding areas will decide whether they want to increase the local sales tax to increase transit spending and build the \$72 million electric trolley system in downtown Spokane.

In addition to the initial \$72 million cost, the trolley would require \$4.1 million in ongoing operating costs every year. That is 20 percent more per-trip than is typical for Spokane bus service.

The experience of other cities shows any future economic development would likely not be provided by normal market forces, but would arise because of major zoning changes or taxpayer-funded incentives and subsidies.

If there is a real transit need, STA officials could add more buses along the proposed trolley route. Or they could build a less-expensive Bus Rapid Transit (BRT) system.

***This Policy Note is a summary of our Policy Brief: Overview of Spokane's electric trolley proposal. Sources can be found inside the full study on [washingtonpolicy.org](http://washingtonpolicy.org)***