

Vegas monorail finds it difficult to get on track

Las Vegas – Can the Las Vegas Monorail double down to avoid going bust?

Three years after beginning operations, the four-mile, USD 650-million private rail line that stretches from behind the MGM Grand to the Sahara hotel-casino is attracting about 22,285 riders a day – far below the 54,000 predicted when the project was launched. This summer, Fitch Ratings downgraded the monorail's bond rating, already in junk status, and said financial default appeared probable.

„Things are continuing to deteriorate,“ said Chad Lewis, an associate director at Fitch Ratings. „Right now, they're running about 50% of the [ridership] forecast, so clearly a significant increase in revenues is needed.“

But Monorail officials say what they need to boost ridership and generate profit is a USD 500-million extension to McCarran International Airport.

„With more than 40,000 new hotel rooms being built, more travelers heading to Las Vegas each year and the intense gridlock on the Strip, an alternative to traditional transportation is critical,“ said Ingrid Reisman, vice president of the nonprofit Las Vegas Monorail Co. „The privately funded Monorail ... is a vital part of the future transportation solution in Las Vegas.“

The monorail system, which began as a joint venture between MGM Grand and Bally's, was acquired in 2000 by Las Vegas Monorail, which was formed to develop, own and operate the trains. The company's board of directors is appointed by Nevada's governor.

So far, officials have not said how they would fund the expansion – or even how they plan to pay off the bonds that funded the current line. Reisman said the credit rating on the bonds, which are insured, had „no direct effect on day-to-day operations“ of the monorail or expansion plans.

Transportation consultant Wendell Cox begs to differ. He says the solution to the financial woes of the beleaguered monorail is to „tear it down. That’s the first thing they should do. It’s an eyesore. It has no redeeming value whatsoever.“

Cox, a former three-time appointee to the Los Angeles County Transportation Committee who was hired by monorail critics to study the project before it opened, said the train was doomed to failure because ridership projections were inflated.

Ridership gains

Ridership has been growing this year. In the first three months, the monorail averaged nearly 18,600 passengers a day. In April, May and June – the most recent period for which figures are available – it averaged 22,285. Still, that’s a small fraction of the 44 million visitors the city is projected to get this year.

When the newest ridership numbers are available in a couple of weeks, Reisman said she expected them to reflect more aggressive advertising and promotions.

But Lewis of Fitch Ratings said the company was still losing money, despite higher second-quarter ridership.

Ira Sternberg, a spokesman for the Las Vegas Hilton, said the hotel was working with the company to get the word out about the monorail by handing out fliers to guests and promoting it at the front desk.

„Obviously, while the monorail faces challenges, from our perspective it’s a contributing asset to the operation,“ he

said.

Jacob Snow, general manager of the Regional Transportation Commission of Southern Nevada, said the monorail helped ease traffic on the congested Strip, adding that „no single transportation option“ could carry the city’s tourists. The monorail, cabs and limousines are all vital in moving people, he said.

In December 2006, the Clark County Board of Commissioners approved a 75-year franchise agreement and land use permit to extend the monorail to the airport. But no provisions were made for funding.

Gala opening

When it opened in July 2004, the monorail was the first fully automated, publicly used monorail in the U.S. funded by bonds sold to investors with no taxpayer assistance.

Showgirls, politicians and transportation officials greeted its debut, albeit several months after its scheduled opening.

Laurent Beaudoin, executive board chairman of the Canadian-based monorail maker Bombardier, predicted at the time: „It will become an icon to Las Vegas, like the world-renowned cable cars of San Francisco. It will serve as a model for future transit systems.“

But the monorail, tucked behind the Strip and accessible only after long, winding walks through casinos, is hard to find. And there were other problems. Within months of opening, parts including a 60-pound tire and metal objects began plummeting from the rails, forcing officials to shut the monorail down for more than three months.

They announced advertising deals and partnerships and hired pretty girls with cool outfits to hand out monorail leaflets, but the train remained mired in bad publicity.

A Las Vegas Sun newspaper reporter wrote an article in February counting the steps from the Harrah's casino entrance to the Harrah's monorail stop: 551 paces. That's about the same number of steps it would take to walk to the next stop on the monorail line, but without the USD 5 fare.

At USD 5 per ride or USD 9 for a day pass, some passengers said it was less expensive and more convenient for a small group to catch a cab.

„This is USD 20,“ complained tourist Gerri Harden, 61, as she fed money into the ticket machine at one monorail stop last month. „It's too expensive. A cab would be cheaper. I'm doing this because my foot hurts and we don't want to walk.“

Her friend Bev Holdren, 43, agreed: „This will be the one and only time we'll ride it.“

The air-conditioned monorail, though, has won some fans, particularly those staying at casinos with an adjoining station, including the Hilton, Sahara, Harrah's/Imperial Palace, Flamingo, Bally's/Paris and MGM Grand.

Heidi Thomas, 32, of Ogden, Utah, and three of her friends hopped on board to escape the heat and see the sights. The monorail, though, runs behind the Strip and offers little view. Still, Thomas said she'd take it again.

Her friend Lucy Warr agreed: „It's much better than walking in 90-degree heat.“