

# Is Adirondack Scenic Railroad expansion a good public investment?

June 17, 2015 By David Banks , Adirondack Recreational Trail Advocates

New York state has called for converting the 34-mile section of rail corridor connecting Lake Placid and Tupper Lake into a year-round recreation trail that will be a major tourist destination and economic driver for the region. Now that's progress!

But the state has also proposed expanding the Adirondack Scenic Railroad's current 50-mile Utica-Thendara base of operations an additional 55 miles to Tupper Lake. That's anything but progress. There are serious questions regarding whether ASR expansion merits any state spending and whether this valuable travel corridor could better serve the public as a logical continuation of the recreation trail.

## **Expectations for public assistance to business**

Businesses need significant capital to start, or to undertake significant expansion. It is not uncommon for New York state taxpayers to provide funds to enable a new business or expansion of an existing business when the applicant credibly offers business success and a significant contribution to the region's economy.

When taxpayers face the prospect of providing many millions of tax dollars to a private business, generally there is a prior record of robust success and new employment by the applicant - providing a reassuring basis for public investment. In addition, the applicant puts up the majority of the capital needed to fund the business. Still, the applicant is expected to publicly provide information about their business plans and to answer detailed questions at public meetings.

## **What do we know about ASR?**

The ASR situation is very different. The ASR has hardly achieved "robust success," and few if any jobs have been created north of Old Forge. Rather than putting up significant capital to enable expansion, ASR has received repeated warnings of financial failure from its own accountant. Rather than being forthcoming regarding finances and plans, ASR has maintained secrecy regarding revenue, expenses, which ASR expenses are being paid by New York state, and its debts - instead offering undocumented claims of revenue and empty assurances of pending ASR financial recovery.

## **What are an expanded ASR's business prospects?**

A doubling of mileage would unavoidably result in much higher ASR expenses. However, whether or not revenue of an expanded ASR would increase remains an open question. The state anticipates increases in ASR ridership of much less than the increase in ASR miles traveled, but even that prediction may be unduly optimistic.

A review of U.S. scenic railroads indicates that they operate a short-distance service, typically a round trip of one to two hours, seldom more than three hours. The Durango-Silverton Narrow-Gauge Railroad, the granddaddy of U.S. scenic railroads, operates on 45.4 miles of track. With that as the industry standard, the state has proposed ASR operations on 105 miles of track? ASR has

consistently claimed that longer-distance operations would be more successful, but the dearth of such long trips offered by other scenic railroads suggests otherwise.

### **Not a pretty picture**

After years of operation at considerable public expense, (1) ASR has not provided significant benefit to the economy from Old Forge to Lake Placid, (2) despite continual taxpayer assistance, it struggles to cover its expenses, (3) its expansion would result in significantly increased expenses, (4) there is no public evidence of private investors eager to fund ASR expansion, regardless of the duration of lease offered by the state, (5) there are no other U.S. scenic railroads successfully conducting operations like what the state has proposed for ASR, and (6) rather than being forthcoming, ASR has maintained secrecy.

Although ASR has worked hard and been resourceful, its proposal does not provide an adequate basis for the state to allow ASR use of so much of this valuable public property, or for large-scale public investment. Further, large-scale expansion could diminish the viability of ASR's already struggling operation. There's a record of bankrupt railroads ceasing operations along this corridor. Do we really want to add ASR failure to that record?

### **We have a very good alternative**

The Adirondack Rail Trail can be counted upon to bring economic development and improved quality of life to the region - at minimal public expense. The state has responded to a detailed proposal by supporting a 34-mile Adirondack Rail Trail from Lake Placid to Tupper Lake. It will draw new visitors to the region and improve the region's economy.

However, that's not good enough. Successful rail trails across the U.S. of up to 237 miles in length demonstrate that the 90-mile Adirondack Rail Trail will benefit the region more than a 34-mile trail, and much more than an expanded ASR. See [www.trailink.com/top/trails.aspx](http://www.trailink.com/top/trails.aspx).

If the state is not prepared to approve the 90-mile Adirondack Rail Trail, the only alternative is to approve the 34-mile Adirondack Rail Trail from Lake Placid to Tupper Lake - and do nothing with the corridor from Thendara to Tupper Lake for a period of two to three years, other than to continue to allow snowmobile use and related maintenance.

By then, ASR may be able to dig itself out of its predicament and offer public evidence of financial recovery and a credible expansion plan. The more likely outcome is that by then, it will be obvious to all that the 90-mile Adirondack Rail Trail is the one really good option for this corridor from Old Forge to Lake Placid.

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