

*The Freight and Passenger Rail
Opportunity
The Stimulus and
Beyond SAFETEA-LU*

The American Recovery & Reinvestment Act
ARRA of 2009

*Breakthrough in full flexibility for freight & rail
projects competing with traditional highway
transit projects –*

Championed by Senator Patty Murray

ARRA – Freight & Rail Opportunity
The Good, The Bad & the Ugly

ARRA - \$48 Billion in Appropriated
Funds

\$36 Million traditional highway/transit formula funds

- Full flexibility in highway account – About 50% obligated
- Traditional highway culture & bureaucratic decision making dominated
- Almost nothing has gone to freight & rail passenger projects

ARRA – Freight & Rail Opportunity

The Good, The Bad & the Ugly

ARRA – Secretary's Discretionary Fund
The Murray Initiative

Phase I of Transportation for Tomorrow
\$1.5 Billion – Full flexibility

*The Secretary favors rail & freight projects that do not have
traditional sources of funding*

- Projects from \$50 M to \$300 M – Waivers Possible
- Applications due Sept. 15 – Grants awarded by Feb 17
- All grants expected to be awarded at one time
- Expect Applications for 10X \$1.7 B

Phase I
ARRA – High Speed & Intercity Passenger Rail
The Personal Obama Transportation Priority

\$8 B appropriated with an Obama Pledge of \$13 B

Eligibility – Capital Grants for High Speed & Intercity Passenger

- April 18 – The Obama High Speed Vision Released
- June 17 – Interim criteria to be released
- Sept 30, 2012 – All funds must be allocated

*Phase II – Freight & Passenger
The New Authorization
TuTuLu to SAFETEA-LU*

Beyond Oil – Beyond SAFETEA-LU
The New Authorization – A Proposal

Consolidate Trust Fund program categories from 110 to 10 or less 1909
Commission Calls for 10 categories – Oberstar Recommendation 4

To the categories Add

*A New National Freight Mobility Program
with a New Trust Fund*

*A New National High Speed and Intercity Passenger Rail Program
with a New Trust Fund*

A National Passenger Initiative

*A New National Commitment to an Integrated National
Passenger High-speed-Conventional speed &
Commuter Rail Network*

Create a New Passenger Culture in America

- Urban Revitalization & Livability
- Add speed, upgrade existing service and extend rail passenger into new areas.
- SAFETY FIRST – PTC, Grade Crossings & safe systems
- Focus on Corridors 100 miles to 600 miles

A National Passenger Initiative

4 Part Integrated National Network

1. True High Speed Rail - 150 MPH Plus

- ❖ On the European Model
- ❖ Light Weight Trains – Full Grade and Track Separation – State of the Art Vital PTC

2. High Speed Incremental Upgrade – 110 to 125

- ❖ Increased service – More comfortable equipment – Greater speed

3. Fresh Start Rail Passenger Service

- ❖ Extending Rail Passenger into new territory

4. National Commuter Rail Integration

- ❖ Complete the New Interstate Rail Network—Eisenhower II

A National Passenger Initiative

Phase I – The Current Structure

- ✓ Oberstar Mica PRIIA Framework goes forward
- ✓ Obama ARRA Process goes forward

Phase II -Beyond SAFETEA-LU Authorization

- ✓ A Passenger Program with a Dedicated Trust Fund
 - Passenger Fee?
 - Carbon Tax Offset?
 - % of a Gas Tax Increase?

A National Freight Program

A New National Freight Vision Investment Strategy & Program

- ✓ Mode Neutral Program of Rail & Highway Projects
- ✓ Merit based criteria for Project Selection
- ✓ Crucial Infrastructure with major public benefits
- ✓ Investment in Projects of National & Regional Significance
- ✓ Intermodal connectors
- ✓ Intramodal connectors through smaller railroads
- ✓ Intelligent systems & bi-modal & intermodal green technology.

A National Freight Program

Establish a New Freight Trust Fund

1. The FTF financed through a user fee on the cost of transportation of goods
 - Probably collected through shipping community
 2. Adopt Rep. Adam Smith proposal fund proposal
 - His 1% fee which will yield about \$9 billion per year
 3. Link to Innovative finance –TIFIA and RRIF & Bonding
- Objective of \$100 billion
4. Enact Obama Infrastructure Bank
 - A dedicated Freight Mobility Program
 - Combine the FTF Grants and Innovative Funds

A National Freight Program
Establish a New Freight Trust Fund

Rules of the Road & Rail

- ✓ A Trust Fund that is Firewalled
- ✓ Only projects that facilitate freight transport
- ✓ Combine grants, innovative finance such as
RRIF & TIFIA
- ✓ Establish PPP rules & use federal finance to
encourage private investment and equity

Combined Freight & Passenger Shared Rights of Way

A New National Strategy to Advance the Use of
Shared Rights of Way for Freight & Passenger

- ✓ Projects may be funded through Freight, Passenger, Highway Trust Funds, state and local government and Public Private Partnerships
- ✓ Strict Cost Benefit Analysis determines who pays
- ✓ Cascadia Corridor can be a game changing national demonstration Project

The Freight and Passenger Rail Opportunity—A Warning!

As the bill is currently being structured in the House there is likely to be a freight and intercity passenger high speed program---
Good

The 101 Categories will be consolidated to 4 categories with great flexibility – Good

The Financial source will be an increased gas tax and general revenues -- Bad

The Freight and Passenger Rail Opportunity—A Warning!

Freight Rail & Intercity Passenger has never really been at the Highway/Transit Investment Table -- BAD

If there are new Freight and Passenger Mobility Programs with New Sources of Dedicated Funding as Proposed in the Cascadia Beyond Oil Initiative – Freight and Intercity Passenger will flourish – GOOD.

The Freight and Passenger Rail Opportunity—A Warning!

In our opinion – If the next Transportation Trust Fund program includes new freight and intercity passenger strategies & is funded from the gas tax and general revenues the New Freight and Passenger Initiatives will Fail:

- The existing trust fund highway/transit government-private complex will continue past patterns.
- The failure of the ARRA State Formula program to use flexibility proves the point UGLY

The Freight and Passenger Rail Opportunity— a Suggestion

Over 12 Groups have put forward proposals that call for new dedicated freight & passenger funds-ie

- ❖ American Road and Transportation Builders Association (Rail Committee)
- ❖ American Association of State Highway & Transportation Officials
- ❖ National Railroad Construction and Maintenance Association (NRC)
- ❖ RAILCET (union & management rail contractors)
- ❖ The Coalition on Americas Gateways & Trade Corridors (proposed freight trust fund)
- ❖ Freight Stakeholders Coalition (includes AAR & ATA-dedicate freight fund)

The Freight and Passenger Rail Opportunity—A Suggestion

“To move Beyond Oil there must be an aggressive new program of green “mode neutral freight” and intercity passenger rail solutions. To achieve this we must find new funding sources beyond the gas tax and general revenue. We must create a New Passenger Trust Fund, A New Freight Trust Fund and a combined program to greatly exploit the capacity of shared rail rights of way. If we do not do this, and continue to rely on the gas tax and general revenue in the next authorization—our efforts are largely doomed.”

Ray Chambers

Cascadia Center – Seattle

Senior Transportation Fellow

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