

SEPTEMBER 2015

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GUBERNATORIAL  
BRIEFING BOOK

**CONNECTING  
BATON ROUGE  
AND NEW ORLEANS  
BY INTERCITY  
PASSENGER RAIL**



SOUTHERN RAIL COMMISSION



**This report was produced by Transportation for America and Center for Planning Excellence and was funded by the Southern Rail Commission.**

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# THE BATON ROUGE TO NEW ORLEANS CORRIDOR IS GROWING.

IT NEEDS A 21ST CENTURY TRANSPORTATION SYSTEM  
TO ACCOMMODATE AND PROMOTE THAT EXPANSION.

**The proposal to connect the corridor with intercity passenger rail is widely supported by residents, local leaders and the business community alike.**

Passenger rail will allow people to opt out of traffic congestion and work or relax during their trip. It will attract talent and connect businesses to that talent. It can also provide an additional method of evacuation in case of an emergency. Commencing this service will take strong leadership from the governor and legislature, but it will also generate economic returns and transportation benefits that the region will enjoy for generations. This document explains the process for starting intercity passenger rail service between New Orleans and Baton Rouge and the steps that must be taken to do so.

The proposed passenger rail service can start by operating two round trip trains a day with the goal of increasing trips, speed and ridership incrementally. The rail would connect an 80-mile corridor, representing more than 2.2 million people and nearly 1 million Louisiana jobs. The line is projected to serve 210,000 riders per year and will require, like all forms of transportation, both capital and operating funding support.

**With strong leadership from the next governor and state legislature, Louisiana can meet the growing demand for this critical link in the region's transportation network and commence intercity passenger rail service in as little as 4 years.** To date, there have been multiple studies of the potential for passenger rail service along this corridor, and the Louisiana Legislature created the Louisiana Super Region Rail Authority (the Rail Authority) in 2010 with the power to raise funding for and operate passenger rail service. All of the seven parishes along the corridor elected leadership to the Rail Authority and began meeting regularly in 2014 to draft bylaws and a charter. Progress to date has been due to the strong support of local governments, planning organizations, business interests, foundations and transportation providers.



## THE RAIL AUTHORITY IS AN IMPORTANT PART OF THIS PROJECT, BUT IN ORDER TO MOVE THE PROJECT FORWARD, IT WILL NEED LEADERSHIP FROM THE GOVERNOR.

**One of the initial key steps is to bring the freight railroads that would host the passenger service to the table, and the governor's support and strong involvement will be essential in this relationship.** Kansas City Southern (KCS), which is the host railroad for most of the route, and the National Railroad Passenger Corporation (Amtrak) were heavily involved in a 2009 feasibility study, which considered a more robust and expensive initial service of 8, 12 and 16 round-trip passenger trains a day along this corridor at 79, 90 and 110 mph respectively. Both KCS and Amtrak – and to a lesser extent Canadian National Railway (CN) – invested a significant amount of dedicated staff time and corporate involvement in this work before the current gubernatorial administration decided not to apply for federal ARRA dollars available for Louisiana and the Baton Rouge to New Orleans Intercity Rail project.

**Since that time, KCS has indicated that they do not wish to engage in future conversations or invest further resources in this project without a clear indication that it has the necessary support from the governor and committed funding.** However, the freight railroads must discuss hosting intercity passenger rail service if Amtrak is the operator of the line. If the state decides to choose Amtrak as the operator, it can take advantage of Amtrak's statutory authority to access all freight rail lines as long as they compensate the host railroad for the incremental cost of that service. If Louisiana pursues another operator for rail service, the request for access to the freight line could be denied by the host railroad. Generally freight railroads would prefer not to share their lines with passenger rail service providers; however, if they have to work with any passenger carrier, they tend to prefer Amtrak due to Amtrak's statutory authority and existing agreements with the carriers.

**Another key step is for the state to work with the freight railroads to determine the up-front capital improvements necessary to initiate passenger rail service without negatively impacting current and future freight service.** How this is determined will depend upon the level of passenger rail service the state wants. The 2014 HNTB Feasibility Study analyzes the improvements needed to support a 79 mph passenger operation. However the service could begin with slower speeds allowing the state to start service very quickly – although that service would be slower and trips would take longer, which could result in lower ridership and increased operating cost. If the state seeks a higher frequency of trips, it would require greater operating support.



The 2014 Feasibility Study provides excellent information upon which the state can base its negotiations. But to begin those talks, the state, in partnership with local governments, will have to identify the sources of funds that it is willing to allocate to this project. With that in hand, the governor can ask Amtrak to begin evaluating this service again and in conjunction with the governor, engage the host railroads. With the leadership of the host railroads, Amtrak and the state can jointly review the feasibility of this service and conduct a study to identify possible capacity needs. From this information, the parties will identify cost estimates of the different options and any particular capital improvements that will require environmental review or permitting. Then funds can be sought from various funding sources to move to construction and the start of service.

A sense of urgency and leadership from the governor and legislature are key to moving this project forward. There are many parties and moving, interconnected parts to this project. Making clear that the goal is to start service as soon as possible is the best way to commit all of the parties involved to their roles and contributions and to ensure that the components of the project move forward expeditiously.

Several states – from Michigan and North Carolina to Pennsylvania and Maine – have improved or added passenger rail service with impressive results in terms of train speeds, travel times and increased ridership. Each state helped fund capital improvements that leveraged federal funds to create a strong and reliable transportation service. Each of these states also support the annual operating cost of these passenger services. [More information on passenger rail service in these states can be found in Appendix 1.]

**As demonstrated by these four examples, state involvement is critical. State leadership, particularly from the governor, is key to engaging the freight railroads, coordinating the several local jurisdictions involved, and providing experienced staff and funding to move the project forward quickly.**



#### Proposed Gonzales station rendering





# THERE ARE 5 STEPS TO STARTING PASSENGER RAIL:

**DESIGNATE FUNDING FOR CAPITAL  
EXPENSES AND OPERATING SUPPORT.**

**PLAN THE SERVICE.**

**NEGOTIATE AN OPERATING AGREEMENT  
IN CONJUNCTION WITH THE RAILROADS.**

**CONDUCT CAPITAL WORK.**

**PREPARE FOR SERVICE.**

# STEP 1: DESIGNATE FUNDING FOR OPERATING AND CAPITAL NEEDS

The need to designate funding for operating and capital would normally occur later in the process, such as after the negotiation of an operating agreement with the freight railroads. However, past efforts to coordinate with the freight railroads and Amtrak have ended badly, with the current governor withholding support for the project. In order for the host railroads or Amtrak to take this project seriously and again agree to commit resources to it, sources of funding to support that work must be identified up front. Additionally, the state and local communities will need some up front funding to conduct the planning of the service as well as the engineering and associated environmental reviews for the capital improvements.

**The 2014 Feasibility Study estimated that the initial service would include annual operating support of \$6.78 million.**

ITEM	ANNUAL TOTAL
Ridership	<b>210,000</b>
Operating Expense	<b>\$8.89 million</b>
Revenue at \$10/trip	<b>\$2.1 million</b>
Net Operating Cost	<b>\$6.78 million</b>

Source: HNTB

The Feasibility Study does not include capital costs for new locomotives and passenger coaches. Rather, it recommends that train sets be leased from Amtrak or another provider, and that is included in the annual operating expense estimate. The state could lease three sets of passenger coaches and four locomotives with a total capacity of 240 seats per train set. Leasing train sets would save substantial time and cost. As ridership grows and service increases, the state could consider purchasing new equipment.

Sources of funding for operating expenses usually come from the state, regional or local levels. Currently, only one federal program can be used for operational support in an area this size: the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. This funding is distributed to states according to a set formula for areas that have air quality problems. The funds can be used for passenger rail operating support for three years after the start of new service or for three years worth of operating support spread over five years. [See Appendix 3 for more information.]

There are a wide variety of ways to generate funding for transportation services, including passenger rail, at the state or local level. The options are as broad as policymakers' imagination. Some tools used by other cities and regions include:

- The cities of **Ypsilanti and Ann Arbor, Michigan**, use a general property tax to fund a portion of their transit service operating costs;
- **Durham County, North Carolina**, uses a \$7 annual vehicle fee to support transit service;
- **Pennsylvania** uses state lottery proceeds to fund free transit for seniors;
- **Louisville, Kentucky**, and the surrounding counties use a business licensing fee to fund the annual budget of their transit service.

**These funding tools are not necessarily cited as examples of what Louisiana should use to fund intercity passenger rail. They are meant to illustrate the breadth and variety of strategies that can be used.**

Using examples from how other communities fund passenger rail, Transportation for America analyzed four methods for raising statewide or local funding in Louisiana:

METHOD	ANNUAL TOTAL
<p><b>Increasing the statewide gas tax by a half cent per gallon</b></p> <p>The remaining revenue could support the planning and capital costs associated with this project as well as other potential rail projects across the state.</p>	<p><b>\$15,000,000</b></p>
<p><b>Assessing an additional 1% rental car tax in the parishes along the proposed rail line</b></p>	<p>2016 <b>\$1,600,000</b></p> <p>2030 <b>\$2,100,000</b></p>
<p><b>Assessing an additional 1% hotel tax in the parishes along the proposed rail line</b></p>	<p>2016 <b>\$15,600,000</b></p> <p>2030 <b>\$20,600,000</b></p>
<p><b>A "value capture" 3% tax assessment on properties within a half mile of the proposed passenger rail stations</b></p>	<p>2016 <b>\$8,600,000</b></p> <p>2030 <b>\$10,900,000</b></p>

See Appendix 2 for additional funding context.

**None of these approaches should be considered in isolation.** These examples demonstrate funding sources that could be utilized for capital or operating costs. A combination of these mechanisms and a partnership between the state and local governments would be the most robust and sustainable approach. Identifying local and state funds will also make the region more competitive in accessing federal funding programs. The Rail Authority can play an important role in convening the necessary players and identifying sources of local funding. But the state will be an essential funding partner, and the governor can provide leadership by identifying federal and state funds that the locals can match. As lawmakers consider various transportation funding proposals, the challenge will be to determine the best sources to allocate toward this project.

# STEP 2: PLAN THE SERVICE

Released in 2014, the HNTB Feasibility Study estimated both operating and capital costs for 2 daily round trip trains – with travel time of 1.5 hour each way – from New Orleans to Baton Rouge if several improvements are made.



The 2014 Feasibility Study is current and can form a useful basis to begin negotiations with the other parties. Although the freight operators were consulted during this study, future work needs to be in closer partnership with freight operators, who will insist upon updating the 2014 evaluation to reassess current freight capacity needs and negotiate capital improvements necessary to accommodate freight and passenger service. Phased increases in passenger service frequency, speed and capital upgrades may also be negotiated. Then the state, Amtrak and host railroads will need to conduct a capacity study to consider how intercity passenger rail service will impact freight movement on the corridor. Once a service level is agreed upon by all parties, the various capital improvements needed to support that intercity passenger rail service will need to be fully designed and some components may require environmental review and/or permitting.

Further planning, such as station area planning and value capture possibilities surrounding the new stations, would also be beneficial to analyze ways to support the service's operating expenses and economic development potential. Meridian, Mississippi's \$6.5 million multimodal Union Station development has lured residents back downtown and leveraged \$135 million in public-private investment in the area.<sup>1</sup> Denver's nearly \$500 million investment in its Union Station has leveraged more than \$1 billion in residential and commercial development. In fact, its tax-increment financing district formed to pay for the new station in downtown Denver is outpacing bond and loan repayment schedules by 8 to 10 years.<sup>2</sup>

This initial planning work will benefit by tapping into existing expertise at the Department of Transportation and Development (DOTD), the regional planning commissions, and the local governments, rather than having the Rail Authority duplicate efforts through hiring and training new staff to manage the effort. But all planning and analysis must be done in full cooperation with the intercity passenger rail operator and the freight railroads.

# STEP 3: NEGOTIATE AN OPERATING AGREEMENT

In Louisiana, the most effective and expeditious way to an operating agreement will occur if state leadership works through Amtrak to negotiate with the host railroads. It would signal the strong commitment of the state to the project.

**The preferred New Orleans to Baton Rouge passenger rail corridor identified in the Feasibility Study is nearly 80 miles and would share track with three separate railroad operators:**

**Kansas City Southern (KCS): 66.5 miles**

**Canadian National Railroad (CN): 7.5 miles**

**New Orleans Building Corporation (operated by Amtrak): 3.7 miles**

If the state decides to work with Amtrak to operate the service then it can take advantage of Amtrak's statutory right of access to operate passenger rail service on any freight railroad. Under §24308 of Title 49 of the U.S. Code, Amtrak has the authority to operate intercity passenger rail service on all freight railroads in the United States as long as it compensates the railroad for the incremental cost of that service (i.e., wear and tear). The freight railroads are not permitted to refuse Amtrak access to their line, except in emergencies or when the Surface Transportation Board (STB) determines it would lessen the quality of freight service.

In fact, 72 percent of Amtrak service is currently provided on freight railroads<sup>3</sup> and this is done without separating the service.

- Amtrak's City of New Orleans operates on a Canadian National mainline
- The Sunset Limited operates on a Canadian National line
- Burlington Northern-Santa Fe operates on a Union Pacific line
- The Crescent operates on a Norfolk Southern line

According to the 2012 Louisiana freight plan, all of these routes carry more freight traffic than the line that would host passenger rail service between New Orleans and Baton Rouge.<sup>4</sup>

If the state wants to choose the rail service operator by a competitive bid process, then Amtrak would likely decide not to participate in the development of the service. Doing so would exclude them from being able to bid on the eventual contract under ethics and procurement rules. Additionally, Amtrak's authorities only apply to intercity passenger rail service. Choosing to move forward without Amtrak would require even stronger leadership from the governor and DOTD. The freight railroads have no obligation to provide any access to other intercity passenger rail operators and may not. When they do allow access, they have the right to charge other operators whatever they want for it. In many cases, freight railroads prefer to work with Amtrak because it is a known party, has decades of institutional knowledge and brings the necessary components to satisfy the host railroads such as sufficient insurance and the ability to respond to emergencies.<sup>5</sup>

In the event that a freight railroad refuses to negotiate with Amtrak then Amtrak can take the freight railroad to the STB, which would determine within 90 days the terms of access and the incremental cost that Amtrak must pay. However, it is highly preferable to work in conjunction with the freight railroads and avoid going to the STB to arbitrate the issue. Gubernatorial leadership is critical to accomplish this.

# STEP 4: CONDUCT CAPITAL IMPROVEMENTS

The Feasibility Study identifies \$262 million in capital improvements needed to support 79 mph service. Since it is yet to be determined which costs are borne by federal, state, local sources and the freight railroads, none of the numbers will be finalized until all negotiations are completed.

**Major investments considered by the Feasibility Study to support this service are divided into five categories: stations, structures, site and track work, grade crossings and signals.** If the state wanted to start service earlier, it could negotiate with the railroads to delay some of the capital improvements until after the passenger trains start running. However, this could result in a slower service, lower ridership and higher operating cost.

## STATIONS

The Feasibility Study identified \$1.5 million per new station (all but New Orleans) to construct very basic station facilities, including platforms, shelter and parking. However, to build stations that attract development and value capture potential, greater investment would be required at each stop. The size and scale of each station would vary and is traditionally developed by the local community.

## STRUCTURES

The biggest project along the corridor is the replacement of the 1.8-mile Bonnet Carré Spillway Bridge, which currently can only support 10 mph traffic. This would be an approximately \$62 million project. In addition to replacing this bridge, the Feasibility Study also proposes constructing 8 new bridges for the recommended siding extensions, replacing 12 of the other 56 bridges, repairing another 44 bridges, and replacing all drainage structures for an additional \$25.8 million. Some of these costs are anticipated to be borne by the freight railroads whose operations would benefit from upgraded infrastructure.

## SITE AND TRACK WORK

\$110 million in site and track upgrades are needed to support 79 mph operation, which represents the largest capital investment category.

## GRADE CROSSINGS

The Feasibility Study proposes upgrading all public crossings with two-quadrant gates and flashing lights, at a cost of \$12.6 million.

## SIGNALS

The Feasibility Study also recommends upgrading KCS' signal system to an automated Centralized Traffic Control system. This portion of the work would cost \$26 million.

Sources of funding for capital expenses can and usually do come from a combination of funding sources from all levels of government and private entities as explained in step one. Many of the improvements to the line proposed in the Feasibility Study would be equally or more beneficial for freight operations than for intercity passenger rail service. Therefore, some of the cost should be borne by the freight railroad, though, negotiating the equitable responsibility for capital investments may be challenging on projects like these.

For more information about federal funding programs available for passenger rail, see Appendix 3.

# STEP 5: PREPARE FOR SERVICE

**Once funding for operating costs and capital improvements is identified, an intercity passenger rail service operator is chosen, and operating agreements are negotiated, the operator can begin to prepare for service in connection with the host railroads.**

The operator will need to hire and train employees, including train and engine crews, on-board staff and mechanical personnel. Some operators, such as Amtrak, may be able to use staff currently working in the region on other intercity passenger rail or transit service. However, no matter the operator, this service will require many new hires and significant training. This process could be completed in less than a year and could also occur while capital improvements are underway.



**Representing the 7 Parishes along the Baton Rouge to New Orleans corridor, the Louisiana Super Region Rail Authority is a formal collaboration of local governments that empowers the region to pursue, finance and operate its rail and transportation priorities in coordination with state, regional and municipal entities. Pictured (L to R): Buddy Boé representing St. Charles Parish; Mark Drewes representing Jefferson Parish; President Tommy Martinez representing Ascension Parish; President Timmy Roussel representing St. James Parish; President Natalie Robottom representing St. John the Baptist Parish; Mayor Barney Arceneaux representing the City of Gonzales; Mayor-President Kip Holden representing East Baton Rouge Parish; Rep. Walt Leger, III representing Orleans Parish; Kristin Gisleson-Palmer, Chair of Louisiana Super Reigon Rail Authority; and Knox Ross representing the Southern Rail Commission.**

# CONCLUSION

This is a complex, but achievable project, involving several host railroads, an eventual intercity passenger rail operator, the state, seven parishes and permitting agencies. All of these parties need to be involved to identify the necessary funding, plan and design the service, execute an operating agreement, identify and construct capital improvements and hire employees. All of these interwoven and competing challenges need a leader. The areas of the country that have new intercity passenger rail corridors had that leadership from their governor.

## The steps to service are as follows:

# 1

The state, Rail Authority, regional planning organizations and local governments need to identify funding sources to support at least some of the capital and operating costs necessary to start passenger rail service in the corridor. With that funding in hand, the governor can go to Amtrak and pursue negotiations with the freight railroads.

# 2

The Rail Authority in partnership with the Louisiana DOTD can then invite the freight railroads and Amtrak to participate in the update of previous study findings. The planning phase would include analyzing feasibility of various service options, a capacity study to determine the impact of this service on freight operations, design and engineering of capital improvements and any environmental review or permitting as required to support those capital projects.

# 3

The planning will provide information necessary to negotiate operating agreements with the freight railroads.

# 4

Then the operator can begin preparing for the service while capital improvements are underway.

The Rail Authority will play an important role in coordinating the needed improvements, convening the key local players, identifying sources of local funding and manage the contract for the service. However, this corridor will need an experienced intercity passenger rail operator. The path to near-term, affordable service requires the involvement of Amtrak. Bringing in Amtrak early will give the project legal standing that will help guarantee that intercity passenger rail service will operate on this corridor. If the state chooses another rail operator, it will have no standing to compel service and will very likely pay a higher price for access. Without Amtrak, this project will move forward slowly, if at all, and cost more in time, effort and resources.

There are many ways to fund both the capital and the operating costs, using federal, state, freight railroads and local funds. Projects of this magnitude across the nation are rarely funded by just one level of government or one program but rather, by a combination of resources. And there are funding options at the state and local level (discussed in Step One: Designate Funding for Planning, Operating and Capital Needs) that can help unlock competitive federal grants and federal financing options.

MANY LOCAL AND STATEWIDE  
CANDIDATES AND ELECTED OFFICIALS ARE  
DISCUSSING THE NEED FOR INFRASTRUCTURE  
AND TRANSPORTATION FUNDING.

PASSENGER RAIL SHOULD BE INCLUDED AS  
A PRIORITY PROJECT IN ANY NEW STATE  
TRANSPORTATION FUNDING PROPOSAL.

**TAKING NO ACTION TO ESTABLISH THIS  
SERVICE IN THE NEAR TERM WILL LIMIT  
FISCAL AND ECONOMIC GROWTH FOR THE  
SOUTHEAST REGION.**

# REFERENCES

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2. RTD: Best Practices, (Denver Regional Transportation District, 2015) p. 15-17.
3. <http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246>
4. [http://wwwsp.dotd.la.gov/Inside\\_LaDOTD/Divisions/Multimodal/Marine\\_Rail/Misc%20Documents/DOTD%20State%20Rail%20Plan%20Open%20House%20Presentation.pdf](http://wwwsp.dotd.la.gov/Inside_LaDOTD/Divisions/Multimodal/Marine_Rail/Misc%20Documents/DOTD%20State%20Rail%20Plan%20Open%20House%20Presentation.pdf)
5. As highlighted in the Feasibility Study, "It is likely that any negotiated access rights would cost significantly more than the rates that Amtrak pays. The freight railroads are opposed to having companies other than Amtrak operate on their lines because of liability and other concerns."
6. FY14 statistics for the Keystone are found in Amtrak's Monthly Performance Report for September 2014, and not from the Pennsylvania DOT, which was not made available. Amtrak's statistics are often close to state statistics, but minor variations may exist.

## **APPENDIX 1**

# **CASE STUDIES**

As evidenced by the case studies and best practices found in the following appendix, starting passenger rail service will provide transportation alternatives, will attract jobs and generate economic development near stations.

# Maine's Downeaster



The Amtrak Downeaster – connecting Brunswick and Portland, ME, to Boston – was driven by a citizen's initiative. The citizen advocacy group Trainriders Northeast collected 90,000 signatures for a petition in support of restoring rail service that had been discontinued in 1965. In 1991, the groundswell of support from the petition led to the adoption of the Passenger Rail Service Act – the state's first citizen-driven legislative initiative.

**The Northern New England Passenger Rail Authority (NNEPRA) was established in 1995. NNEPRA managed the restoration of service to Maine and now manages the operating and capital investments for the service.** A combined \$60 million from federal and state resources were invested to rehabilitate the track, construct stations, and for other purposes to start the service, and Amtrak agreed to provide rolling stock for the planned service at no charge due to the support of former Senator Olympia Snowe. However, this rolling stock agreement was before enactment of PRIIA 2008 Section 209 and the corresponding adoption of the state-supported service costing methodology under which states pay a capital charge for Amtrak-owned equipment.

The Maine DOT has a non-highway account called the Multi-Modal account which is funded with the proceeds from tax on rental cars. The MaineDOT provides NNEPRA with the state match for its federal funds through the multi-modal account.

Amtrak has been the operator of the service since its inception and negotiations between Amtrak, NNEPRA, and host railroads took a total of 6 years to complete. Initial service began on December 15, 2001, a decade after the Passenger Rail Service Act passed the Maine Legislature.

**In 2007, speeds were increased from 60 to 79 mph and a fifth daily round trip was added. The same year, ridership increased by over 31%.** Since service began, additional stations have been established at Saco, Woburn, Old Orchard Beach, Brunswick, and Freeport, and another is planned at Kennebunk, which will provide a total of 13 communities with service.

**In the first year of operations, the Downeaster carried 245,135 passengers. By 2014 ridership had grown to 514,708 and is expected to reach 1,219,657 by 2030 and 1,805,391 by 2040.**

## DOWNEASTER BASICS:

### Service from Boston, MA to Brunswick, ME

DISTANCE: 145 miles  
TIME: 3 hours and 20 minutes  
MAX SPEED: 79 mph  
STOPS: 12

MANAGEMENT:  
Northern New England Passenger Rail Authority manages service and contracts service operation to Amtrak

## FY 2014 STATS:

RIDERSHIP: 514,708 riders

REVENUE: \$9.9 million

EXPENSE: \$18.1 million

Operating subsidy of \$8.2 million with \$1.8 million coming from the state and \$6.5 million from federal CMAQ (temporarily) and FTA programs.

# Michigan's Wolverine



Stemming from Penn Central's service, Amtrak took over this line in 1971 with its creation. For much of its existence, the Wolverine operates three daily round-trips between Detroit and Chicago. Amtrak operated it without operating funding support from the state. In 1994, service was extended to Pontiac.

Recent changes made by Section 209 of the Passenger Rail Investment and Improvement Act (PRIIA) of 2008 required states and Amtrak to "develop and implement a single, nationwide standardized methodology for establishing and allocating the operating and capital costs among the States and Amtrak" related to trains that operate on corridors of 750 miles or less. As a result, Michigan paid \$15.1 million in FY14 to operate the service.

Amtrak owns nearly 100 miles of track, most acquired in 1976, that the Wolverine traverses between Porter in northwest Indiana and Kalamazoo. Maximum speeds on this segment were increased to 95 mph in 2005, and 110 mph in 2012, following installation of an Incremental Train Control System funded primarily by Michigan and the federal government. In 2010, Michigan combined federal and state investments to begin additional upgrades to the route, and in 2011 Michigan purchased 135 miles of track connecting Kalamazoo and Dearborn. The goal was for these investments is to increase speeds to a maximum of 110 mph throughout the 235-mile Porter-Kalamazoo segment. Eventually, the end-to-end travel time for the route will be shortened by 2 hours with these and other investments.

Michigan supports passenger rail through the Comprehensive Transportation Fund (a part of the Michigan Transportation Fund), which is reserved for public transportation. It receives approximately \$250 million annually, with receipts coming from fuel taxes, registration fees and motor vehicle related taxes.

In FY14 the state was obligated to pay the full operating costs for the Wolverine service. In preparation for these additional costs, the state undertook several initiatives designed to maximize the service's revenues. These efforts included the implementation of Wi-Fi throughout the fleet and implementation of quiet cars.

## WOLVERINE BASICS:

**Amtrak service from Detroit, MI to Chicago, IL has run since May 1, 1971, with the extension to Pontiac in 1994.**

DISTANCE: 304 miles  
TIME: 6 hours and 2 minutes  
MAX SPEED: 110 mph  
STOPS: 16

MANAGEMENT:  
Michigan Department of Transportation manages and contracts service to Amtrak

## FY 2014 STATS:

RIDERSHIP: 477,156 riders

REVENUE: \$18.9 million

EXPENSE: \$33.6 million

Operating subsidy of \$15.1 million

# Pennsylvania's Keystone Corridor



Amtrak's fifth busiest route has been served in one way or another since the late 1800s. A part of the Pennsylvania Railroad connecting New York City and Philadelphia to rust belt cities in the Midwest, this corridor was transferred to Amtrak in 1976 and has a long and well established history.

The Keystone Corridor service runs from Harrisburg to Philadelphia, with trains heading west to Pittsburgh on the Pennsylvanian corridor and east to New York City on the Northeast Corridor. Amtrak owns the 104-mile line from Harrisburg to Philadelphia. The Pennsylvania Department of Transportation provides financial support for both the operation of trains on the segment, as well as infrastructure improvements. The line connects the capital city with the state's largest city and is served by 13 weekday and 7 weekend round trip trains.

**In 2006, \$145 million in federal, state and Amtrak funds were used to upgrade the tracks, signals, and electrical system, which enabled speed to increase from 70 mph to 110 mph and decreased travel times by almost 30 minutes.** In 2014, Pennsylvania used \$68 million in federal Recovery Act funds to complete work to seal the corridor by eliminating public at-grade crossings. These funds are also being used for preliminary engineering of the signal system and rebuilding the State interlocking track system in Harrisburg to further increase speeds in the corridor to 125 mph and improve service reliability. Improvements over the past decade have increased ridership by 60 percent and reduced travel time between Harrisburg and Philadelphia from 120 to 95 minutes on certain express trips.

**Also to note, in 2013 Pennsylvania passed a major funding package that raises an additional \$2.3 billion annually for transportation investments. This includes \$144 million annually for competitive multimodal grants, with a minimum of \$8 million for passenger rail projects.** The bill provides funding for the state's operating subsidy for this service as well.

## KEYSTONE BASICS:

**Amtrak service from Harrisburg to Philadelphia with trains heading west to Pittsburgh and east to New York City.**

DISTANCE: 104 miles  
TIME: 1 hour and 35 minutes  
MAX SPEED: 110 mph  
STOPS: 12

MANAGEMENT:  
Pennsylvania Department of Transportation manages and contracts service to Amtrak

## FY 2014 STATS:<sup>6</sup>

RIDERSHIP: 1,314,000 riders  
REVENUE: \$46.1 million  
EXPENSE: \$52.7 million

Operating subsidy of \$6.2 million. Passenger rail is supported by the Public Transportation Fund. A \$144 million per year multimodal discretionary grant fund was established in the 2013 state transportation funding bill (Act 89). The Multimodal Fund supports passenger rail capital and operating with a minimum of \$8 million dedicated to rail per year.

# North Carolina's Piedmont



Building on the success of Amtrak's Carolinian service – daily round-trip service connecting Charlotte and Raleigh with the Northeast that terminates in New York City – the Piedmont service was established in 1995 adding a second daily round trip. The Piedmont connects the commercial and most populous center of Charlotte with the capital of Raleigh. North Carolina manages the service and owns the rolling stock for the Piedmont, and contracts the maintenance of the service to Rail Plan, and operation of service to Amtrak.

**Startup of the service was delayed in the early 1990's over the operating agreement and the costs requested from the freight railroads to allow the additional service.** In the end, North Carolina spent \$1.5 million for a new maintenance facility and \$700,000 for track upgrades in Charlotte, and subsequently made other investments to add track capacity and increase speeds through the North Carolina Railroad Improvement Program, improve safety through the Sealed Corridor program and construct or restore stations utilizing federal enhancement (now part of Transportation Alternatives Program) and Congestion Mitigation and Air Quality Improvement (CMAQ) funds.

**In 2010, the state started running a second daily round trip Piedmont train for midday travelers. The Piedmont witnessed 200% growth in ridership in the first month of expanded service.** The same year, the state received \$520 million through the federal American Recovery & Reinvestment Act (ARRA) to add double tracks, passing sidings, close at-grade crossings, upgrade stations and straighten curves. **These upgrades, called the Piedmont Improvement Program, will allow an additional two daily round trips and are expected to shave 13 minutes off the end-to-end run time once completed in 2017.**

**Over the last 10 years, ridership has grown by 272% from 45,851 in FFY2005 to 170,413 in FFY2014.**

## PIEDMONT BASICS:

**Amtrak service connecting Charlotte and Raleigh to the Northeast Corridor.**

DISTANCE: 173 miles  
TIME: 3 hours and 11 minutes  
MAX SPEED: 79 mph  
STOPS: 9

### MANAGEMENT:

North Carolina Department of Transportation manages the service, and Amtrak operates the trains on North Carolina Railroad Company track

## FY 2014 STATS:

RIDERSHIP: 170,413  
REVENUE: \$3.5 million  
EXPENSE: \$12.7 million

Operating subsidy of \$9.2 million paid for with state funds and federal funds. North Carolina funds operations, marketing and maintenance of the Carolinian and Piedmont Services through its State Highway Fund and federal CMAQ funds. Capital improvements are funded through federal grants and State Highway Trust Funds through the Strategic Transportation Initiative (STI). The availability of ongoing and predictable federal funding will allow passenger rail projects to better compete through STI.

## APPENDIX 2

# FUNDING RAISED BY LOCAL TAXING OPTIONS

Below are the various state and local funding options analyzed by Transportation for America and how much each would raise in each year from 2016-2030.

ASSUMPTIONS	RATE	ANNUAL GROWTH RATE
Gas Tax	\$0.005 per Gallon	<b>0.25%</b>
Hotel Taxes	1%	<b>2.0%</b>
Rental Car Tax	1%	<b>2.0%</b>
Special Assessment	3.0% of Assessed Value	<b>2.0%</b>

  

YEAR	STATE GAS TAX	HOTEL TAX	RENTAL CAR TAX	SPECIAL ASSESSMENT
2016	\$15,078,320	\$15,668,743	\$1,625,019	\$8,633,739
2017	\$15,153,520	\$15,982,118	\$1,657,519	\$8,806,414
2018	\$15,228,900	\$16,301,760	\$1,690,669	\$8,982,542
2019	\$15,304,470	\$16,627,795	\$1,724,483	\$9,162,193
2020	\$15,380,230	\$16,960,351	\$1,758,972	\$9,345,437
2021	\$15,456,180	\$17,299,558	\$1,794,152	\$9,532,346
2022	\$15,532,320	\$17,645,550	\$1,830,035	\$9,722,993
2023	\$15,608,650	\$17,998,461	\$1,866,636	\$9,917,452
2024	\$15,685,170	\$18,358,430	\$1,903,968	\$10,115,802
2025	\$15,761,880	\$18,725,598	\$1,942,048	\$10,318,118
2026	\$15,838,780	\$19,100,110	\$1,980,889	\$10,524,480
2027	\$15,915,880	\$19,482,113	\$2,020,506	\$10,734,970
2028	\$15,993,170	\$19,871,755	\$2,060,917	\$10,949,669
2029	\$16,070,650	\$20,269,190	\$2,102,135	\$11,168,662
2030	\$16,148,330	\$20,674,574	\$2,144,178	\$11,392,036
<b>Total</b>	<b>\$234,156,450</b>	<b>\$270,966,106</b>	<b>\$28,102,124</b>	<b>\$149,306,852</b>

**These funding sources are meant to illustrate the breadth and variety of strategies that can be used to fund passenger rail.**

## APPENDIX 3

# FEDERAL PROGRAMS FOR PASSENGER RAIL

### TRANSPORTATION INVESTMENT GENERATING ECONOMIC RECOVERY (TIGER):

The TIGER program was initially created by Congress as part of the American Recovery and Reinvestment Act and has continued for six additional rounds through yearly federal appropriations. Through TIGER, the U.S. Department of Transportation awards funding for highway, transit, freight and passenger rail, port, bike/pedestrian and multimodal capital projects on a competitive basis. Winning projects typically demonstrate benefits in at least 2 to 3 of the 6 primary criteria: improving safety, economic competitiveness, state of repair, community livability and environmental sustainability. Additionally, USDOT looks for projects that are innovative and have strong partnerships, including a large non-federal funding match.

Congress requires a minimum grant size of \$10 million to urban areas and \$1 million to rural areas with a maximum of \$200 million to any grantee. However, awards average about \$12 million.

This program is extremely popular and wildly over-subscribed, resulting in only 5 percent of applications receiving funding in any round. Its popularity stems from the fact that TIGER is more flexible in terms of its project eligibilities than other federal programs and most state transportation programs as well. Additionally, TIGER funds can be awarded to any governmental agency, as opposed to federal formula dollars that go mostly to state departments of transportation and transit agencies. To have a chance at a competitive application, an applicant has to show that the project addresses 2-3 of the primary criteria, supply a strong nonfederal match and demonstrate strong commitment from state and local governments as well as stakeholders and the public.

**TIGER funds are made available once a year with the solicitation for proposals usually announced in the spring, applications are due in the early summer with announcements in the fall.**

#### Louisiana has received seven TIGER grants over seven rounds:

- \$45,000,000 for the New Orleans Streetcar - Union Passenger Terminal/Loyola Loop in New Orleans
- \$16,738,246 for the Port of New Orleans Rail Yard Improvements in New Orleans
- \$1,765,341 for the Nicholson Corridor High Capacity Transit System Plan in Baton Rouge
- \$10,000,000 for the BT1 Infrastructure Expansion Project in Lake Charles
- \$9,814,700 Mississippi River Bridges ITS (joint with Mississippi)
- \$4,250,000 for the I-20 Mississippi River Bridge Rehabilitation (joint with Mississippi)
- \$1,072,000 for the Claiborne Corridor Plan in New Orleans
- \$304,250 for the I-49 Corridor Plan in Lafayette

### SURFACE TRANSPORTATION PROGRAM (STP):

STP provides flexible funding that may be used for most surface transportation capital projects, including passenger rail stations, though not the rail service itself. The funding is provided by formula to state DOTs. However, 50 percent of a State's STP apportionment (after set-asides) is reserved for local areas. These funds are divided into three categories – areas with a population over 200,000; areas between 5,000 and 200,000; and areas under 5,000 – according to the portion of the population of the state living within those three groupings.

**The State of Louisiana received \$193,910,485 in STP funds in FY2014. Of these funds, the Baton Rouge metro area received \$12.2 million and the New Orleans metro area received \$18.5 million in FY2014.**

### CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT (CMAQ) PROGRAM:

The CMAQ program was created to support surface transportation capital projects that create air quality improvements and provide congestion relief, including passenger rail. This program can also be used for operating support for passenger rail or transit for up to three years after the start of new service or three years' worth of operating support can be spread over five years. The funding is to be spent in areas designated under the Clean Air Act in nonattainment or maintenance for ozone, carbon monoxide and/or particulate matter.

**The State of Louisiana received \$11,435,577 in CMAQ funds in FY2014. Nonattainment areas in Louisiana include Ascension (ozone), East Baton Rouge, Iberville, Livingston, St. Bernard, and West Baton Rouge Parishes.**

During debate of the Senate DRIVE Act, Senator Sanders (I-VT) offered an amendment to allow CMAQ funding to support operating assistance into perpetuity. The amendment was not included in the DRIVE Act as passed by the Senate. The House is expected to consider a long-term surface transportation authorization proposal in 2015 and a similar provision could be considered in their bill. However, any bill passed by the House of Representatives would have to be reconciled with the Senate and signed by the President for CMAQ to provide long-term operating assistance.

### TRANSPORTATION ALTERNATIVES PROGRAM (TAP):

TAP provides funding for programs and capital projects for improving non-driver access to public transportation and enhanced mobility, community improvement activities, and environmental mitigation. TAP replaced the funding from the Transportation Enhancement, Recreational Trails and Safe Routes to School Program with the passage of MAP-21 in 2012. Half of the funding in TAP is reserved for regions in the same way STP funds are distributed. Then the funds are made available through a competitive grant process.

**The State of Louisiana received \$10,412,938 in TAP funds in FY2014. Of these funds, the Baton Rouge metro area received \$682,500 and the New Orleans metro area received \$1.03 million in FY2014.**

### HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP):

This program aims to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. The HSIP program requires a data-driven, strategic approach to improving highway safety on all public roads. The program reserves \$220,000,000 annually for the Railway-Highway Crossing Hazard Elimination program.

**The State of Louisiana received \$42,305,455 in HSIP funds in FY2014 and \$4,021,282 for Railway-Highway Crossing Hazard Elimination.**

### FEDERAL LOAN PROGRAMS:

The Transportation Infrastructure Finance Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) are two federal programs that provide low-interest, flexible loan products with favorable terms. TIFIA loans are available to state or local governmental entities for projects of at least \$50 million in size and can cover up to 49 percent of project capital costs (though USDOT has never loaned more than 33 percent of project costs). Repayment can be deferred for five years, allowing for projects to ramp up, though repayment must have a dedicated revenue stream to repay the loan. The interest rate is fixed at the Treasury rate (which is currently below 3 percent), even if the loan is in a subordinate position to other project debts, protecting borrowers from expensive interest rate spikes.

Similarly, the Federal Railroad Administration's RRIF program supports intercity passenger and freight rail projects that improve public safety, increase capacity, promote economic development and competitiveness, or promote intermodal connections. Private railroads may apply directly without support of a local government. The borrower may also seek 100 percent of the capital project amount, though, unlike TIFIA, recipients must cover the cost of a loan "subsidy" – the amount of money set aside as protection against default, which reflects the loan's riskiness.

While these programs provide favorable terms, USDOT is very cautious in approving loans because of the political damage that would come from a default. As a result, these programs can take time to be approved. Some projects are able to secure funding in a few months, but others take a year or more, especially if the project sponsor is not flexible on the terms they need. Further, the RRIF program does not have sufficient staff to analyze projects and move them quickly. While the TIFIA program is viewed as more reliable and expeditious, the program was cut back substantially in the Senate-passed DRIVE Act and may not remain if the cuts stand.

## POTENTIAL NEW PROGRAMS

There is currently a proposal for additional operating support for passenger rail that was included in the Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act, the bill to reauthorize the nation's surface transportation program. This bill was recently approved by the Senate. House action on a reauthorization package is expected in the fall.

The DRIVE Act authorizes \$350 million in FY2016 for passenger rail capital and operating assistance growing to \$900 million in FY2019, and some of these funds could be used for operating support on 6 new or expanded passenger lines. However, it would have to be passed by the House of Representatives, signed by the President and funded in the annual appropriations process before this program could become real and the State of Louisiana could compete for the funds.

**The Capital Area and New Orleans congressional delegations should support the DRIVE Act and work to allow CMAQ funds as an eligible funding source for passenger rail operations.**



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**SOUTHERN RAIL COMMISSION**

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