HIGH-SPEED RAIL GRANTS AWARDED UNDER THE RECOVERY ACT

(111–103)

HEARING

BEFORE THE

SUBCOMMITTEE ON

RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

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April 15, 2010

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Railroads, Pipelines, and Hazardous Materials

FROM: Subcommittee on Railroads, Pipelines, and Hazardous Materials Staff

SUBJECT: Hearing on High-Speed Rail Grants Awarded under the Recovery Act

PURPOSE OF HEARING

The Subcommittee on Railroads, Pipelines, and Hazardous Materials is scheduled to meet on Tuesday, April 20, 2010, at 9:30 a.m., in Chicago, Illinois to receive testimony on the high-speed intercity passenger rail grants awarded under the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5). The hearing will take place in Room 503 of the James R. Thompson Building, located at 100 West Randolph Street, in Chicago, Illinois.

LEGISLATION

I. Passenger Rail Investment and Improvement Act of 2008

The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) (P.L. 110-432) represents the most sweeping Congressional action on intercity passenger rail since those that created Amtrak and the Northeast Corridor Improvement Project during the 1970s. In addition to reauthorizing Amtrak, PRIIA established three new competitive grant programs for funding intercity passenger and high-speed rail capital improvements:

- *Intercity Passenger Rail Service Corridor Capital Assistance (section 301).* Under this section, the broadest of the three new grant programs established under PRIIA, States (including the District of Columbia), groups of States, interstate compacts, and public intercity passenger

rail agencies established by one or more States may apply for grants to fund up to 80 percent of the cost of capital improvements to benefit all types of intercity passenger rail service. To be eligible for funding under this program, proposed projects must be included in a State Rail Plan.

- *High-Speed Rail Corridor Development (section 501).* Although similar in structure, criteria, matching requirements, and conditions as section 301, eligibility for this program is restricted to projects intended to develop high-speed rail corridors. Such projects must be located on a Federally-designated high-speed rail corridor, and be intended to benefit intercity passenger rail services reasonably expected to reach speeds of at least 110 miles per hour. Participant eligibility for this program is also broadened from section 301 to include Amtrak.

- *Congestion Grants (section 302).* This program authorizes grants to States or to Amtrak (in cooperation with States) for financing up to 80 percent of the capital costs of facilities, infrastructure, and equipment for high-priority rail corridor projects necessary to reduce congestion or facilitate ridership growth in intercity passenger rail transportation. The program incorporates the same grant conditions as those applicable under sections 301 and 501.

In addition, PRIIA created a process for the U.S. Department of Transportation (DOT) to issue a request for proposals for private interests to finance, design, construct, operate, and maintain high-speed service in dedicated corridors or the Northeast Corridor. The Federal Railroad Administration (FRA) published a Request for Expressions of Interest in the *Federal Register* on December 16, 2008, initiating the process; final submissions were due on September 14, 2009.[1] According to DOT, eight private interest proposals were submitted, which were then sent to DOT's Volpe National Transportation Systems Center (Volpe Center) for review. The Volpe Center recommended five proposals for consideration, and DOT concurred after an independent review. The proposals were submitted by the Société Nationale des Chemins de fer français (SNCF) (French National Railways) (four proposals) and the California High Speed Rail Authority (one proposal). SNCF submitted proposals for the Florida, Midwest, California, and Texas corridors. The California High Speed Rail Authority is already a recipient of the grants. However, the Authority plans to finance over a quarter of the project cost with private funding ($10-12 billion). No proposals were submitted for private sector development of high-speed rail in the Northeast Corridor and a few other designated corridors.

PRIIA states that eligible projects are to be advanced to commissions for review; and that meritorious projects are to be recommended to the DOT Secretary and subsequently to Congress for further action. The proposals have not yet been forwarded to the applicable states for commissions to be formed. But according to DOT, the five proposals submitted will be issued to the States for consideration/review by the end of this month.

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[1] *Notice Requesting Expressions of Interest in Implementing a High-Speed Intercity Passenger Rail Corridor*, 73 Fed. Reg. 242 (Dec. 16, 2009).

II. American Recovery and Reinvestment Act of 2009 (P.L. 111-5)

On February 17, 2009, the Recovery Act was signed into law, providing $64.1 billion of infrastructure investment, of which $8 billion was provided for the cost of projects described under sections 301, 302, and 501 of PRIIA. In addition, $1.3 billion was provided to Amtrak for capital and safety/security improvements. In keeping with its urgent nature and underlying purposes, the Recovery Act waives the non-Federal matching funding requirements for all three programs, suspends the requirement that proposed projects be included in a State Rail Plan, and requires the issuance of interim guidance to govern the procedures and conditions for the programs. The Recovery Act further directs the Secretary of Transportation to give priority to projects that support the development of intercity high-speed rail service, and requires that the Secretary submit to Congress a Strategic Plan describing how the funding will be used to further that objective within 60 days of enactment. Unlike funding for other programs provided through the Recovery Act, the law allows the $8 billion to remain available for obligation until September 30, 2012. The $1.3 billion provided to Amtrak will remain available through September 30, 2010.

Following enactment of the Recovery Act, the President released the Administration's fiscal year (FY) 2010 budget outline, which proposed additional funding for each of the next five years for the advancement and development of high-speed rail throughout the United States.

1. Strategic Plan

On April 16, 2009, the President released a strategic plan for the development of high-speed rail in the United States, which proposes to help address the Nation's transportation challenges by investing in an efficient, high-speed passenger rail network of 100-600 mile intercity corridors that connect communities across America.

In the near term, the plan proposes to lay the foundation for that network by investing in intercity rail infrastructure, equipment, and intermodal connections, beginning with an $8 billion "down payment" provided under the Recovery Act, and continuing with a longer-term high-speed rail grant program. The near-term investment strategy seeks to: (1) advance new express high-speed corridor services (operating speeds above 150 miles per hour (mph) on primarily dedicated track) in select corridors of 200-600 miles; (2) develop emerging and regional high-speed corridor services (operating speeds up to 90-110 mph and 110-150 mph respectively, on shared and dedicated track) in corridors of 100-500 miles; and (3) upgrade reliability and service on conventional intercity rail services (operating speeds up to 79-90 mph).

According to the proposal, while the $8 billion provided in the Recovery Act is a substantial Federal commitment to high-speed rail development, an ongoing annual investment program, coupled with reliable funding of Amtrak's assets and services, is needed to build a 21st Century transportation network that includes a central role for high-speed passenger rail in corridors of 100-600 miles.

Following issuance of the Strategic Plan, the FRA conducted several regional outreach meetings with the States and other interested parties on the High-Speed Intercity Passenger Rail (HSIPR) program.

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2. High-Speed Intercity Passenger Rail Interim Program Guidance

On June 23, 2009, the FRA published in the *Federal Register* interim guidance and application forms for the HSIPR, as required under the Recovery Act.[2] Prior to issuance of the interim guidance, the FRA held seven outreach sessions with local elected officials, state departments of transportation, and private interests to solicit stakeholder and public input into the development of the HSIPR program guidance.[3] FRA's interim guidance was designed to build on President Obama's "Vision for High-Speed Rail" by outlining the application requirements for obtaining funding for high-speed rail projects made available through the Recovery Act and the DOT Appropriations Acts of FY 2008 (P.L. 110-161) and FY 2009 (P.L. 111-8).

To accommodate the expected variety of applicant goals and stages of project development, the FRA designed four funding tracks under which applications were to be submitted by States (or Amtrak).

- Track 1 provided for intercity passenger rail projects to improve existing services that are "ready-to-go" and can be completed within two years of award.[4] Track 1 projects are funded by the Recovery Act.

- Track 2 was for projects aimed at the development of "new High-Speed Rail corridors and Intercity Passenger Rail services." In addition, Track 2 was available for substantial upgrades to existing corridor services for projects eligible under PRIIA section 501 (High-Speed Rail Corridor Development) and section 301 (Intercity Passenger Rail Corridor Capital Assistance).[5] They are longer-term projects that must be completed by September 17, 2017. Track 2 projects are funded by the Recovery Act.

- Track 3 was reserved for planning activities for the development of future high-speed rail projects.[6] Track 3 projects are funded through the DOT Appropriation Acts of FY 2008 and FY 2009, which require a 50 percent non-Federal match. The planning activities must be completed within two years of obligation.

- Track 4 was designed for high-speed rail projects that are eligible for Track 1 funding, but where the applicants are providing a 50 percent non-Federal match of financing.[7] The projects must be completed within five years of obligation. Track 4 projects are funded by the DOT Appropriations Act of FY 2009.

3. Applications

Pre-applications for high-speed rail projects for all tracks were due to the FRA on July 10, 2009. The FRA held 11 outreach sessions with state departments of transportation on the pre-

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[2] *High-Speed Intercity Passenger Rail ("HSIPR") Program*, 74 Fed. Reg. 29,900 (June 23, 2009).
[3] Charlotte, NC; Orlando, FL; Seattle, WA; Sacramento, CA; Houston, TX; Chicago, IL; and Philadelphia, PA.
[4] *Id.* at 29,904.
[5] *Id.*
[6] *Id.*
[7] *Id.*

applications to provide states with guidance.[8] The FRA received 278 pre-applications for $103 billion in projects. Final applications for Tracks 1, 3, and 4 projects were due on August 24, 2009. Final applications for Track 2 projects were due on October 2, 2009.

FRA received 259 final applications from 37 States plus the District of Columbia totaling $57 billion in requests for funding. Of those, 184 applications totaling $7 billion were submitted for final design and construction projects; 45 applications totaling $50 billion were submitted for corridor development; 27 applications totaling $37 million were submitted for planning activities; and three applications totaling $18 million were submitted for FY 2009 appropriations-funded projects.[9]

On October 6, 2009, the FRA announced that awards would be made in the winter of 2009/2010 and "selections will be merit-based and will reflect President Obama's vision to remake America's transportation landscape." [10]

4. Selection Process

To review the 259 final applications, the FRA created merit review panels that included career staff from the FRA, Federal Transit Administration (FTA), and the Volpe Center. In addition, the FRA established a review panel to ensure consistency of its evaluations. These teams used evaluation criteria established in PRIAA that included the following factors: transportation benefits, economic recovery benefits, other public benefits (i.e., public return on investment); project management approach, sustainability benefits (project success factors), and timeliness of project completion.

After review of the applications, the merit review panels submitted evaluations and recommendations to the FRA and DOT senior leadership who in turn applied selection criteria to make the final selection of awards. The selection criteria included region/location, innovation, partnerships, and tracks and timing.

During the entire review process, DOT held eight regional meetings with State departments of transportation and other stakeholders and conducted bi-weekly conference calls with the State departments of transportation. Those conference calls continue to occur. As a result of FRA's work, the American Association of State Highway and Transportation Officials' (AASHTO) Board of Directors' adopted a resolution[11] on October 26, 2009 "extending its gratitude to the FRA for its outreach efforts to provide guidance critical national leadership to implement the President's Vision for High Speed Rail in America in a short period of time; so that projects eligible for funding through the HSIPR program of the Recovery Act, could be approved and people in the rail industry could get to work." FRA will testify at the hearing about its outreach efforts.

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[8] Vancouver, WA; New Haven, CT; California; Wilmington, DE; Charlotte, NC; New Orleans, LA; Chicago, IL; Texas; Boston, MA; Atlanta, GA; and Milwaukee, WI.

[9] FRA, Statement of Federal Railroad Administration Administrator Joseph Szabo (October 6, 2009).

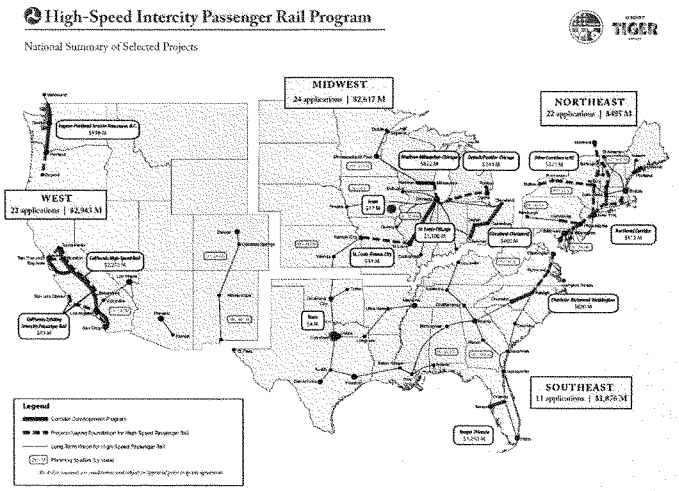
[10] *Id.*

[11] AASHTOs' Board of Directors, Administrative Resolution AR-3-09 (October 26, 2009).

5. **Awards**

On January 28, 2010, President Obama announced the awards for the $8 billion provided under the Recovery Act for HSIPR projects across the United States. DOT's complete list of the project awards is attached as Appendix A.

The awards covered 13 large-scale high-speed rail corridors across the country. The major corridors are part of a total of 31 States receiving investments, including smaller projects and planning work that will help lay the groundwork for future HSIPR service. In the West, seven projects received a total of $2.94 billion based on 22 applications. In the Midwest, nine projects received a total of $2.62 billion based on 24 applications. In the Northeast, eight projects received a total of $485 million based on 22 applications. In the Southeast, five projects received a total of $1.88 billion based on 11 applications.

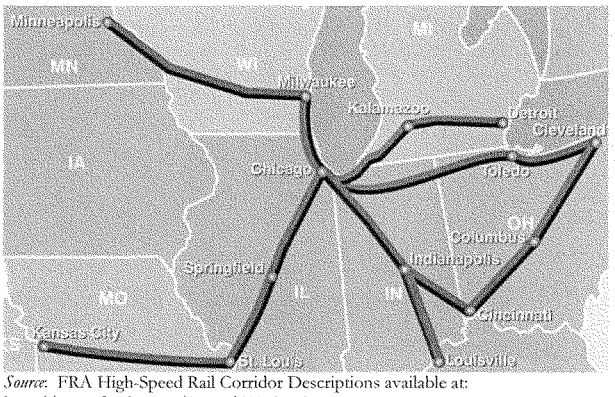


Source: DOT

States and Amtrak are the only entities eligible for receiving funding under the HSIPR program, as required under PRIIA. Only two States requested funding for high-speed rail express service or emerging high-speed rail; both projects were funded. Florida was awarded $1.25 billion for a new high-speed rail corridor between Tampa and Orlando with trains running up to 168 miles per hour. California was awarded $2.25 billion for its planned project to connect Los Angeles to San Francisco and points in between with trains running up to 220 miles per hour.

Approximately $3 billion was dedicated to upgrades/extensions for emerging high-speed rail services (79-110 mph) including routes between Raleigh-Charlotte, Chicago-St. Louis, Madison-Milwaukee, and Seattle-Portland. Upgrades to existing intercity passenger rail services received $1.4 billion in funding. Approximately $9.5 million was dedicated to planning studies to establish a pipeline for future high-speed rail projects.

III. The Midwest Corridor



Source: FRA High-Speed Rail Corridor Descriptions available at: http://www.fra.dot.gov/Pages/648.shtml

Since December 18, 1991, 11 high-speed rail corridors[12] have been authorized. Five corridors were authorized under the Intermodal Surface Transportation Efficiency Act of 1991(P.L. 102-240) and six were authorized under the Transportation Equity Act for the 21st Century (P.L. 105-178). To date, the DOT has designated 10 of these corridors and numerous corridor extensions. Some of the designations were specifically mandated by the U.S. Congress. The Midwest Corridor or the Chicago Hub Network[13] was the first high-speed rail corridor to be designated on October 15, 1992 by DOT Secretary Andrew Card.

The Midwest Corridor connects nine States in the Midwest including Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin. These States, in consultation with Amtrak and the FRA, have worked to develop a vision since the 1990s for a system predicated on three key approaches: 110 mile-per-hour service; significantly increased frequencies; and next generation trains that will bring a faster, more reliable, more service-focused mobility option to travelers. The major elements of the nine State initiative include:[14]

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[12] P.L. 110-432 defines high speed rail corridors as being able to achieve 110 miles per hour.
[13] FRA, High-Speed Rail Corridor Descriptions, *available at* http://www.fra.dot.gov/Pages/648.shtml.
[14] Letter to Secretary Ray LaHood from the States of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin, and the City of Chicago (April 10, 2009).

- 3,000 miles of existing rights of way to connect rural, small urban, and major metropolitan areas. The States have been working with the freight railroads to assess where capacity is needed to provide reliable 110 mile-per-hour service.

- Operation of a hub-and-spoke passenger rail system that provides service to and through Chicago to locations across the Midwest. All corridors provide service to city-to-city pairs within 500 miles of each other.

- Modern train equipment that operates initially at 110 miles per hour. The plan calls for 63 trainsets for the entire system to provide faster speeds with better acceleration and deceleration, increased comfort and amenities for riders, and travelers with more options than air or auto modes.

- Multi-modal connections that will improve the entire transportation system network. The system will connect riders to their communities, airports, bus stations, and highways.

- Creation of more than 6,000 new U.S. jobs.

- Focus on reliability and on-time performance. For example, the current trip from Chicago to Detroit takes five hours, 36 minutes. The Midwest plan would reduce trip time by one hour and 50 minutes. The trip time from Chicago to Cincinnati will be reduced by four hours, eight minutes. Following is a list of improved trip times under the Midwest plan.

MIDWEST PLAN FOR TRAIN TRIP TIME IMPROVEMENTS

City Pairs	MWRRS[15]	Current Service	Time Reduction
Chicago-Detroit	3 hr 46 min	5 hr 36 min	1 hr 50 min
Chicago-Cleveland	4 hr 22 min	6 hr 24 min	2 hr 02 min
Chicago-Cincinnati	4 hr 08 min	8 hr 10 min	4 hr 02 min
Chicago-Carbondale	4 hr 22 min	5 hr 30 min	1 hr 08 min
Chicago-St. Louis	3 hr 49 min	5 hr 20 min	1 hr 31 min
St. Louis, Kansas City	4 hr 14 min	5 hr 40 min	1 hr 26 min
Chicago-Omaha	7 hr 02 min	8 hr 37 min	1 hr 35 min
Chicago-St. Paul	5 hr 31 min	8 hr 05 min	2 hr 34 min
Chicago-Milwaukee	1 hr 04 min	1 hr 29 min	25 min

Source: Midwest Regional Rail System: A Transportation Network for the 21st Century, Executive Report, September 2004

On April 10, 2009, the Governors of eight Midwest States and the Mayor of Chicago[16] sent a letter to DOT Secretary LaHood requesting Recovery Act funds to help implement Midwest corridor segments with the highest potential ridership per dollar invested. These "Phase I" corridors are Chicago-Milwaukee-Madison; Chicago-St. Louis; and Chicago-Detroit-Pontiac, which

[15] MWRRS stands for the Midwest Regional Rail System.
[16] Letter to Secretary Ray LaHood from the States of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin, and the City of Chicago (April 10, 2009).

are projected to cost about $3.4 billion for track and operating equipment pending final design and equipment specifications. Additional funds were requested for "Phase II" planning, environmental, and design work.

- Chicago-Milwaukee-Madison-Minneapolis/St. Paul: Wisconsin has completed preliminary engineering and an environmental assessment for 110 mile-per-hour operations in the Milwaukee to Madison corridor and has received a "finding of no significant impact from the FRA." Funding was sought for track, signal, and other infrastructure upgrades, as well as new train equipment. DOT awarded $823 million under the Recovery Act for work on about 441 miles of track, including 144 miles of track upgrades, 32 miles of new track, and 275 miles of planned track.[17] The grants will establish intercity passenger rail service will be established between Milwaukee and Madison by 2013; currently, there is no passenger rail service between these cities. In addition, the grants will fund improvements on the corridor between Chicago and Milwaukee to increase speeds from 79 mph to 110 mph and reduce travel time more than 30 percent. This project will also allow for planning and environmental work to begin on the Madison and Minneapolis/St. Paul leg.

- Chicago-St. Louis-Kansas City: Illinois has completed an environmental impact statement for the Chicago-St. Louis corridor and has received a "record of decisions" for the portion of the corridor from Dwight to St. Louis. In addition, the State has already invested $143 million in the corridor. Funding was sought for track, signal, and other upgrades in the segment, as well as new equipment for the Chicago-St. Louis trains. DOT awarded $1.133 billion under the Recovery Act for upgrading about 570 miles of track. The long-term vision for this corridor is to reach speeds of 110 miles per hour from Chicago to St. Louis and Kansas City and to increase daily roundtrips between Chicago and St. Louis from five to eight. The grants will be used for improvements to track, signal systems, and existing stations and to fund the implementation of positive train control technology.

- Chicago-Detroit-Pontiac: Illinois, Indiana, and Michigan were awarded $244 million to upgrade about 300 miles of track in the corridor.[18] The grants will be used to reduce trip times between Detroit and Chicago and relieve railroad congestion at a series of major chokepoints. In addition, the long-term vision for this corridor includes doubling the number of daily round trips between Chicago and Detroit and increasing speeds to 110 mph. In Illinois, the grants will go toward improvements including station renovations, and the construction of three new tracks will be supported by the construction of a flyover, approach bridges, embankments, and retaining walls. In Indiana, one project to increase reliability of service, reduce delay, and increase speeds will involve the relocation, reconfiguration, and addition of high-speed crossovers and related signal system improvements, rail line additions at two locations, and the creation of new passing tracks.

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[17] White House Press Release, High-Speed Intercity Passenger Rail Program, Minneapolis/St. Paul-Madison-Milwaukee-Chicago (January 28, 2010), *available at* http://www.whitehouse.gov/the-press-office/fact-sheet-high-speed-intercity-passenger-rail-program-minneapolisst-paul-madison-m.

[18] White House Press Release, High-Speed Intercity Passenger Rail Program, Pontiac-Detroit-Chicago (January 28, 2010), *available at* http://www.whitehouse.gov/the-press-office/fact-sheet-high-speed-intercity-passenger-rail-program-pontiac-detroit.

Additionally, the region requested funding for various "Phase II" projects. Ohio is among these "Phase II" projects; it is developing its passenger rail service for its 260-mile Cleveland-Columbus-Dayton-Cincinnati "3C" Corridor, which will reach 6.8 million people, or 60 percent of Ohio's population, and is the most populated Chicago hub network corridor without rail service. Ohio is currently working on this project in partnership with freight railroads and Amtrak. Currently, the only rail service in Ohio is on Amtrak's Lakeshore Limited, which arrives in Cleveland once a day at 3 a.m. and then heads to Toledo. There is no other passenger rail service in Ohio. As a result, DOT awarded Ohio $400 million to help develop 250 new miles of track to connect these four major cities. Funding will go toward track upgrades, grade crossings, new stations, and maintenance facilities as well as some planning for future service improvements.[19] Later phases of the project are expected to improve service through increased speeds, reduced trip times, and increased frequency of round trip service.

Beyond these "Phase II" projects, the region plans to develop the remaining projects in the system plan, including Chicago to Grand Rapids/Holland, Port Huron, Carbondale, Quincy, and Quad Cities-Iowa City-Des Moines-Omaha and Green Bay.

IV. FY 2010 DOT Appropriations

On March 31, 2010, the FRA began accepting applications for $115 million in planning and construction grants for HSIPR.[20] These funds are available through the FY 2010 DOT Appropriations Act ($50 million in planning project funds) and the FY 2009 DOT Appropriations ($65 million in residual construction project funds). Applications and proposals for these funds are due to the FRA by May 19, 2010. FRA anticipates selections to be made during summer 2010.

An additional $2.5 billion was provided to DOT in FY 2010 appropriations for the HSIPR program. A Notice of Funding Availability is expected to be published in the *Federal Register* in the near future.

V. Surface Transportation Authorization Act

The Surface Transportation Authorization Act (STAA) (H.R. ___), a bill that will reauthorize the Federal highway, transit, and highway safety programs for the next six years, provides $50 billion to develop the 11 authorized high-speed rail corridors linking major metropolitan regions throughout the United States. STAA will create a long-term investment program for developing high-speed rail nationwide, which will advance the President's agenda and vision. Greater consideration will be given to projects that encourage intermodal connectivity; create new jobs; promote energy efficiency, environmental, and other public benefits; and leverage contributions from State and private sources. In addition, FRA will conduct an evaluation of the proposals' impact on the preservation or expansion of domestic manufacturing capabilities as well as new or expanded business opportunities in the United States.

STAA also makes high-speed rail development projects eligible for financing through the National Infrastructure Bank, and creates a research, development, and demonstration program for

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[19] *Id.*

[20] DOT Press Release, Federal Railroad Administration Seeks Applications for $115 Million in Planning and Construction Grants for High-Speed Rail (March 31, 2010).

high-speed rail technologies. This new program generates an opportunity to create jobs through the establishment of high-speed rail locomotive and car manufacturing facilities in the United States. Finally, the STAA provides funding for high-speed rail corridor planning activities, including environmental work.

WITNESSES

The Honorable Richard Daley
Mayor of Chicago

The Honorable Jim Doyle
Governor of Wisconsin

Mr. John Hamilton
President
Electro-Motive Diesel, Inc.

Mr. Gary Hannig
Secretary
Illinois Department of Transportation

Mr. Rick Harnish
Executive Director
Midwest High Speed Rail Association

Mr. Joseph McHugh
Vice President
Government Affairs and Corporate Communications
National Railroad Passenger Corporation (Amtrak)

Mr. Leigh Morris
Deputy Commissioner
Indiana Department of Transportation

The Honorable Elaine Nekritz
Representative, House of Representatives, State of Illinois and
Chair, Midwest Interstate Passenger Rail Commission

Mr. Kirk Steudle
Director
Michigan Department of Transportation

The Honorable Joseph C. Szabo
Administrator
Federal Railroad Administration
U.S. Department of Transportation

FIELD HEARING ON HIGH-SPEED RAIL GRANTS AWARDED UNDER THE RECOVERY ACT

Tuesday, April 20, 2010

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Washington, DC.

The Subcommittee met, pursuant to call, at 9:30 a.m., in Room 503 of the James R. Thompson Center, 100 West Randolph Street, Chicago, Illinois, Hon. Corrine Brown [Chairwoman of the Subcommittee] presiding.

Ms. BROWN. Good morning.

AUDIENCE. Good morning.

Ms. BROWN. Welcome, Mr. Lipinski.

Will the Subcommittee on Railroads, Pipelines and Hazardous Materials come to order?

The Subcommittee is meeting today to hear testimony on high speed rail grants awarded under the Recovery Act.

I started my trip to this hearing with a whistle stop tour of upstate New York. Members rode the train, got briefed by Amtrak officials and held listening sessions with local elected officials and transportation stakeholders.

In Albany, we were joined by the Commissioner of New York's Department of Transportation. In Utica, we held an hour long question and answer session on high speed rail with local residents.

All along the way we saw stimulus dollars at work improving the rail network and creating jobs for the local workforce, and it's right in the region of New York and here in Chicago where we can leverage the stimulus dollars and establish a domestic manufacturing base for high speed and intercity passenger rail and put some people back to work.

Everywhere we went there was a strong support for both Amtrak services and high speed rail. The only complaints I heard were there was not enough money for passenger rail, and it wasn't coming fast enough. I can repeat that.

[Laughter]

Ms. BROWN. It was not enough money and it was not coming fast enough.

And I want to add we need a dedicated source of revenue. I assure everyone that the eight billion in the Recovery Act was just

a down payment, and there is more planned in construction dollars that are coming.

We need to get serious in the United States about funding high speed and intercity passenger rail. The one billion dollar budget for grants to states for fiscal 2011 is not enough when you consider the billions that other nations are investing.

Over the past 50 years, the federal government has invested nearly 1.3 trillion dollars in our nation's highways and more than 484 billion dollars in aviation, and only since 1970 when Congress created Amtrak did we begin to invest in passenger rail. Since that time, we have invested just $67 billion in passenger rail.

For passenger rail, that represents only two percent of the pie. In order to develop a good high speed and intercity passenger rail network, we need to invest and we need to show the states, the manufacturers and the U.S. work force that we are serious about that investment so that they can start getting serious about planning and developing for the future.

We cannot do this without a steady stream of funding. I sent that message to the President last week. I spearheaded a letter with over 100 Members of Congress, including Chairman Oberstar to the President, urging him to call for a dedicated revenue source for high speed rail and for the administration to include that in its priorities for the next surface transportation authorization bill, and I am asking in that bill that we have a dedicated source of revenue for high speed rail.

Just last June, the Committee proposed $50 billion for high speed rail over the next five years in a draft Surface Transportation Authorization Act. We want to find a way to fund what we are asking for and the administration's assistance is what we need.

For now, we are making a great start with the award made under the Recovery Act, and I'm looking forward to working with our colleagues to provide additional funding for high speed and intercity passenger rail in the future.

With that, I want to welcome today's panelists and thank them for joining us. We have some very distinguished guests with us today, and I am looking forward to hearing their testimony.

Before I yield to Mr. Shuster, I ask the Members to be given 14 days to revise and extend their remarks and to permit the submission of additional statements and material for Members and witnesses.

Without objection, so ordered.

I yield to Mr. Shuster for his opening remarks.

Mr. SHUSTER. I thank the Chairwoman for yielding to me, and thank you for holding the hearing today in Chicago.

It is great to be back in Chicago. And I thank the city for hosting this hearing.

I would ask the Chairwoman for unanimous consent so that I can put my entire statement into the record. I know we have a number of Members here and a number of witnesses. So I am going to abbreviate my statement. Maybe that is something most of you have not heard from a politician before.

[Laughter]

Mr. SHUSTER. But I'll try to keep it short.

High speed rail is essential to our nation's transportation future, the best hope for diffusing congestion and the best way to move large numbers of people from center city to center city.

It is an exciting time to be part of the Railroad Subcommittee, to be involved in what we are doing with high speed rail. It seems to be moving forward, advancing, with the $8 billion in grants already announced and 2.5 million to come later on this year.

But we are falling behind the curve, behind our friends in Europe and Japan and what they have been doing for over two or three decades, as well as the Chinese now are moving forward on high speed rail, rolling their systems out.

Again, I am glad to be here in Chicago again. I was here several weeks ago and had an extensive tour of all the transportation that was occurring here in Chicago, especially to create a program, a comprehensive plan that is put together by the region, committed to solving the railway loss that occurs, and I understand there were stories I told that gridlock has been moving freight across by rail across the city is so slow that they accumulating on one side of the city are the trucks, trucking on the other side to get through and that's a huge, huge problem.

One of my concerns about the $8 billion that high speed rail grants that was awarded is that there's—some believe that it could actually increase the congestion here in Chicago and other parts of the nation; that it's not focusing on true high speed rail and ultra fast trains in various corridors in the bigger population centers of this country.

The administration has ordered 76 to 78 grants for projects that will only go 110 miles an hour into smaller cities which will run over freight rail tracks. I am concerned that these high speed trains would interfere with freight operations, and it is something I think we really need to study closely and look at to make sure that we do not cause the situation in freight rail to become worse.

Chicago alone is expected to double over the next 20 years its freight rail, and as the nation's freight demand will increase by 88 percent by 2035, which will require almost $150 billion of investment to keep pace with this expanding rail, to expand the rail capacity in order for this nation to move the goods.

So I believe the government should do all it can to assist and support the freight industry. Excuse the pun, but to get the government off the tracks and let the trains run.

So, again, I'll submit my entire statement for the record, and thank you and the witnesses for being here today, and thanks to the City of Chicago, and I yield back.

Ms. BROWN. Thank you.

And you almost used your entire five minutes.

[Laughter]

Ms. BROWN. Mr. Oberstar.

Mr. OBERSTAR. Well, thank you, Madam Chair and Mr. Shuster, for your cooperation to each other and in the purpose of high speed passenger rail. Both are very strong advocates for passenger rail, and Mr. Mica as well, our senior Republican on the Committee.

It's hard to believe that three years ago Mr. Mica, Ms. Brown, Mr. Shuster and I worked together to reshape the future of Amtrak. We completely restructured the program. We moved a bill

through Committee, through the House, and then a year later the Senate acted on that bill in October or September, rather, of 2008. In October the President signed the reauthorization of Amtrak, charted a new course, a new future of 11 corridors of interest to bring private sector competition into the future of passenger rail.

And then came President Obama with his proposal for an $8 billion, as Ms. Brown said, downpayment on the future of passenger rail. We are moving America in the right direction, and what more fitting place than Chicago to have a hearing of the rail hub of America. It is actually, like Ms. Brown said, Rail Week yesterday was in Kansas City, the second most important rail hub for freight rail, a city where they also want to bring back passenger rail, intercity passenger rail, transit to the center city.

There is a rail and intercity rail and center city transit revival going on in America. It was not long ago, a lifetime maybe, 70 years ago, that spectators lined the tracks to watch the Chicago-Milwaukee-St. Paul Pacific Railroad, the Milwaukee Road. Streamlined trains roared through communities. It was very exciting.

And in 1947, the first steam trains capable of 100 miles an hour, were running with the Milwaukee Road. The Milwaukee 400, 400 miles from the Twin Cities to Chicago in 400 minutes; it was on the cover of Time Magazine, the fastest steam locomotive in the world, the fastest, to quote Time Magazine, the fastest train scheduled on the American continent, the fastest in all the world on a stretch for over 200 miles.

Well, you could not drive 400 miles in 400 minutes in the '30s, the '40s, the '50s, the '60s, and you still can't. But we can get trains to do that.

And I have a great deal of consternation about what the Chinese are doing, what India is doing, the European Community is doing with high speed passenger rail. Spain alone has committed $140 billion to 7,100 miles of high speed, 186 to 200 mile an hour passenger rail. The French have high speed rail, Germany, Italy, and we are sort of bringing up the tail end.

But we have made a start, and we are here to hear from you while looking at the start here in Chicago.

Thank you.

Ms. BROWN. You know, when I said Mr. Oberstar, I did not mention and I need to because everybody in this room does not know that Mr. Oberstar is not just the Chair of the Committee. He is the transportation guru for the country.

[Laughter]

Ms. BROWN. In every subject area, and we are very lucky to have him Chairing the Transportation Committee.

And one of the things I like about this Committee is it is very bipartisan, and we work together, and Mr. Mica, who is the Ranking Member, we worked together on a lot of issues pertaining to Florida. So, Mr. Mica.

Mr. MICA. Thank you, and thank you for calling this Subcommittee hearing in Chicago, Madam Chair.

We are, indeed, bipartisan, but don't think we don't have our differences. I hope I am welcomed back to Chicago after I make my remarks this morning.

I had a chance last night to come in on the Blue Line to see what the mass transit is here. I have taken the rail in from the airport, worked for years on the upgrade chairman of aviation during 9/11 of O'Hare, promoted the fast moving over conventional rail, a whole host of projects.

And just walking around Chicago this morning, I am sorry Mayor Daley is not here, but they are doing a great job, even if Rahm Emanuel wants to run, I think——

[Laughter]

Mr. MICA. —Daley deserves credit. It is almost immaculate. You see that. If you fly over this place you see the majesty of this country and what people have done. It really is impressive within the infrastructure.

Those are the nice comments. Now let me be pretty blunt. The title of this is High-Speed Rail Grants Awarded under the Recovery Act, and quite frankly, there are probably none and particularly not in the Midwest. I had the staff prepare a list of the projects. It is about 30 percent of the $8 billion comes to the Midwest, and I am the strongest advocate in the Congress at least on our side of the aisle, probably the other side pretty high in ranking in advocating rail and transit alternatives.

But there are none of the projects that I see that even approach high speed. Probably the worst dog and the most money goes to Chicago-Milwaukee—no, wait. I take it back. That is not the big dog. The bad dog is the Chicago to St. Louis. It goes from 56 to 78 miles an hour, 78 miles an hour.

On the New Jersey Turnpike the former Governor of New Jersey was clocked going faster than 78 miles an hour.

[Laughter]

Mr. MICA. But none of these projects achieve high speed rail. You can only put so much parsley around the turkey, and then you still have a turkey.

You will hear people say, well, this is the step to get us there. I am telling you this is a step backward, and listen to not what I say but what others say. The Wall Street Journal op-ed projected train speeds in the Chicago-St. Louis corridor will be much faster than the fastest trains in the 1930s were able to do. PBS says in the 1930s they reached 120 miles an hour. We will be getting the pre-World War II speeds resuming into the 1930s.

And the thing is we are spending a huge amount of money and not getting the high speed that was promoted, one, by the President, who I strongly praise as he became a public advocate of high speed rail. We are actually doing damage because we are spending some of the money and sort of presenting a mirage of high speed rail, not that some of these projects will not make the trains go a little bit faster. My colleague said he was very delighted. Amtrak hijacked over 78 grants. Amtrak hijacked 76 of the grants.

Did he concede that one of the great dogs is the Ohio project. The chief had them check at 39 miles an hour. My God, you can practically bicycle faster than that.

In fact, I checked. Greyhound, you can go from Cleveland to Cincinnati in five hours; Amtrak in 6.5 hours. Come on, folks. Let's get real. We need high speed rail in this country, and we need to invest

in it, and we cannot when we are giving $8 billion of taxpayers' money to put high speed rail in and we should be doing that.

Now, you will hear from one Republican witness or the minority witness who will talk a little bit about a line that was left behind. It was sort of like, let's see, leave no high speed rail behind. Well, they left them all behind. He will talk about being left behind and the potential we missed in some of these corridors for true high speed rail.

We might achieve 110 miles an hour or 100 miles an hour. Some of these are 87, 78, nothing over 87 in the list I am asking to put into the record. That is not high speed rail, and that is what we should be doing.

I yield back the balance of my time and ask unanimous consent to submit this list of projects for the record.

Ms. BROWN. Thank you. These will be put in the record.

Mr. MICA. Yes, but I ask unanimous consent.

Ms. BROWN. Oh, without objection.

Mr. MICA. Thank you.

Ms. BROWN. Without objection.

[The information follows:]

MIDWEST INTERCITY RAIL SERVICE - PLANNED IMPROVEMENTS
TRAIN TRIP TIMES AND AVERAGE SPEED

City Pairs	Current Service	Planned Service	Miles	Current Avg Speed	New Avg Speed
Chicago-Detroit Amtrak *Wolverine*	5 hr 36 min	3 hr 46 min	286	51	76
Chicago-Cleveland Amtrak *Lakeshore Limited*	6 hr 24 min	4 hr 22 min	350	55	80
Chicago-Cincinnati Amtrak *Cardinal*	8 hr 10 min	4 hr 08 min	295	36	71
Chicago-St. Louis Amtrak *Lincoln Service* and *Texas Eagle*	5 hr 20 min	3 hr 49 min	298	56	78
Chicago-Omaha Amtrak *California Zephyr*	8 hr 37 min	7 hr 02 min	468	54	66
Chicago-St. Paul Amtrak *Empire Builder*	8 hr 05 min	5 hr 31 min	395	49	71
Chicago-Milwaukee Amtrak *Hiawatha Service*	1 hr 29 min	1 hr 04 min	93	62	87

Source: Midwest Regional Rail System: A Transportation Network for the 21st Century, Executive Report 9/04
Prepared by: Committee on Transportation & Infrastructure staff

Ms. BROWN. You see we are going to have a wonderful hearing today. I want to call on Mr. Walz.

One of the things, if we could just kind of stick to the time because we have the witnesses, and of course, we have to get back to Washington because we have votes this afternoon.

Mr. WALZ. I thank the Chairwoman.

Briefly, thanks to the City of Chicago and all of my colleagues here from Chicago. Thank you for inviting us to this great city and, again, thank you for being leaders as you always have been in the Midwest in taking us forward on this.

I am very pleased to be here. I would like to thank all of the witnesses for taking the time. I think you heard from everyone here while there may be differences, this goal of creating a 21st Century transportation system, multi-modal, sustainable transportation, it is absolutely critical. It is critical for the livability of our communities. It is absolutely critical for our economic viability.

And as a representative from southern Minnesota, this issue of rail and transportation is even more critical in our rural areas. In my district, we are one of the leading producers of agricultural products. We also have the Mayo Clinic. So Mr. Shuster's comments are appropriate in terms of being able to move both people and freight have to be combined together. And I think we can get that.

I would like to give a special thank you to one of our witnesses, Governor Doyle, and it is not often you hear high praise from Minnesotans to Wisconsins.

[Laughter]

Mr. WALZ. He reminded me of the last pass Brett Favre threw last year——

[Laughter]

Mr. WALZ. —and rightfully so, but Governor Doyle's leadership on this, and I want to tie this together with President Obama and his vision, Chairman Oberstar and Mr. Mica's vision on high speed rail in this country, of trying to get it done. But Governor Doyle is one that actually made it happen.

And what Wisconsin did and the catalyst for what this induces around the area is it is because of Wisconsin's commitment in moving forward that Minnesota was able to create a statewide rail plan, something that was sorely missing. How do we tie everything together? How do we tie our short lines together? How do we get this vision of where we are going to go?

And because of the emphasis on building, because of the corridors that were focused and because of what Wisconsin did was Minnesota is coming on board, and when Wisconsin does well, Minnesota does well, and vice versa.

So I want to thank you all for being here. I am really looking forward to your testimony to help us understand how we can achieve that vision that all of us agree on.

I yield back.

Ms. BROWN. Thank you.

I ask unanimous consent for Congressman Rush and Congresswoman Schakowsky be permitted to participate in today's hearing and sit and ask questions of the witnesses.

Without objection, so ordered.

Mr. Cao.

Mr. CAO. Thank you very much, Madam Chair.

All right. This is so high tech we do not even know how to use it.

But I recently took a trip to Japan with Mike Honda, and when we were in Japan, we took a high speed rail trip from Tokyo down to Hiroshima, and I have to say that when I took that ride, I was so up on high speed rail. It was an incredible ride and something that I would really support that we try to build in the United States, and in this sense I do agree with Ranking Member Mica that if we are to build a high speed rail project, it must be high speed.

And one of the rail projects that we are hoping to build is the Southern Corridor that stretches between Houston, New Orleans, and Atlanta, and during the application process last year, I was extremely disappointed that my governor failed to file an application to apply for this $300 million sector between Baton Rouge and New Orleans because of the shortfall in the state budget in the amount of $18 million.

With that being said, I hope that the future of this country will move forward in implementing a truly high speed rail, and that one day the Southern Corridor will be a dream come true for me, and I hope that with the next application for the federal grants money, I hope that the State of Louisiana will work in conjunction with Mississippi, with Georgia, and with Texas to apply for the money and to build a truly high speed rail that will connect Houston, New Orleans, Atlanta, and provide a tremendous economic opportunity for the South.

So with that, thank you very much for this hearing, and I yield back the balance of my time.

Ms. BROWN. Thank you.

Mr. Lipinski from the Committee.

Mr. LIPINSKI. As a Chicagoan and only Member of the Committee on Transportation and Infrastructure, I want to welcome all of my colleagues here to Chicago. thank you for coming for a hearing, and I welcome all of the witnesses. Thank you for your input here today.

Chicago is the heart of American transportation network, and this is certainly true for rail. We have over 1,200 trains, over 37,500 rail cars passing through the city daily, making Chicago perhaps the most important freight rail hub in the world.

We also have more than three million Amtrak passengers traveling through Chicago each year making it a key passenger rail hub.

All of these trails travel on the same rail tracks. So the problem we have is unfortunately we are also a major rail choke point, not only for the region, but for the country. So what does all of this mean for high speed rail?

Simply put, we cannot have high speed rail in Chicago and in the Midwest without the CREATE Rail Program, a comprehensive program encompassing 71 individual projects that will modernize the existing outdated infrastructure in Chicago land.

High speed rail in Chicago will not only provide travelers with more options, create jobs quickly, and then take on development,

but will also help unclog the existing Chicago freight rail bottleneck that hurts not only the region, but the country.

We have made significant progress on this, starting in 2005 with the Surface Transportation Reauthorization. I worked with Chairman Oberstar to allocate the initial $100 million for CREATE, which was matched by the freight railroads. In 2007, construction began on CREATE projects.

Last summer the State of Illinois was very happy to have the Secretary of Transportation for Illinois, Gary Hannig, here today. The State of Illinois demonstrated its commitment to these two projects by committing $300 million in the state capital bill to create $400 million for high speed rail. And I thank Mr. Hannig and Governor Quinn for doing that.

Tiger grants and Recovery Act, I led the delegation in supporting CREATE, which resulted in a $100 million grant and also worked with the delegation for high speed rail grants, which resulted in over $1 billion to high speed rail in Illinois. So we are making significant progress.

One of the projects that Chairman Oberstar was out here last month as we announced that the construction will begin, one of the CREATE projects is the T1 project, also known as the Englewood Fly-over. This is $133 million which will come from the Recovery Act high speed rail funding, a perfect example of how you need to do CREATE in order to do high speed rail because this project will help facilitate high speed rail, will also help with commuter rail in the Chicago region, and is one of the key great clog points for the system.

So it really shows and is a perfect example of how high speed rail creates passenger and freight rail go hand in hand especially in the Midwest bolstering our economy and helping produce more American jobs.

For the move ahead, the next step as we move forward is the Surface Transportation Authorization Bill. I look forward to continuing to work with Chairman Oberstar, Ranking Member Mica, Chairwoman Brown, Ranking Member Shuster and other Members of the Committee to advance programs like CREATE and high speed rail that will help boost mobility in this country, lower emissions, improve freight efficiency, and really help to move our country forward economically.

I am very happy to have the Committee here in Chicago today and look forward to hearing testimony.

Thank you, and yield back.

Ms. BROWN. Thank you.

Let me just say I was in Mr. Rush's district yesterday taking a look at a couple of the projects that you can't have high speed rail until you do some of the infrastructure things that you need to do as far as separating the passenger from the freight.

You know, we started, I think, back in 1835 with rail in this country, and they used to use the caboose. We do not even use cabooses anymore. So this is an exciting time for us to be involved, but part of it is educating the community, educating the Members, educating the public and some of that was a dedicated source of revenue.

The President has said that we don't have to be jealous of our competitors. We can get there, but it is step by step, and with that, Mr. Rush, welcome.

Mr. RUSH. Well, thank you, Madam Chairman.

I am so glad. And I really thank you.

[Laughter]

Mr. RUSH. It is so good to see you. You have always been a person who I have always welcomed.

I have not seen, as far as I know, Madam Chairman, you have not been present since the glory days of the Bulls and you have a soft spot for the Magic, and I understand that. We're on our way back though.

You and Chairman Oberstar and Ranking Member Mica and Ranking Member Shuster have captivated the attention not only of the Congress because you're here holding this hearing, a field hearing, to examine high speed rail. We are providing 2009 Recovery Act, and I want to let all of you know that you are, indeed, of single importance to the rail transportation in America.

We are so fortunate to have you here. We are so fortunate to have you in this great city. We're so fortunate to have the rail industries centralized in this city. It provides an opportunity for us not only to create a better common condition, but it really provides an opportunity for us to help disseminate money through the economy and thereby create meaningful jobs. A lot of this activities inspire the community, and this program and other programs can really help. And there's more of a need of this kind of economic development, economic opportunity, and economic stability.

I see this as an opportunity to put Chicagoans back to work, and I look forward to seeing my constituents and other constituents throughout this city at work again.

Madam Chairman, I do want to remind you that Chicago is the city that works because we have people who are willing to work and work to solve the problems not only on this end, but the problems of the nation.

Madam Chairman, I am a supporter of the Improvement Act of 2008 and the Passenger Rail Investment and Improvement Act of 2008, coupled with President Obama's support for high speed rail will have us charting a course that will hold us in the development of world class 21st century network of high speed of freight and passenger rail corridors.

This hearing today will focus on one of the nation's chief transportation regions, the Midwest, which will get $2.6 million of the $8 billion awarded for high speed rail programs by the administration last January as authorized by Congress in ARRA. This award not only has economic impact here, but it will help further economic growth throughout the Midwest.

The Midwest high speed rail corridor with Chicago as the hub was authorized just prior to my election to Congress in 1992 and was the very first in the nation. This is significant and has included a erosion in ridership, revenue and air-rail market share of the Midwest Corridor to be one of the leading corridors in the U.S.

But these efforts to reshape our rail transportation system will impose significant challenges in the decades and a relatively mod-

est investment in passenger rail, we are full of expertise and they fail at a lack of manufacturing capacity.

This is why I joined you, Madam Chairwoman, proudly joined you in writing to the President to seek a dedicated revenue source for planning the development of high speed rail. I hope the President and you are in agreement as we speak, and I hope he responds to us with a very vigorous yes that he will work to provide additional dollars for it.

To overcome these challenges we must continue to develop strong partnerships among state and local governments, neighborhoods, and the railroad manufacturing and other key stakeholders that we now have before us.

Madam Chair, I look forward to this hearing. I look forward to the distinguished panel of witnesses, and I look forward to being a part of this occasion and being here with you.

I yield back the balance of my time.

Ms. SCHAKOWSKY. —my remarks in the record, but I would be remiss if I didn't thank you for bringing this hearing to Chicago. You have been a heroic advocate to protect Amtrak and to expand rail transportation in the United States.

We have a fabulous panel, including my former colleague, now Transportation Secretary Gary Hannig and friends all on this panel.

I do just want to say one thing about jobs. This is not only about rail transportation, but it is about jobs, and the investment here in Illinois is projected just from Chicago to St. Louis to create another 6,000 jobs in our state, which is so greatly in need of that in addition to the incredible investment that will mean in our rail transportation.

So we are all just so fortunate, too, to have the national guru of transportation, Jim Oberstar, here with us today, and let's get started.

Thank you very much.

Ms. BROWN. Thank you.

And let me just say that, as we get ready to hear from the witnesses, I wanted to take a moment to thank FRA because, you know, we can all have different opinions, but you know, facts are hard to get around, and we have authorized this program, and you all have implemented, and I want to thank you, and I know you're willing to discuss it.

But in addition to that, you know, we have had a tough time for eight years when you had an administration that sent a budget over that zeroed out Amtrak, and so just to stay whole, I want to thank them for what they have done to just move forward and they are important partners as we move forward in high speed rail.

We cannot do it in a vacuum. I mean, it has to be intermodal. It has to be the local working with the state and the federal government and private partners. So it is a partnership. I mean it is just like the southern states. We probably need a new player, Mr. Chairman, for the southern states because if the governors do not participate, they cannot be a partner in the process.

It takes the state. It take the federal government. It takes local government, and it also takes the private investors. So as we move forward, I am excited about moving our country forward. Fifty

years ago Eisenhower did the highway system. Now we are getting ready to do the high speed, but it is not just going to be high speed. It is going to be high speed. It is going to be more speed, but it is going to be reliable speed. It is going to be capacity. It is a whole lot of things that we are dealing with, and this is an exciting time to be a player at the table.

And with that let me introduce our panel. Thank you so very much for coming. We are going to start with the Governor of Wisconsin that I have heard so many exciting, innovative things about what you are doing, Governor Doyle. I am just looking forward to hearing from you.

Mr. Szabo, with the Federal Railroad Administration.

Mr. Hannig who is the Secretary of the Illinois Department of Transportation, and Mr. Steudle, Director of the Michigan Department of Transportation, and lastly, Mr. Morris, Deputy Commissioner for Indiana Department of Transportation

I want to remind you that you have five minutes, and we will have questions and answers, and then we will go on to the second panel. But we are going to start with the Governor, and welcome.

TESTIMONY OF THE HONORABLE JIM DOYLE, GOVERNOR OF WISCONSIN; THE HONORABLE JOSEPH C. SZABO, ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION; GARY HANNIG, SECRETARY, ILLINOIS DEPARTMENT OF TRANSPORTATION; KIRK STEUDLE, DIRECTOR, MICHIGAN DEPARTMENT OF TRANSPORTATION; AND LEIGH MORRIS, DEPUTY COMMISSIONER, INDIANA DEPARTMENT OF TRANSPORTATION

Governor DOYLE. Well, thank you, Madam Chairwoman and Ranking Member Shuster.

And I really want to acknowledge and thank Chairman Oberstar and Ranking Member Mica.

Let me just say this Committee has been enormously helpful, open, willing to discuss with Wisconsin and, I know, other states in the Midwest our plans, and we are very thankful for all that you have done so far, and we are thankful for the work that we are going to do together in the future.

I also want to acknowledge and thank the Commissioners of the various Midwest states. The fact that we are where we are at in the Midwest is because states have been planning for this for well over a decade, and in Wisconsin, the reason we are able to move ahead so quickly is we have done the engineering work, the environmental work. We are ready to go, and with the help of the Recovery Act dollars, we are going to make a big difference.

I really want to thank Mr. Szabo. FRA has been a tremendous partner with us, as has Amtrak, and of course, Secretary LaHood. I have said to the Secretary that as that train is rolling from Chicago to Milwaukee, we are going to have a statue of the Secretary sitting there at the state line, but we are very thankful for his recognition of what we have done and the decision to give Wisconsin a significant award of the Recovery Act dollars.

We have been working in Wisconsin as a regional rail leader for many years, and our interest, of course, is very simple. We want to create jobs, and we want to connect our major commercial cen-

ters in Wisconsin, Milwaukee, Madison and other cities with Chicago, with the Twin Cities in Minneapolis, Minneapolis-St. Paul, and with the other Midwest cities. And that is what we now have before us.

We have spent years working very closely with Amtrak, with the Federal Railway Administration, with other states to get to this point, and of course, we were thrilled when President Obama's decision with the Recovery Act, supported by the great Members of Congress who have supported this, to make the money available in the Recovery Act.

Wisconsin was a significant—well, we got over ten percent of the money in the State of Wisconsin, and I think the reason we did is because we are ready to go. We are ready to build the trains. We are ready to put them on the tracks and to make this happen within the matter of the next couple of years.

So we are thankful for everyone who has had this vision that will help people in our region move at a reasonable price, move quickly throughout our region, do it without long lines at airports, do it without the likelihood of big traffic delays, and be able to get from one place to another in a very safe, rapid and reliable manner.

So with the Recovery Act, the President's and Congress' investment, we are very thankful to, as well as Congress' decision to appropriate the additional $2.5 billion. And we are going to work very closely with you to make sure that this has happened.

We have had a proven record of success already in Wisconsin when it comes to passenger rail, and this is our opportunity to build on these efforts. Our current Hiawatha Service between Milwaukee and Chicago is the most heavily used Amtrak line outside of either coast of the United States, and its ridership is growing. Even in these difficult economic times, or maybe because of the difficult economic times, the ridership on that line continues to grow.

Our Secretary of Transportation, Frank Busalacchi, who is with me today, rode down today from Milwaukee to Chicago, and it was standing room only on that train.

Over the past decade, this line has consistently set ridership records. It has had one of the very best on-time performance records in the Amtrak system, and it is because people know when they're going to leave, and they know when they're going to arrive, and they can arrange their business around it.

With the nearly $823 million grant that was awarded to Wisconsin through the Recovery Act, we will improve on these existing services. We will reduce travel time. We will build new lines with great demand, and we will create thousands of jobs. And the entire Midwest region will finally begin to realize the plans that were outlined in the Midwest Regional Rail Initiative.

Wisconsin's award has included critical funding to study the best high speed rail route between Madison and the Twin Cities, a route that when finally completed will connect Minneapolis and St. Paul to Madison to Milwaukee, Chicago, and then hubbed out of Chicago to other cities throughout the Midwest.

This grant will help us build on recent investments that we have made in the State of Wisconsin, and I think this is one. We have already taken steps before the Recovery Act came along and made significant state investments.

We recently have replaced deteriorating stations between Milwaukee and Chicago. There are two stations now that are brand new, beautiful stations if you go from Chicago to Milwaukee. One of them is located in Mitchell International Airport in Milwaukee. Mitchell International is one of the few airports over the last year of the economic recession that we have been in that has seen significant increase in the passengers going out of that airport.

One of the significant reasons is because of the really good rail service that we have that comes out of Chicago to Mitchell Airport, making that a convenient place for people to travel in and out of this part of the country.

With the Recovery Act funds, new crossovers will be installed on our existing Milwaukee to Chicago line. This will improve our already high standard of safety. It will reduce travel time and very soon we will replace the current train cars with new state of the art train sets that will be complete with WI-FI bistro cars and all of the amenities that people can ask for.

Let me also say that we are very proud to say that these train sets will be assembled in Wisconsin, creating even more jobs. Last year the State of Wisconsin, without Recovery Act, on its own purchased two train sets from Talgo, Spanish train manufacturer, and a few months ago Talgo announced their new assembly and maintenance facility will be located on the north side of Milwaukee.

Let me just say the north side of Milwaukee has been an area that has been particularly hard hit by tough economic times. They are locating in an old automotive, industrial site that has been abandoned for years. We have been trying for years to figure out what we do with that site.

That is the site that Talgo will be assembling railway cars and maintaining a maintenance facility in because of the commitments that the state has made and the Recovery Act has made.

Other states have recognized this opportunity, and the State of Oregon has recently purchased two train sets that will also be assembled by Talgo in the new Wisconsin facilities. Their willingness to come along with us has provided significant savings to Oregon in the cost of those cars or those train sets as it has to Wisconsin.

And the Recovery Act award will also now provide for us to fund the additional new train sets. So there are six train sets that are on their way to be built in the State of Wisconsin.

In addition, we are about to put out bids for six to eight locomotives which will be built in the United States and will be creating jobs there.

And in 2013 these trains will be running on a new line that we are constructing from Milwaukee to Madison on the way to Minneapolis. These speeds, the speeds on those trains as you move into less populated areas will be up to 110 miles an hour.

We are working closely with the freight rail companies, and let me just say they have been very, very cooperative with us. I mean, I deal with the real world here, you know. I have got what we have in the United States, are freight lines and that is who has the lines. But they have been very helpful with us, very interested in making sure that we have very good, high quality passenger service.

So in addition, the Recovery Act provides money for the continued study of what is the best route, and the lines that go will connect Madison to the Twin Cities, which will ultimately be the connection of Chicago to the Twin Cities.

So we have been working very closely with the Federal Railroad Administration. We will continue with Amtrak and others. We will continue to work with our fellow Transportation Departments and governors in the Midwest. I think as a region we understand what the enormous value is to having people be able to move safely and securely.

And I don't necessarily want to argue with Mr. Mica, but the former Governor of New Jersey wasn't driving very safely at those speeds.

[Laughter]

Governor DOYLE. And on a train at those speeds I think he could be assured of a safe and on time arrival at his destination.

So thank you very much for giving me this chance.

Ms. BROWN. Thank you.

We let the Governor go over a little.

Governor DOYLE. Thank you.

Ms. BROWN. I am sure that he will do that and we will have you available for questioning.

Thank you.

Mr. SZABO. Thank you, Chairwoman Brown, Chairman Oberstar, and Ranking Member Mica, for inviting me today to testify on our high speed and intercity passenger rail program.

You know, the last year has seen a dramatic change in our nation's view on the development of passenger rail systems in this country. Less than two years ago a federal partner didn't exist to help the states in the development of passenger rail, but Congress passed PRIIA, and the President advocated for $8 billion in the Recovery Act, and it has made the single largest investment ever in the passenger rail.

So I think it is just incredible how far we have come in 18 months, and the fact that instead of talking about how we saved passenger rail, now we can debate about what is next, what is good enough. How do we get to the next level? So that is an incredible change.

You know, there are some that believe that only investments yielding a 200 mile an hour service will yield benefits, but the facts simply show otherwise. It is about building a comprehensive passenger rail program.

Ridership grows by meeting the needs of passengers in a given market, by developing competitive trip times that work for that market.

You know, I just visited Maine a couple of weeks ago to look at the successful service from Boston to Portland, which operates at a top end speed of 79 miles an hour, and we have just funded an extension, expansion to Brunswick, which is a coastal town that's suffering from the loss of a military base. And what we saw was just amazing.

The existing service has already demonstrated that reliable, on time service not only attracts passengers, but it attracts commercial development around the station. Up and down the line you saw

the power, transit oriented development, and already in these two new communities that will be seeing stations in the next year or two under the expansion in the program, you're seeing transit oriented development already taking place where vacant buildings have been acquired. They have been bought. Things are already under construction, including new train stations, stores, restaurants, hotels, and condominiums, walking distance to that 79 mile an hour train.

When we put out the applications, we expected this type of reaction, and that is why the vision that we released a year ago was for a comprehensive rail program with express high speed rail services that run 150 to 200 miles per hour, with regional high speed rail services of 125 to 150 miles an hour, emerging high speed rail services with speeds of 110 to 125 miles an hour, and significant improvements to traditional 79 mile an hour service.

This allows the states or the regions the opportunity to cost effectively implement projects that meet their specific transportation needs. It is simply not a one size fits all endeavor. And this follows the comprehensive approach that, in fact, has been used so successfully in Europe and in Asia.

And the support for the program was incredible. Two hundred and fifty-nine applications worth $57 billion came in to compete for the $8 billion that was available, and those applications varied tremendously in size and in scope.

So at FRA we worked hard to review all of the proposals while insuring that we allocated funding to the projects that posed to deliver the most benefits relative to their investment cost. And, you know, it was amazing to me. The next day I happened to speak at a function in Gary, Indiana, and a good friend of mine was there who is testifying today, Rick Harnish with the Midwest High Speed Rail Association, strong advocate for 220 mile an hour service.

And Rick stood up at that Gary function and said, "FRA, you got it right. You have got the allocations right."

So less than a year since the President proposed the program, we have announced the grant recipients, including major investments in California and Florida, the only two states that applied for 150 to 200 mile an hour systems.

In rough terms, 45 percent of our grants in the funding announced will go for that 150 mile to 200 mile per hour service. Another 40 percent goes for that emerging high speed area of 110 to 150 mile per hour service, and 15 percent goes to projects that benefit intercity passenger rail, which are projects that can be put to construction very, very quickly and develop those jobs.

In the Midwest here, $1.1 billion will go towards improvements on the corridor between Chicago and St. Louis, which will allow passengers to enjoy services that operates at speeds up to 110 miles an hour. These higher top end speeds coupled with improvements resulting from increased on time performance will decrease travel times from Chicago-St. Louis by 30 percent. It will cut the travel time by one-third from existing service today, and it will make the service ten percent faster than driving.

So again, what we have done here is achieved a trip time that is now competitive or, in fact, superior to the automobile. That's how you gain ridership.

And at full build-out, the Midwest Regional Rail Initiative generates some 57,000 permanent jobs, 57,000 permanent jobs from the Midwest Regional Rail Initiative. It generates more than $23.1 billion in economic benefit for the region and has a positive cost benefit ratio of 1.8. For every dollar invested in this Midwest plan, this 110 mile an hour Midwest plan, every dollar put in generates $1.80 back.

Job creation is a critical part of our program. Many companies headquartered in the U.S. and companies with headquarters elsewhere have expressed interest in participating and competing in our new program, and you will hear later today from EMD based here in LaGrange, Illinois, and I know they're very, very excited.

To sustain momentum at FRA we have created a fast track program. We are coordinating with those states that have projects that are ready to go and moving them out the door quickly so that construction could start this year.

You know, it is interesting. If you look back in history, it took the federal government more than three years to get the first dollars out the door for the start of the highway system. We've done it in three months. We have worked since day one to build stronger relationships with states and stakeholders; organized eight regional meetings with state DOTs and other partners that were attended by more than 1,200 stakeholders, and we have continued to meet with governors and legislators from across the country.

We hold biweekly conference calls with the DOT secretaries and their rail program managers, and this unprecedented dialogue with the states was tremendously helpful as we worked to make this program a success.

Long time DOT employees and state DOT employees have called this the most transparent and open program they have seen in their careers. In fact, the American Association of State and Highway Transportation Officials, or AASHTO, recently commended FRA for their outreach efforts and openness with the passage of a proclamation.

In short, we're upbeat and confident about this program and the important contribution that it is going to make to the American landscape. We look forward to working with Congress to help make America's passenger rail system the best in the world.

Thank you.

Ms. BROWN. Would you please turn off your phones or put them in the silent mode, please? I've learned how to do mine.

Mr. OBERSTAR. That is a Committee rule, by the way.

Ms. BROWN. Yes, it is a Committee rule.

Would the Secretary of the Illinois Department of Transportation begin? And we really need you to kind of stay within the five minutes so that we can get into the questions.

Mr. HANNIG. I certainly can, Madam Chairwoman and Mr. Chairman Oberstar and Ranking Member, Mr. Mica, and distinguished Members of the Committee.

It is my pleasure to be here today to speak on behalf of high speed rail. Governor Quinn has other opportunities with the state legislature who are entering a pivotal part of their negotiations. So he asked me to speak today on his behalf.

But clearly he is a very big supporter of high speed rail. Governor Quinn convened a group of Midwestern governors last July. We here in the Midwest, at the urging of Secretary LaHood, decided that we would take the advice from the Secretary and begin to speak with one voice here in the Midwest and to say that a victory for Wisconsin or a victory for Indiana or a victory for Illinois would be a victory for all of us in high speed rail applications.

So we believe that we're going in the right direction, and we thank you for the support that you've given us for high speed rail and for stimulus money today.

We believe that the national policy should support high speed rail to balance the transportation system. We know that in beautiful cities like Chicago with all of the greatness that it has, we also face problems like congestion, and we know that we cannot build our way out of the congestion problem by building more roads.

We support roads at the Illinois Department of Transportation, and we're going to build more roads, but there is a limit to what we can do, and we know that in the metropolitan areas of our state that we need to have transit rail, and we need to have longer distance, high speed rail.

We believe that the incremental development is the most efficient way of doing this. We already have tracks and right-of-ways that are well established, and we have systems today that already work and that we believe that the best way to get high speed rail is to take our 79 mile an hour existing Amtrak service and upgrade it to 110 miles an hour.

We've been working on this hear in Illinois since the 1990s. We've made some progress, and we believe we're on the threshold. We also believe that with the money that President Obama has granted to our state and to the other Midwestern states that we're only a small jump away from getting to the 110 mile an hour service.

We found that since 2006 thereby having a reliable service with Amtrak, by having eight trains a day running north and south between Chicago and St. Louis, that ridership has increased; that there is a demand and there is a need for these services.

We know that travelers focus mostly on how long it takes to get from destination to destination, counting all the time involved, and they look at the departure times, the arrival times, the arrival service, that is, on time service, and those are the important elements that we found that are part of what makes the high speed rail and the existing rail successful.

Second, I think it is a little bit of a stretch to just assume that we could adopt a European model. I think it's important that we study what's been successful in Europe and in Asia, and if we look to try to take those things and bring them to America where they work, but we do agree that one size does not fit all, and that we are unique, and that we have to build our own system here in the United States that works for us and works for every region.

So we believe that successful implementation of the 110 mile an hour service in the Midwest will serve to build the ridership and the popular support that will justify either further and greater investments as we go forward.

So federal funding through ARRA and the High Speed Rail Passenger Intercity Investment Act will serve well in moving this country forward to work with that goal, and adequate and well maintain rail transportation system is critical to the nation's economic prosperity and future growth.

I still have 30 seconds left. So let me just again thank you for coming to Chicago and the Midwest, and we look forward to working with you to making this a reality and a success, and thank you.

Ms. BROWN. Thank you.

Mr. Steudle, Director of the Michigan Department of Transportation.

Mr. STEUDLE. Good morning, Chairwoman Brown, Chairman Oberstar and Ranking Member Mica. Thank you for allowing me the opportunity to testify for this morning on high speed rail grants announced under the Recovery Act.

I bring you greetings from Governor Jennifer Granholm.

My name is Kirk Steudle. I'm the Director of the Michigan Department of Transportation.

These are existing times for intercity passenger rail development in our country, and this is largely attributable to the support of our policy makers at the federal level.

So on behalf of intercity passenger rail riders in Michigan, thank you for that support.

Amtrak initiated service in Michigan in May of 1971 as part of a nationwide system with service on the Detroit-to Chicago corridor. This corridor was one of the original federally designated high speed rail corridors and includes the only segment of track outside the northeast corridor that currently has the technical ability to travel at 110 miles an hour. It currently operates at 95 miles an hour.

Service from Port Huron to Chicago was initiated in September of 1974 and service on our third route between Grand Rapids and Chicago began in August of 1984. There are 22 stations in Michigan providing access to passenger train transportation along the three routes.

Ridership on the three routes in Michigan has increased by 37 percent in the last ten years, which is more than five times the growth of vehicle miles traveled in Michigan over the same period.

Since 1996, Michigan has participated with eight other Midwest state DOTs and Amtrak as part of the Midwest Rail Initiative to develop and improve an expanded 3,000 mile passenger rail system in the Midwest. Over 80 percent of the region's 60 million population lives within a one hour drive of any Midwest regional rail system rail station. It has been estimated that the full build-out of the Midwest regional rail system will provide 6,700 new permanent jobs in Michigan and over $138 million of extra household income.

This is very promising since the economic downturn has devastated Michigan's industry, business, and labor force.

The Midwest was selected to receive $2.6 billion, and we are particularly excited by that $244 million that was invested in the Chicago-Detroit-Pontiac high speed rail corridor. This includes $40 million for three stations in Michigan, $71 million for infrastructure, capacity improvements in Indiana, and $133 million for the new Englewood fly-over in Illinois. These are improvements that

will continue to reduce travel time between Detroit and Chicago from five and a half hours to less than four hours when the full build-out is achieved.

While we would have liked to have received a larger share of funding in Michigan, we support FRA's investments in Indiana and Illinois as necessary to reduce the congestion and improve service reliability for the entire Chicago-Detroit-Pontiac corridor. Michigan will request assistance from FRA to refine our applications and aggressively seek funding in the second round of high speed rail opportunities.

MDOT has been encouraged with the collaborative effort that FRA has employed in rolling out this unprecedented program and for establishing and maintaining excellent lines of communications throughout the process.

We are also encouraged by FRA and Amtrak's efforts regarding positive train control by investing in the incremental train control system in the Chicago-Detroit-Pontiac high speed rail corridor. This technology currently allows for intercity passenger rail service running up to 95 miles an hour between Kalamazoo and New Buffalo. Speeds in this segment, as I mentioned before, are expected to increase to 110 later this year.

Amtrak was awarded recovery funding to expand the incremental train control system from New Buffalo to Porter, Indiana. When that is complete, it will have 100 miles of Amtrak ownership that has the ability to travel at that higher speed.

Amtrak and Norfolk and Southern are currently working to complete an infrastructure study of IPC for coverage east of Kalamazoo to Dearborn, Michigan.

When that study is complete and an incremental train system is in place, that will cover 235 miles of the 304 miles between Chicago-Detroit-Pontiac with the ability to run at 110 miles an hour.

Intercity passenger rail ridership has increased far faster than vehicle miles traveled, despite the fact that travel times are somewhat slower. The recent funding commitments Congress has made to improving intercity passenger rail infrastructure will not only allow the system to be expanded, but will also have travel times and reliability that meet or exceed that of vehicle travel.

The State of Michigan stands ready to work with all manufacturing companies, repair facilities, with economic development assistance to put forward our extensive manufacturing capacity.

Thank you for the opportunity to testify this morning.

Ms. BROWN. Thank you.

Mr. Morris.

Mr. MORRIS. Madam Chairperson, Chairperson Oberstar, Ranking Member Mica, I appreciate very much the opportunity to be with you this morning to speak on behalf of Governor Mitch Daniels and the State of Indiana.

Indiana has welcomed the opportunity to join with our southern neighboring states and the City of Chicago to explore the potential of high speed rail in the Midwest. We also recognize the complementary roles of the Midwest Interstate Passenger Rail Commission and the Midwest Regional Rail Initiative, as well as the tremendous work of Mr. Szabo and the FRA.

In particular, and of great importance, we seek a better understanding of the role of high speed rail in the future economic development of the Midwest and Indiana. This question has yet to be fully answered, and yet it must be answered before decisions can be made to invest billions more in the effort.

And that challenge underscores our collaboration with our Midwest neighbors. We will continue to support and work towards the development of that business case for high speed rail, including the proposed corridors that link Chicago with Detroit, Chicago with Cleveland, and Chicago with Cincinnati. Such a business case must thoroughly consider all relevant factors, including capital investment, ongoing operating cost, environmental effects, and the impact on the quality of life, to name but a few.

And in this context, we believe it will be important to consider the role of private capital in the pursuit of high speed rail. A pragmatic assessment will offer a clearer understanding of the opportunity cost associated with high speed rail in relation to other modes of transportation, be it freight rail, highways or air transport, and a deeper understanding will foster our collective ability to set priorities and make choices.

Indiana has been fortunate indeed, to weather the current recession without draconian cuts in service or increased taxes. Yet today our state has no ready source of matching funds to invest significantly in rail or multi-modal integration.

Accordingly, Indiana is extremely grateful for the ARRA grant, for the Indiana Gateway Project that will cover the cost of design and construction of track and signal improvements on the Norfolk-Southern Line between the Illinois-Indiana state line and Porter, Indiana, arguably one of the most delay-prone and congested sections of rail outside of the major Chicago area.

There are four objectives that we think are critical to the ongoing implementation of high speed rail. First, we must demonstrate and accurately forecast the cost of high speed rail to the federal, state and local governments.

Second, we need to differentiate between the vision for high speed, high frequency passenger rail service connecting major regional urban centers from the traditional and often heavily subsidized rail passenger models of the past. This is a different kind of rail passenger service we're envisioning as we move toward high speed rail.

Third, we must assure that investments in high speed rail are not made at the expense of the efficiency and reliability of our rail freight system.

And finally, we must recognize that funding challenge, both capital and operating, which must be addressed in its totality in order to assure a strong business case is made for high speed rail.

Thank you very much for the opportunity to speak today and to share our thinking on this very important issue. Thank you.

Ms. BROWN. Thank you, panel. I thank all of you for your testimony, and I am going to open with questions from our Chairman.

Mr. OBERSTAR. Well, obviously the Thompson Building made the federal upgrades.

[Laughter]

Mr. OBERSTAR. Thompson himself would not be happy with this. He would say, "What is this?" We can send a signal to Mars and to the moon, communicate with astronauts. We can't communicate on Earth, and so we are seeing some of that.

I just want to point out that in Title 49, U.S. Code, the High Speed Rail Corridor Development Bill that Mica and I and Shuster and Brown worked on was bipartisan. We are very proud of the legislation. It sets the stage for and we would not be at this stage without that bill, with the eight billion that President Obama put on the table, but high speed rail, the term "high speed rail" defined in this act, means intercity passenger rail service reasonably expected to reach speeds of at least 110 miles an hour.

The Recovery Act also provides for, in addition to very high speed rails, to graduated speeds, but also provided for what we would call computer rail. It provided funding to cover commuter rail projects as well, and those are not in the definition of 110 mile-an-hour high speed rail.

In fact, I think the comments of our illustrative witness rightly pointing out that we have to respect the needs of the freight rail system is at the heart of the problem of developing high speed intercity passenger rail.

The French didn't have to compromise with their Train Grande Vitesse. [Foreign language.] They simply built the rail system through France. They bought it, green fields. They didn't dig tunnels through mountains. They went over them, because with electric power you could do it.

In Spain they are not compromising with freight rail because they practically have so little of it, they didn't have to. Nor in Germany or Italy. They just built it, green fields.

We are building passenger rails on top of freight rails. Now, the railroads were given by the federal government between 1850 and 1871 173 million acres of public lands for the public use, convenience and necessity of providing rail service. That was eight percent of the land surface of the United States. Eight percent of the total land surface of the country to own the timber rights above ground, the mineral rights below ground, and the right to sell, develop that property as they chose.

It was important for the connecting of the east to the west, from the Atlantic to the Pacific, from Canada to Mexico. But now the freight rails owe a partnership with the federal government and with the people of the United States. That land was given from the public domain, and we should expect in return a ready, willing partnership with the freight rail.

Amtrak in 2008 in the Chicago heartland encountered 3,400 hours of delay, just in Chicago, just Amtrak. It takes as long for a container to move seven miles through Chicago as it does to go 1,800 miles from the Port of Long Beach, Los Angeles to Chicago. That is what CREATE is about. That is why we put $100 million in the safety bill into CREATE.

While the state has partnered with the federal government, unlocking that grid is critical. Here you have the confluence of four great rails, Amtrak, CPA, Metra, all in the heartland of Chicago, and two interstate highways on top of it. Unlocking the grid of CREATE is going to open the doors for high speed passenger rail,

and rather than complicate freight and rail movement in Chicago, intercity high speed rail is going to unlock and speed that up and make all of this, with a combination of efforts, more effective.

Thank you, Madam Chair.

Ms. BROWN. Mr. Mica.

Mr. MICA. It seems everybody is happy here to have gotten some of this money that was intended to be distributed both for high speed rail, but also for some intercity passenger service. You're happy you got the money, right, Governor Doyle?

Governor DOYLE. Yes, I am.

Mr. MICA. You are happy in Illinois and Michigan, Indiana. Everybody expressed that. Of course, everybody loves manna from Washington, but again, the hearing today that was high speed rail grants awarded under the Recovery Act.

Now, everybody said, too, that they are hoping to get to 110 miles an hour. I've got the speeds that will be achieved. This are part of what you submitted to FRA, correct? And your goal is to get to 110.

One hundred and ten is not high speed rail, in my opinion, and as the rest of the world looks at these speeds as sort of a joke, quite frankly. We do have to learn from Europe.

You are talking about manufacturing Talgo equipment that will run on those tracks, and you will achieve 87 miles per hour as opposed to 62, which is an increase like Mr. Szabo said. That is correct?

Governor DOYLE. I do not know about the exact miles per hour. That is generally——

Mr. MICA. Well, I am just looking at your submission, all I have to go on.

Governor DOYLE. Well, I do not know what you are holding there. I do not want to be a lawyer, but that is generally correct.

Mr. MICA. Well, he cited on a percentage basis, the increase, and I am going to get you that, but it still not 110, which is the definition Mr. Oberstar said we put in the bill, and 110, folks, was actually a watering down because high speed rail is not 110.

And I would like to go to 220, which was cited as a illusionary goal.

Do you all know who Daniel Burnham is?

Ms. BROWN. I do not know who he is.

Mr. MICA. Do you know who Daniel Burnham is? The witnesses, the witnesses.

Mr. MORRIS. Yes.

Mr. MICA. You do. Do the others?

Mr. SZABO. Absolutely.

Mr. MICA. Okay. Behind us, the vision for this great city of Chicago was Daniel Burnham, one of the great planners. Here is a quote he said: "Make no little plans, for they have no magic to stir men's blood."

I submit that what we have done is we have made little plans. Now, maybe we are stirring some folks with tantalizing them with there is going to be high speed rail, but my point is there is not.

First of all, I have a little housekeeping chore. Mr. Szabo, I requested that DOT provide each rail project applications individual rating based on FRA's published criteria. I had requested that.

This is what I got. I did not get what I asked for. This was provided to the Minority on Friday. I expect to get what I ask for, and I will move forward with a resolution of inquiry to make certain that we get that information because I want to see how these were issued, these grants.

Eight billion dollars is not chump change. God forbid we should leverage it like the gentleman from Indiana might advocate, but my point is that that is that eight billion, and I can get over Amtrak hijacking 76 of the 78 projects. What I cannot get over is right now you have $2.5 billion in FY '10, right, Mr. Szabo, of federal money?

Mr. SZABO. That is correct.

Mr. MICA. Do you have that online, the information online that we requested that was going to be so transparent as to the requests that have come in and how you are going to get the money out?

Mr. SZABO. I am not sure I follow your question, but again, as I said, this has been recognized as one of the most——

Mr. MICA. No, you have testified that this is going to be a transparent process.

Mr. SZABO. —transparent processes, and all of the stakeholders——

Ms. BROWN. Mr. Mica. Excuse me.

Mr. MICA. Is the information——

Ms. BROWN. Excuse me, excuse me.

Mr. MICA. I just want to know if——

Ms. BROWN. No, no. No, no. Timeout. Now what we want is we want to ask the questions, and we want to give him the opportunity to answer. So then ask your question, Mr. Mica.

Mr. MICA. Okay.

Ms. BROWN. And then we are going to give the opportunity to answer.

Mr. MICA. For the 2.5 billion, you know, I am requesting information on a billion, but this is money that Congress appropriated in the next dole of money that is to go out. It is supposed to be a transparent process.

Is that information available now to the public or to the Committee? I know it is not to the Committee.

Mr. SZABO. We have put out a notice of funds available. I believe it was——

Mr. MICA. Have some funds——

Mr. SZABO. —it was on March 31st regarding a portion of the 2.5 billion. That has been published in the Federal Record, will be coming back out by the end of this month with the notice of funds available for the remaining of the 2.5 billion. We are just now starting the process on that and our intent is to make sure all of that is gone through and awarded by the end of this fiscal year, September 30th.

Mr. MICA. You are telling me about the process——

Mr. SZABO. Again, let me state——

Mr. MICA. I want to know about the request and——

Mr. SZABO. And again—and again, we have resolutions passed by the State DOTs recognizing the fact that this has been the most open——

Mr. MICA. But now—but——

Mr. SZABO. Now, that's a fact. That's a fact. The most open and transparent project that they have seen——

Mr. MICA. That is fine. That is fine. All I am asking you, are you going to put them online?

Mr. SZABO. We're continuing to make information available. We have provided some information to you on Friday.

Mr. MICA. We will request it and I will ask——

Mr. SZABO. And we are continuing to make whatever appropriate information that should be released, we are making sure it is released. We will continue with——

Mr. MICA. Let me finish my question. Thank you, Mr. Szabo. We will get that information one way or the other.

Wisconsin now, you are getting—Ms. Brown, I rode the train for part of the way from Madrid to Barcelona, I believe it is. That Talgo equipment will go 145 miles per hour. So we are taking it to 87, which is the fact that that is where 1934 reached 112 miles an hour, just for the historical record.

Finally, Mr.—let's see. The gentleman from—Mr. Morris from Indiana.

Mr. MORRIS. Yes, sir.

Mr. MICA. It has been mentioned about learning from Europe, and I do not think we are learning from them.

Ms. BROWN. Mr. Mica, the way this works is that you ask the question and you give them an opportunity to answer.

Mr. MICA. Well, I'm working on Morris now. I have been——

[Laughter]

Ms. BROWN. No, no. We have not. You asked a very interesting question because you talked about the train and you talked to the governor. I want you to give the governor an opportunity to answer because one of the things is that you have the trains, but you have got to have the tracks.

Mr. MICA. Yes.

Ms. BROWN. And that is a part of the process is to upgrade the tracks. Let's give the governor a chance to respond and then I will give you additional time to ask what you want.

Mr. MICA. Well, he already told me he didn't know the——

Ms. BROWN. I want to hear what he has to say.

Mr. MICA. He does not know the time the train runs so——

Ms. BROWN. No, no. I want to give him an opportunity. Let's be civil here.

Mr. MICA. Okay. Do you want to respond?

Governor DOYLE. Well, sure. I mean to increase the speed from Milwaukee to Chicago from 68 to whatever your number was, to 86 is a very significant movement forward. Put aside the freight issue for a second. This is a highly populous area that you couldn't run a 200 mile an hour average speed from Milwaukee to Chicago. If we can increase speed from 60 by 20 miles an hour, have a much more comfortable train that is Wi-Fi, that is on time, we will dramatically increase ridership on that route, which is already very heavily used.

So I don't know if you're suggesting that we should have a 200 mile an hour train from Milwaukee to Chicago because that just would not——

Mr. MICA. Mr. Szabo is the one that has mentioned 220. I am trying to get this to 110 or 150.

Thank you.

Well, in any event, I have no problem. I understand what you are doing and you are trying to improve the existing service. The final thing is learning from Europe which was mentioned here, and I do not want to mirror Europe. They have made mistakes, but privatization or regionalization is one of the things that has been done, and they have leveraged their money. They can take the eight billion and leverage it four or five times.

Deutsche Bahn in '96 regionalized and opened a private competition. Dallas gained three and four times, five times the ridership, and they brought private investment. In England, with just one company, Virgin Rail, they got the north-south line, invested billions of private sector dollars; the past five years has paid a dividend.

There is a great model in Indiana for using private sector initiatives for maximizing some of the returns. Mr. Morris, do you think we should look at some of those positive things, examples from Europe that we could model?

Mr. MORRIS. Absolutely. That is one of the reasons we mentioned how important it is for us to assure that the role of private capital is integrated into our business planning for high speed rail in this country.

Ms. BROWN. Thank you. Thank you.

Mr. MICA. I yield back.

Mr. OBERSTAR. Madam Chair.

Ms. BROWN. Yes, sir.

Mr. OBERSTAR. If the gentleman would yield, if he would give me time.

Mr. MICA. I will yield.

Mr. OBERSTAR. We have received, not "we," but the FRA, DOT, four private sector bids, one for California, and one, the SNCF for the Midwest Rail Initiative and two others. In none of those cases did the private sector propose to put up any risk funds, nor have they discussed any leveraging.

The opportunity is there. The Secretary of Transportation will work with the private sector bids, but there is obviously difficulty in leveraging funds as we had hoped would result from the Amtrak bill. The mood in which we opened the door for private sector investments, the first four proposals under that initiative have been received. They are vetted, being evaluated, but they have not come forward with any private sector funds.

Mr. MICA. I just want to say we are making progress. I thank the Chairman. I also thank the Chairlady of the Subcommittee for their continued diligence and persistence to try to make that issue reality that we came up with, but I will still hammer away.

Ms. BROWN. Thank you.

And let me just say——

Mr. OBERSTAR. Hammer away, but, Mr. Mica, you have to respect the problem.

Thank you.

Ms. BROWN. Let me just say that I want to thank you all again, but let me just add one other thing. I have been around the world

and looked at the different systems. I have had them come in, different companies, and I am still talking with them, and one of the important points is, yes, we want to learn from them, but we also want to learn from their mistakes.

Now, the communications, including the English, the government had to go in and bail them out. That is the last thing we want. So as we develop a model, let's develop an American model.

Now, let me ask a question from the Governor of Wisconsin. I was in a hearing, I guess, a workshop, and they talked about the program that you had and the great minority participation and small business participation. Can you expound on that a little bit? Because Mr. Rush and I have been interested in making sure that everybody gets a slice of what I call my grandmama's sweet potato pie.

[Laughter]

Governor DOYLE. We, with our Department of Transportation, when we rebuilt the Marquette Interchange, which is the largest interchange in the State of Wisconsin, right in downtown Milwaukee, went through a different bidding process, and we divided bids up, but we also had a significant outreach into the minority community, which is right where the road was, to make sure the people who have small businesses knew how to make the bid.

So instead of giving out one big bid, somebody could bid on the paving work that had to be done on a certain stretch or they could bid on landscaping and other kinds of things. It was enormously successful. On that project, which was about a $900 million project, I believe 23 percent of the contracts went to minority bidders.

And I am also very pleased to say that I have forgotten the exact number, but 30 to 40 percent of the people who worked on that, the overall project, were people of minority background.

Certainly we have learned a lesson, and as we are now doing another major stretch of highway to Milwaukee, from Milwaukee to the Illinois border, we are following that process, and as we build out this rail system, which will involve thousands of jobs in the coming years as we build the rail out from Milwaukee to Madison and ultimately to the Twin Cities, we will work to do it in the same way to make sure that those opportunities are there for people.

Ms. BROWN. Mr. Rush, do you want to follow up with that?

Mr. RUSH. Yes, Madam Chair. Thank you so much.

You have a couple of—in follow-up to the question that the Chairperson asked. How do you compare the minority bidding? Was there a separation page that you prepared in terms of outlining and making people familiar with the process of applying and bidding for these different contracts?

And would you also after you answer that question, would you just issue a bonding also, a bonding?

Governor DOYLE. A bonding in general?

Mr. RUSH. In general.

Governor DOYLE. Well, on the first aspect, we had a very well thought out outreach strategy. We had people trained and knew the contracting process that held workshops for several months before the bids went out in communities across the state, not only minority but others as well.

We also enlisted a number of business people who were in the construction trades, particularly in the minority community. We enlisted them to help us reach out to other businesses.

We worked with the local trades and developed a very effective apprenticeship program that allows people to move through the apprenticeships and into the trades. So that was all very effective, and so I think we have a very good model and we know how to do it. We are going to just roll it out every single time we have these opportunities.

On the bonding issue, I mean in general a bonding for transportation, you know, my view of this has been that this is all a balance. You do not want to over bond and yet you have to understand these are big capital projects that you do not walk in and pay for cash. And I think it is reasonable that people that will be using the transportation facilities over the next 25, 30, 35 years pay for those, in a way.

So it is not just for the current generation to pay in cash for all the people that will use that in the coming years, and so the result of bonding is obviously you can build bigger projects. There is a cost to the states, and you have to really make sure you keep that in line, and so we have geared a basic accounting on what percentage of our overall state budget should be bonded.

But I have not been afraid when there is a major capital project to do it through bonding. These are big capital projects, and they are naturally paid for over a long period of time.

Ms. BROWN. I think with the minority or the small business contracts, how did you handle that portion of it? Does the state have a bonding program?

Governor DOYLE. Oh, on bonding, I am sorry. I am sorry. I got off on city finance.

[Laughter]

Governor DOYLE. I just do not know the answer. I can get that for you.

Mr. OBERSTAR. Governor, in the stimulus program we include for the first time federal funding, $20 million, to be allocated to minority enterprises that would not otherwise be able to acquire the bonding they needed to compete on transportation projects, the first time that such an initiative was provided in federal law. It was patterned after a program issued in the State of Maryland several years ago and our colleague from Maryland, Ms. Cummings, a Member of the Committee, Chair of the Coast Guard Subcommittee, suggested that we include this authority in the stimulus bill, which we have done.

Unfortunately, the U.S. DOT, Federal Highway Administration did not notify State DOT. They, in turn, did not have that information at their fingertips to notify minority contractors, and just a little over 100,000 of that 20 million has actually been allocated to firms.

U.S. DOT, Federal Highway through Asheville is correcting that shortcoming and states are being given direction to notify contractors. I think the issue is whether there will be such bonding authority available for minority contractors who would like to bid on the high speed rail segments.

We didn't encounter any such problems with——

Governor DOYLE. Well, we have not, and we do not have state bonding, but let me say we will certainly, Mr. Rush, look into this and use it to the full extent we can. I mean, I am very appreciative of knowing about it, and we will use it. This is a very important goal for us and one that we have been pretty effective in, and the bonding authority will help us do that even more.

So thank you.

Mr. RUSH. Madam Chair, I just want to respond to my friend, Mr. Mica.

Ms. BROWN. He is not here right now. So we will wait until he comes back.

Mr. Szabo, I want to give you an opportunity to further expound on the process since it has been questioned about the process. I personally took the time to read the information. I mean, they say when all else fails, read the bill. So I have done that, and it looks like you all followed the process that we laid out and you did not develop moves that were contrary to what we laid out.

So can you expound on the process?

And while you are getting the mic, let me just positively say that the Chairman or the Secretary of Transportation has done a yeoman's job, Mr. Ray LaHood, and I want you to note that he is a Republican and I am a Democrat, and I think he is one of the best Secretaries that we have had since I have been in Congress, and I have been here for 20 years now.

So I just want to say publicly that I support this Republican.

[Laughter]

Ms. BROWN. He has done an excellent job.

Mr. OBERSTAR. Amen.

Mr. SZABO. Madam Chair, let me say this. It truly is a pleasure to work for the Secretary, and he has a very bold vision for what he wants to do to give the public new transportation options and trying to rebalance our transportation network, including the value of freight rail as well as passenger rail in that equation.

Back to the process, I mean, again, this goes back to the passage of PRIIA, which, you know, this Committee and Congress passed about 18 months ago, and then the Recovery Act about a year ago that was passed. From that point, the first thing we did was sit down and put together a vision document, which was published and distributed to all the stakeholders, and again, that kind of laid out those four categories of what we felt made part of a——

Ms. BROWN. Excuse me. Was this all on the website?

Mr. SZABO. Absolutely.

Ms. BROWN. Because it has been on the Website from the very beginning.

Mr. SZABO. Yes, absolutely, from day one. After the document was released by the President, just slightly before I came on.

Ms. BROWN. So you have complied.

Mr. SZABO. That would be the next document. After the vision document where we set out, again, that we were looking to achieve a very comprehensive passenger rail program, you know, that, again, allowed the states and allows the regions to tailormake their plans in accordance to what their transportation needs were.

Once that document was published, we then began the process of putting together the grant guidance, and that was, you know,

kind of where the rubber meets the road or in this case maybe where the steel wheel meets the track of, you know, how to apply and the different technical aspects.

And as we were putting that document together, that's where we really, really started the extensive outreach, where we did the eight public outreach sessions across the country in the different regions. More than 1,200 transportation professionals and advocates and State DOT people attended that and articulated their vision for passenger rail and what they felt, what the states felt would be necessary to insure a successful program.

You know, it is real important to point out that this program is a state driven program. It is not a federally driven program. You know, Congress and this Committee in the passage of PRIIA and the Recovery Act made it state driven, and so it is incumbent upon the states to develop the vision that they want for passenger rail in their states or in their region and put it all together and then to make the application for funding to the Federal Railroad Administration.

And so after several months of outreach, again, some 1,200, 1,300 people participating, we actually published the grant guidance, and again, that was all posted on the Internet.

The next thing we did, since this was brand new, a brand new program, really in its infancy, starting from scratch, and since the State DOTs to a great extent lacked the expertise because, again, two years ago we were talking about shutting down passenger rail and now suddenly we have a brand new program. So while these DOTs are all very strong and very competent in executing highway programs and in many cases transit programs, the level of expertise in passenger rail varied greatly.

You could look at North Carolina, which has 60 people in their passenger rail DOT, compared to South Carolina which has half a person, and that kind of shows the gamut that the State DOTs run.

And so what we suggested to the states, we provided an opportunity for them to submit pre-applications, and we strongly urged that and said that before you make the real application, submit a pre-application, and so we set a deadline for that. And again, all of this posted on the Internet, as well as communicated in the regular conference calls that we conducted with the State DOTs and meetings with AASHTO and AFTA and other stakeholder groups.

And so the states did, in fact, submit those pre-applications, and then what we did, we sent teams out to the field to meet with the State DOTs to go through their pre-applications, and again, we could not tell them what to do. We are not going to tell them what is right for their state or for their region, but more through a series of questions the staff would ask the DOTs. We allowed them to somewhat critique their own pre-application.

And then came the deadline to where the DOTs had to then submit their final applications, and again, all of this posted on the Internet and those final applications came in, and this is where the staff sat down and we brought in experts, transportation experts, from the Volpe Center and borrowed personnel from the Federal Transit Administration that has been doing programs of this nature for decades, and we started the merit review on all of them,

taking a look at what are the transportation benefits that they would provide.

You know, what are the other public benefits that they would provide? What is the connectivity to transit and to airports? How multi-modal is the vision? How much gasoline may it save? How much might it make on air quality? What is the strength of the management plan of the state? What is their history in executing a passenger rail program?

So, again, we started taking a look at all that criteria to determine will this be a successful application. Does it have a good chance for success?

Now, on the flip side we had to balance all of that with how quick might it create jobs because, if you recall, it is a Recovery and Reinvestment Act. So we have two goals that we have to achieve, and sometimes it is an interesting line that you have to balance.

And so clearly, the super high speed rail has the most reinvestment power. It has transformative transportation benefits, and that is why we were thrilled that we had two strong applications in that area, California and Florida.

You know, on the flip side, when it comes to job development, these smaller projects, you know, small, discrete projects perhaps for 79 mile an hour service creates immediate jobs to put people back to work.

Ms. BROWN. Let me just say one thing on the record. I can truly state that if the Secretary had not worked due diligence with Florida and with my staff and Mr. Mica and the legislature, we would not be where we are today and receive that grant. The Secretary himself came to Florida where we had hearings and testimony and discussions.

So regardless of what anyone says, the department worked diligently with the areas, and I am so happy that Florida was able to participate, but would not have been able to participate if we had not had the due diligence working with our State Department of Transportation and working with our congressional delegation.

And would you agree to that, Mr. Mica?

Mr. MICA. Well——

Ms. BROWN. That is a yes or no question.

Mr. MICA. —when we do the hearings——

[Laughter]

Mr. MICA. —and I am going to say the same thing—the Florida project is not a high speed rail project.

Ms. BROWN. Okay. Would you agree that we would not be where we are today if the department had not worked with us? That is a yes or no question.

[Laughter]

Mr. MICA. Yes, we are here today because we are here today.

Ms. BROWN. All right, then. We will move on.

Mr. SHUSTER. I do not need a microphone.

I am going to say that I think that everyone shares the vision for intercity rail across the country such as the major corridors. I think the problem is, and it has been this way for 40 years since creating Amtrak, is that it lacks focus.

And, Mr. Szabo, you talk about a comprehensive plan. I think it lacks focus. The money was not focused on areas where we can truly get what Mr. Mica has been talking about, truly high speed systems. We have spread the money out across the country. It is going to help in some places with incremental increases, but I really believe we could stay focused on getting a couple of high speed corridors up and running so that then we can sell that to the American people, to the Congress.

We had this debate raging for 40 years. My colleagues on the other side of the aisle say that you cannot have a passenger system without the government subsidizing it. My Republican colleagues, on the other hand, say Amtrak is a failure. Sell it off. It is not going to work.

I believe it is somewhere in the middle. I believe that we can have a passenger rail system that if it may not be able to be profitable, but at least gets to zero as being taxed and it's not subsidized year in and year out.

And the only way to do that, I believe, is to find the corridor, make the investments, and do the business analysis. Mr. Morris, you had asked some tough questions about that, and what kind of data and assessments do we need to make, and you believe—I know the Governor of Indiana is taking a tough stand on some of these things. I wonder if you might expand on that a little bit.

Mr. MORRIS. Well, I think the development of a business plan for high speed rail that deals with these issues, we do not have solid enough information to really make long-term, billion dollar decisions about high speed rail at this point. We have elements of it, but it needs to be put together in a comprehensive way. We need to have stronger economic benefit analysis information that demonstrates clearly the economic impact of high speed rail development and related transit oriented development. That is not there at this time.

And by the same token, we believe the capital investment is very important, but we have to look more seriously at what it is going to take in terms of operating support as a part of this business plan, and we agree with your objective that we ought to be able to work toward getting to zero in terms of ongoing operating subsidy.

If we had planned these corridors correctly, if we have the frequency and the speeds that make it competitive with other modes of transportation, that should be one of our key objectives, and the plans should show how we can get to that point.

Mr. SHUSTER. —we had in our bill. The northeast corridor—get it out to the public and have them see that private capital will come, and I believe you will see private capital want to come in through the northeast corridor because it is the only tracking that is owned by Amtrak. Everything else, of course—and I have got to believe that, in talking to other folks, that is a problem that they know they are going to get into. You know, the UP owns the track. Amtrak does not. There is going to be trouble and debate there.

Mr. SZABO. Congressman, if I can make one comment.

Mr. SHUSTER. My time. I will ask the questions, you can answer, you're going to have to stand up then you can answer.

Mr. SZABO. I could and I can answer the question.

Mr. SHUSTER. And I will let you answer it, but I want the question answered. I do not want to be led astray.

The information that we have received, we do not have the ratings. We have a lot of information, but we do not know how it matches up to the criteria, and that is what we are looking for. So we are concerned how does that go about.

You said here that that is going to be forthcoming. We want to see that information to see just exactly how the money flowed out. So can you answer that? When are we going to see that information?

Mr. SZABO. First, let me say to Mr. Morris that all of that data already exists on the Midwest Regional Rail Initiative.

Mr. SHUSTER. So Mr. Morris has asked the question.

Mr. SZABO. I know, but——

Mr. SHUSTER. Specifically when——

Mr. SZABO. He was absolutely right as far as——

Mr. SHUSTER. I am asking the question.

Mr. SZABO. I will answer your question.

Mr. SHUSTER. Okay.

Mr. SZABO. I will answer your question, but I just want to state for the record that that analysis has, in fact, been done by the state DOTs but it is incumbent on them to do that level of analysis to help determine what their vision is for passenger rail.

And the Midwest Regional Rail Initiative, frankly, is one of the most complete in that regard in identifying those things.

Mr. SHUSTER. But if it is spending federal taxpayer dollars, it is incumbent upon the FRA to also do this type of analysis to decide where the money is going to go, if it is going to go the Northeast Corridor, if it is going to go to California. That is what we need.

Mr. SZABO. Exactly, exactly, and so that is——

Mr. SHUSTER. That is my question. Back to my question. When will we get the information on the ratings, how they line up, criteria versus where the money went? How does this come together?

Will we have that in the next five days, seven days?

Mr. SZABO. That is precisely the type of information that we look at when we're doing our analysis to help determine which are the most viable——

Mr. SHUSTER. I want to ask one other question.

Mr. SZABO. Let me answer your question.

Mr. SHUSTER. Not that you haven't answered it——

Ms. BROWN. Wait a minute—let him answer the question——

Mr. SHUSTER. Madame Chair.

Ms. BROWN. —then get back.

Mr. SHUSTER. I have asked a specific question.

Ms. BROWN. Okay. Well, you are going to give the answer.

Mr. SZABO. I am.

Ms. BROWN. Okay. Let him answer the question.

Mr. SHUSTER. It is a simple question.

Ms. BROWN. Okay. It's a simple question. It's just simple answers. Let him——

Mr. SHUSTER. When do we get the information?

Ms. BROWN. Okay. Let him answer the question.

Mr. SZABO. I know we made a stack of documents available to you on Friday. Counsel continues to work through what is, in fact, appropriate to be released publicly, and again——

Mr. SHUSTER. That is the problem. What is——

Mr. SZABO. It is part of our—it is part of our ongoing——

Mr. SHUSTER. What does "appropriate" mean? This is not a national security question. I understand when the Defense Department and the CIA says what is appropriate to give to Congress. These are federal taxpayer dollars. The taxpayers and this Committee deserve to know how the process went forward. There is nothing here that I know of that says——

Mr. SZABO. And, again, Congressman, we are trying very hard. We are trying very hard to meet the request to make sure that our record of transparency continues, but at this point the highest priority from my organization is to actually get these projects on the ground and to create jobs, but we will continue to try and meet your requests and to make sure whatever information is appropriate to be released will be released to you.

Mr. SHUSTER. And I cannot speak for the entire Committee, but I have got to say, trying is not good enough. You have got to get us the information that we are asking for because it is——

Mr. SZABO. Well, as I say, there was a batch released on Friday.

Mr. SHUSTER. I yield to you.

Ms. BROWN. Okay. Let me just say one thing. As far as the comprehensive system, if you look at how much rail costs and how much it is to implement a system, if we were going to have true high speed, it would be $300 billion. It does not exist in this country. It does not exist with our partners. It does not exist with our stakeholders.

So as we develop a plan, it has got to be one that is affordable.

And let me just say one other thing. There is no form of transportation that pays for itself. I am not going to sit here and say, well, it is going to pay for itself. It is an investment. Look how much we have invested in the highway system. The trucks who are traveling over the system do not pay for itself. I said that earlier.

We have made major investments in rail. The President talks about clean energy. There is no cleaner energy than rail. That is a commitment that as we move forward, that is why we are having these discussions and this dialogue, and it is not just about high speed. It is about more speed. It is about green energy. It is how we are going to move this country.

And of course, we are going to move some of us dragging along, but we are going to move this country forward with this rail system.

[Laughter]

Ms. BROWN. And we are not going to continue to be the caboose. Is that right, Mr. Chairman?

Mr. OBERSTAR. You got it right.

[Laughter]

Ms. BROWN. All right, Jan. You can have the last question.

Ms. SCHAKOWSKY. No, I——

Ms. BROWN. Well, let's get the second panel. Wait a minute. Does anybody else feel that they need to respond? In Congress we give you one minute. Does anybody need one minute?

[No response]

Ms. BROWN. Thank you. Let's give them a hand.

[Applause]

Ms. BROWN. I want to welcome the second panel. You can see that bipartisan love is still existing in our Committee.

[Laughter]

Ms. BROWN. And I want to welcome the Honorable Elaine Nekritz, who is the Representative in the Illinois State House of Representatives. I served in the Florida House of Representatives for ten years. It was my best training ground, and she is Chair of the Midwest Interstate Passenger Rail Commission.

And we also have Mr. Harnish, who is the Executive Director of the Midwest High Speed Rail Association.

And Mr. McHugh, Vice President for Government Affairs and Corporate Communications at Amtrak.

And then we have Mr. Boston, International Vice President for the Brotherhood of Railroad Signalmen, and do not forget Mr. Hamilton.

Do you want to introduce him?

Mr. LIPINSKI. Do you want me to do it right now?

Ms. BROWN. Yes, sir, you can do it right now.

Mr. LIPINSKI. Okay. Without the microphone, we have John Hamilton, President and CEO of Electro-Motive Diesel, commonly known as EMD, which is headquartered in my district in La-Grange, Illinois. EMD is a leading manufacturer of diesel electric locomotives, serving railroads across the globe. Mr. Hamilton took over five years ago when EMD spun off from General Motors. It is one of the few, maybe the only success story of such times, and in the Midwest, Electro-Motive Diesel will serve as a workhorse of high speed rail train sets. So that is why we have Mr. Hamilton here today. Thank you for being here.

TESTIMONY OF THE HONORABLE ELAINE NIKRITZ, REPRESENTATIVE, HOUSE OF REPRESENTATIVES, STATE OF ILLINOIS AND CHAIR, MIDWEST INTERSTATE PASSENGER RAIL COMMISSION; RICK HARNISH, EXECUTIVE DIRECTOR, MIDWEST HIGH SPEED RAIL ASSOCIATION; JOHN HAMILTON, PRESIDENT, ELECTRO-MOTIVE DIESEL, INC.; JOSEPH McHUGH, VICE PRESIDENT, GOVERNMENT AFFAIRS AND CORPORATION COMMUNICATIONS, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK); AND DENNIS BOSTON, INTERNATIONAL VICE PRESIDENT, BROTHERHOOD OF RAILROAD SIGNALMEN

Ms. NEKRITZ. Thank you, Chairwoman Brown and Members of the Rail Subcommittee. I would like to thank the Committee for having this hearing and inviting me to speak.

I chair the House Railroad Committee and am very often the only woman in the room. So as it comes to railroads, I seem to be the only woman speaking on the panel today.

And I would also say to Chairman Oberstar that if he would like to provide some money for us to upgrade our equipment in the State of Illinois, we would certainly welcome that.

[Laughter]

Ms. NEKRITZ. I am a state representative, but I am here today wearing my hat as the Chair of the Midwest Interstate Passenger Rail Commission, which is an interstate compact of state legislators, governors and their appointees.

Since 2000, the Midwest Interstate Passenger Rail Commission has worked on behalf of its member states to promote, coordinate and support improvement to passenger rail service. The primary objective of the commission is to help build a strong federal-state partnership necessary to advance passenger rail improvements in our region.

Our region is ready with plans to build an efficient, cost effective, vibrant system with the potential to reap tremendous economic returns and job creation for the region while connecting 150 communities across the Midwest.

As you have heard in previous testimony, the states have been working together for over a dozen years on a complementary, multi-state plan for significantly improving passenger rail through the Midwest Regional Rail Initiative and the Ohio Hub. The build-out of the Regional Rail Initiative and the Ohio Hub will bring over $30 billion in economic benefit to the region, while creating an average of more than 20,000 jobs annually during construction and approximately 75,000 permanent jobs.

The estimated return for this project, as Mr. Szabo said, is 1.8, meaning that for every dollar spent on this project it is expected to yield a return of 1.8 dollars.

The Midwest Interstate Passenger Rail Commission strongly supports the build-out of the Midwest Regional Rail Initiative and the Ohio Hub. At a cost of under $20 billion, a strong, efficient network of 15 corridors with multiple daily frequencies and new train sets running at speeds of up to 110 miles an hour can be brought to the Midwest.

And while the stimulus funding will allow our state to significantly strengthen and expand passenger rail service in our region, it will take several more years of federal and state investment to see the Midwest Regional Rail Initiative and the Ohio Hub fully implemented.

There has been some talk that the Midwest should abandon these plans, clearly, and begin investing right away in very high speed rail development. Our commission supports the fact that faster trains on dedicated lines may be needed in the future, but what we want to see is our current plan implemented as soon as possible and before any substantive funding is diverted to preliminary studies of very high speed rail.

Why? Because our plans are ready to go. They will significantly strengthen and expand our region's passenger rail service, making it frequent and on time.

Based on the estimates of the Passenger Rail Working Group, the capital cost of implementing very high speed trains will be five times that of the incremental approach out Midwestern states have adopted.

Now, I know that—and I am sorry that Congressman Mica is not here—I know he has held up those numbers, the speed numbers. Those are average speed numbers that include all the stops and all of the starts, and I do not know the math, but if we wanted to get

to 150 miles an hour with those stops and those starts, we probably do have to build a 220 mile an hour system.

So our line from Chicago to St. Louis will be doing 110 on most of the line, but we are not going to go 110 miles an hour screaming through downtown Springfield. We are going to slow down.

Ms. BROWN. Let me just state when you go to any other place, when you are out on the outskirts they go fast; when they go into town, they slow down.

Ms. NEKRITZ. They slow down.

Ms. BROWN. I mean everybody knows that——

Ms. NEKRITZ. Okay, but I wanted to make sure that——

Ms. BROWN. People in this room bid on high speed trains around the world, raise your hand. Okay. So everybody who has bid on high speed understand, and the others, we want to educate them.

[Laughter]

Ms. NEKRITZ. And I wanted to make sure that that message got through clearly.

So implementing 220 mile service on a scale equivalent to the Midwest Regional Rail Initiative would cost around $65 to $105 billion, rather than the less than $10 billion that it will cost to bring faster, more effective and frequent service to the entire eight corridors in nine states envisioned by the Midwest Regional Rail Initiative.

Incremental improvements can also be implemented over a relatively short period of time since we already have the plans and existing rail lines. It is my hope that you ride that train to Springfield during my tenure in the Illinois General Assembly.

The Midwest is a testament to that fact that ridership grows with more frequent and reliable service, not just sheer speed. Ridership on the existing corridor service in the Midwest has been growing rapidly. In Fiscal Year 2009, ridership on the ten routes combined was 2.6 million, up 62 percent from Fiscal Year 2004. Average annual growth overall on these routes over the past five years has been 12 percent. Per passenger rail service has been added. The ridership growth has responded strongly.

In Illinois, when we doubled our state commitment to passenger rail in 2006, sine then our ridership on the Chicago-Carbondale route has increased almost 130 percent and 138 percent on the Chicago-St. Louis.

When these plans are fully implemented, there will be at least four round trip frequencies on every corridor. Trip times will be competitive with other modes of transportation, and ridership is expected to soar. Ridership is expected to be over 13.5 million a year.

We look forward to continuing to work with you to insure a strong level of federal funding continues for high speed and intercity passenger rail. I would welcome that dedicated federal source of revenue to help the state work that we are doing.

And lastly, I would like to reiterate our request of this Subcommittee that you amend the one statute to create a state planning and research program within Section 301 of PRIIA. It is important that the practice of state and intercity passenger rail planning include annual dedicated funding to appropriate advance state planning and construction efforts.

Thank you again, and I really do appreciate the opportunity to be here, and I would like to extend a word to my Congresswoman, Congresswoman Schakowsky.

Ms. BROWN. Thank you.

Mr. HARNISH. Yes, I am Rick Harnish. I am the Executive Director of the Midwest High Speed Rail Association.

We are a membership or supportive organization. We have got about 1,400 members throughout the Midwest and some actually overseas.

I want to tee off of Mr. Mica's comments about no little plans. We are in Chicago where our motto is "make no little plans," and I want to make it clear that we need to very quickly begin the design of at least one bullet train route, and I would prefer to see four, Chicago to St. Louis, Chicago to Minneapolis-St. Paul, Chicago to Cleveland and Detroit, and Chicago to Cincinnati.

Earlier——

Ms. BROWN. How about California to Florida?

Mr. HARNISH. I would be perfectly happy to have a California to Florida, but we are talking about the Midwest.

And that is what we should set our goals on, and we have talked about making steps, and I am excited about the huge progress that we have made in the last two years, but I would like to stop talking about baby steps and at least start talking about strides and really making this happen soon.

As Mr. Szabo mentioned, I was very involved in doing the basic grassroots work to get the billion dollars that the state is going to spend on the Chicago to St. Louis corridor. That has meant eating a lot of rubber chicken at Rotary Club events in Lincoln, in Normal and all of these little towns throughout Illinois.

So I am excited that we are getting going, and I am excited that soon my trip to Springfield is going to be a lot easier in a couple of years. But to suggest that we should wait until that is done to begin designing what the rest of the world is already doing, I find very disappointing.

You know, Turkey is currently running trains at 155 miles an hour and soon will have a high speed line up and running by 2016. Why aren't we making these plans now?

Our members, a number of our members were very frustrated that the states were not making those plans, and so they asked us. One of the groups that asked us this was Civil Progress, a very conservative group in St. Louis. They recognized that to be part of the international marketplace they have to be no farther than two hours away from Chicago, and the only way you can make a two-hour trip to Chicago is with a bullet train. We need to build new track. They need to be electrified. They need to be separated from the freight lines, and they need to have no highway to cross.

So we have proved it is, in fact, possible. It is within the range of projects cost-wise, similar projects that we see similar benefits. It does a lot of exciting things at once. It connects downstate Illinois to O'Hare, and that is part of the reason that it is so critical, is you are connected to the international marketplace.

It connects McCormick Place to O'Hare, with a local shuttle service. It brings St. Louis within two hours of Chicago. It also connects our government center with the city and one of our most important

learning centers, Champaign has become 45 minutes away from Chicago.

These are the kinds of things that I think the state should be focused on and focused on very aggressively. I would like to point out if we were serious about high speed rail, we would not be having a discussion about the billion dollars for the Chicago to St. Louis line because that would be part of the maintenance budget. It would not be a high speed rail program. It would just be part of maintenance.

So I really applaud the efforts that your staff has made or that your Committee has made, and thank you very much for that. If it were not for the efforts of this Committee of if it were not for the efforts of President Obama, we would not be having this discussion today, but is clear that we need to becoming much more aggressive as we move forward.

Ms. BROWN. Thank you. Thank you very much for your comments. You are absolutely right because for eight years my goal to get a zero budget every year is what we had to deal with. This is the first time we have made a giant step forward. So I have just got to acknowledge that.

Yes, sir.

Mr. HAMILTON. Chairwoman Brown, Chairman Oberstar, Ranking Member Shuster and Ranking Member Mica, thank you for the opportunity to appear today to discuss high speed rail.

Congressman Lipinski, thank you for that kind introduction.

The development of a high speed rail strategy has two main drivers: population mobility and job creation. The jobs creation agenda has as its corollary the revitalization of the American rolling stock and manufacturing base.

I am the President and CEO of EMD, a company that has been manufacturing diesel electric locomotives for 88 years. Over that time we have made 60,000 locomotives. In the last 25 years, almost half of all the North American passenger locomotives have either been completely made by EMD or powered by EMD's engine and traction technology.

So as a representative of a company with this history, I appreciate the opportunity to contribute information to your investigation on what is the best high speed rail strategy to accomplish those two goals.

Specifically, my comments do focus on the strategic choice between projects that utilize technology that can go up to 125 miles an hour, which I will call higher speed, and projects reaching 220 miles an hour, which I will refer to as the highest speed.

So let me first address population mobility. The United States has an extraordinarily mobile population. Four, point, nine trillion miles are driven each year; 584 billion passenger miles are flown each year. Commuter rail plays a large role in the mobility of our population. Intercity passenger rail plays a smaller but important role. Amtrak does an excellent job with the growing passenger count.

Our nation's challenge is not mobility, but congestion and potential capacity shortfall, and the reality that passenger movement is accomplished by rail using far less fuel and emitting far fewer harmful pollutants than the alternatives of car and rail transit.

The answer to capacity is simple. We have 140,000 route miles of track installed in the United States right now. While there are issues, some of which have been talked about, much of that track can be made available for higher speed passenger rail applications. Plus that track already connects the city pairs most likely to be of interest to passengers.

In contrast, we have no highest speed track, and at between $50 million and $100 million a mile, we are not going to get much very soon. There are no immediately available rights-of-way connecting the city pairs of greatest interest, and getting them will not only take time, but may even introduce environmental concerns.

The next criterion is environmental impacts. Some technology discussion is in order here. Two hundred and twenty miles per hour can only be achieved with electric locomotives. The 125 mile per hour goal can also be achieved with a diesel electric locomotive. A diesel electric locomotive is called that instead of the simple diesel locomotive because just like an electric, it applies electric power to wheels to move the train. Whereas the electric locomotive gets its power from a remote power station carried through overhead transmission lines, the diesel electric locomotive carries its power plant on board.

We at EMD face the dieselization versus electrification of rail lines debate throughout the world. I draw the conclusion that the environmental advantages of each of these types of locomotives are balanced. Electric locomotives may not have emissions coming from their own stack, but getting them power requires a power station which also burns fossil fuels, and overhead transmission lines with attendant efficiency losses.

In contrast, diesel electric locomotives by 2015, which is just five years from now, will only emit five percent of the harmful emissions of the locos built just ten years ago.

Let me turn my attention to the impact of higher versus highest speed choices on American jobs and technology, starting with technology.

The United States unquestionably makes the best diesel electric locomotive in the world. No one would dispute that. EMD is one of two U.S. companies whose technology is the envy of European and Chinese manufacturers alike.

As evidence, EMD has delivered 10,000 locomotives to 70 nations around the world. Over the last two years, half of all our locomotives are exported. In fact, the value of our exports to China and India are 50 times what we buy from them.

No American company makes electric locomotives. Episodic projects like highest speed rail which entice a foreign competitor to partner with a company like EMD do not strengthen U.S. technology. We become contract manufacturers or final assemblers or "paint and testers". We do not develop an independent capability in the highest speed electrical locomotive technology.

Little if any intellectual property is transferred to us. As the foreign partners look to comply with Buy American provisions without creating an eventual competitor.

On the other hand, projects utilizing higher speed rail building upon the expertise already existing in the country do advance U.S. technology in a permanent way. When the project is completed,

U.S. industry remains in possession of the intellectual property and the workers hired can go to work building more advanced passenger and trade locos for domestic and export markets.

Now to consider the impacts on EMD and our suppliers. We employ 1,600 engineers, UAW laborers, and other salaried workers in the United States. We also spend over $900 million annually on 3,400 suppliers within 500 miles of Chicago.

An order for higher speed rolling stock requires more of everything, more engineering, more workers, more from our commercial supplier base. A hundred percent of the material we would make or buy for an American passenger loco would be sourced in America.

In the case of highest speed, the decision maker is the foreign company who puts as little as possible into America while remaining in compliance with Buy America provision.

These are the advantages of higher speed passenger rail. Highest speed has its own advantages which derive from other objectives, but I am reminded about the debate on the supersonic transport 40 years ago. America decided not to pursue this technology while the Europeans did. Since then the maximum speed of an American passenger aircraft has moved up only incrementally, but exports and air passenger miles flown have exploded.

Meanwhile, the Concorde is out of service and not to be replaced soon. Any resurrection of an SST will not be for environmental reasons, nor will it be to enhance the mobility of the nation's broad population, nor will it be for jobs creation. It will be to take a few business people to another part of the globe to do business. That will not be a national priority.

I opened my remarks by referring to EMD's rich history, and I close that way as well. It was earlier discussed that a 1934 locomotive achieved a speed record of over 110 miles per hour, and that was actually powered by EMD technology.

As Congressman Lipinski mentioned, we celebrated our fifth anniversary as a stand alone company, and as we were preparing for that anniversary, we were shuffling through old piles of stuff and found the blueprints for that locomotive. That locomotive can be found in the Museum of Science and Industry now, and so those blueprints are what we are passing out now if I can get the tape off. I will just quickly share this. Here they are, and it is really quite interesting. I will quickly flash it at the back and flash it around.

This is a photo of the original blueprints of that Burlington Zephyr, and it says in 1933, right in the corner, "proposed high speed three-car train." 1933, it ran in 1934.

So back then EMD was playing a role in the advancement of America's high speed passenger transportation, and we look forward to doing it again in the future.

Thank you very much.

Mr. OBERSTAR. Thank you.

Our next witness is Joseph McHugh, Vice President for Government Affairs and Corporate Communications for Amtrak.

Mr. MCHUGH. The microphone passing reminds me of an Office Depot commercial. They just have one pen for the meeting of everybody in the room.

I wanted to thank you very much for the opportunity to testify here today and thank you, Chairwoman, for seeing some of the sights around Chicago yesterday and for traveling out with a number of us and seeing some of the system as well. Indeed, Chairman Oberstar, thank you. I was at the Englewood. I attended the ribbon cutting back in March when we kicked that off. It was a tremendous event. It was so nice to have you there, and we took the Chairwoman out there yesterday and got to show her the same thing that we talked about when you were there. It was terrific, just a terrific opportunity, I think, to really open up and embrace some of the suggestions coming out of Chicago.

I am going to spare all of you the reading of my testimony. You have it. It is going to be put into the record. I am going to just talk for a couple of minutes about some of the points that Mr. Mica raised and a couple of points that Elaine Nekritz made on the panel.

I also want to thank the previous panel for warming you guys up for us. So with that——

[Laughter]

Mr. MCHUGH. The projects that were submitted and approved by the FRA, those are the 78 to 79 projects which were actually brought to us by the states who had asked for our help and our planning resources and to give them sort of a better breadth of what they were asking for. In many cases, the applications required us to sign off on them as a condition of their application.

And it goes to a larger point of the fact that what is really happening in this country as the money is becoming available is the need for better planning at the state level. Not all states have the tremendous planning staff that some of the others do, and they are evolving. And the money that will come will force the states, I think, to have a more aggressive outreach with regard to planning and staffing of people who can deal with rail development.

We in the meantime sort of fill that void at Amtrak, and so we work very hard. We worked in 30 states in the last round to help them with the planning exercises need so they could submit good and advancing types of proposals, and we intend to do that as we go forward as an expert on the 2.5 billion which will come later this year.

We believe that as states develop their own rail plans they will develop the expertise to actually, you know, do their own planning. The PRIIA bill drives much of the decision making back towards the states, and we see ourselves a partner for that and then working in close cooperation we would hopefully evolve what they want about planning and how they can generate better projects in the future.

The other part of this, too, drives the point I just made. It is really a much more intensive cooperation with the states. On the northeast corridor we have been working for three years with all of the states, with 13 states and the other users of the corridors to develop a comprehensive plan for capital investments to try to get the maximum amount of capacity out of the existing resource there.

We are going to reach that this week, and I believe in June we will be releasing the vision plan that goes along with that. That is

an example of more than just one region. It is really several regions in the very busy Northeast that have been able to work together and develop a common sort of vision and plan about what they want to do going forward.

And really the third part of this trifecta of where we would hope this would go is some type of a reliable or dedicated multi-year funding process. So we have put a lot of our hope at Amtrak; those of us in the community who have been doing it for a long time also have put a lot of hope in the reauthorization of the surface transportation bill when Congress turns to that. We have already put a pretty big stake in the ground in terms of how much we would like to see in rail development, and we hope that a way will be found to do that and to advance it.

Elaine mentioned a little bit about the Northwest Regional Rail Initiative, and I will tell you that while she did an excellent job of summarizing it, some of the trip times that are achieved even at the speeds that have been set are really fairly significant. On the Chicago-Detroit line it is nearly two hours. Chicago-Cleveland is two hours. Chicago-Cincinnati is four hours. Chicago-Milwaukee is 25 minutes, and actually a lot of people use that on a regular basis. It is not a commuter train, but they use it in a sense to commute.

And I will tell you living in Washington, riding on the Metro system, if they told me they would give me back an hour of my day, I would leap out of my skin in joy and exaltation because it is very rare anymore in this congested world that we find ways to give people back more of their time through better transportation options.

Finally, I would like to just summarize, and this is in my statement near the end, but we have really begun in our thinking about this, our board and our management, and as we really got into it with the states, have begun to think about really the perfecting systems here is really one that is integrated. It is high speed service. It is a strong core of regional service, and it is commuter service with some type of a smaller, limited service type of offering.

So in a particular area, corridor or region, you can get onto a high speed express train and get to where you are going, but at the in between stops would be served by regional trains which you could transfer onto or from for high speed service, and even then after that you would actually get on a commuter train and go anywhere else that the regional or the high speed services do not go.

That is a lot like the Northeast Corridor right now. It will be, I think, in California, the same type of system if they are able to build out what they want. But those will be the healthy corridors of the future, the ones that are not just a high speed from here and there that does not really connect with any other type of transportation. It is the one that has sort of the healthy integration of services.

We will just report to you as well that we have finished the first half of the fiscal year ahead of last year's income in both ridership and revenue. In fact, our first quarter, despite the recession, the first quarter was the strongest first quarter in the company's 40-year history. If we finish on the course that we think, we will be somewhere around four and a half percent higher in ridership and about four percent higher on revenue year over year.

And finally, next year Amtrak will celebrate its 40th anniversary, and one of the mainstays of our local motor history is the EMD F-40, which is a terrific locomotive. We have saved a few of them, and if we can get our act together and get this done, we are going to retain two of them in the original livery and run them around the system for our employees and for guests and for people who would like to see heralding the past and hopefully getting people encouraged about the future.

Thank you very much.

Ms. BROWN. Thank you.

Mr. Boston, next.

Mr. BOSTON. Thank you, Madam Chair and distinguished Committee Members.

I am speaking today on behalf of the Railroad Signalmen and its Transportation Trade Department affiliates.

As you all know, these are historic times, historic times for the administration, Members of Congress, and the Federal Railroad Administration. We look forward to a new day in American history. For the first time in our lifetime we are seeing real investments in the future—I will just speak loud. All right. Let's try it.

Rail labor is working hand in hand with partners from the Federal Railroad Administration and Amtrak to bring high speed rail to America. We believe that the plan that the FRA has in place to achieve 110 miles per hour in stretches of the Midwest Corridor, along with resulting time improvement, is a sound and productive way to move forward. We must utilize safe practices to get to 110 miles an hour and above. Focusing on the 79 miles per hour to 90 to 110 is safe and it is a good practice. It is a strong foundation for moving into high speed rail in America.

Here in Chicago like no other city, they know how to cooperate with railroads, communities, states, and federal government agencies. One of those cooperative movements you have heard about is called the CREATE Project. I know for a fact that here in Chicago the money that was spent in that proposal to alleviate the traffic and congestion is already giving dividends. It is already allowing workers that would have been laid off, if not exempt from money that was brought forward by the federal government are still working, and new workers are being brought on to Metra to alleviate all the congestion in this area. It is going to help bring trains from all across the country through Chicago faster and, of course, safer.

America is ready for us to move forward on high speed rail, not just to get to one place quicker than—and to the other, but it is a very important goal to have is to get there quicker.

Americans are hungry for jobs. Americans are ready to rebuild America once again. Americans have been devastated recently by the economy. We have an opportunity to rebuild our economy through high speed rail, which is the centerpiece.

Let's build high speed rail with rail labor. Get America working with good paying railroad jobs so Americans can once again have pride and dignity. Securing safe and reliable services in the near future must be the biggest priority of the Federal Railroad Administration.

This is why we must use highly skilled railroad workers who will keep the high speed trains moving safely. Amtrak has a very high

skilled work force in place today. They can build; they can maintain; they can repair; and they can generate a real high speed rail system, from the signal system that can get us the higher train speed and move faster and safer, to building, maintaining the infrastructure and the car shop and operating Amtrak employees have proven that they are the right company for the job today.

I just want to say that rail labor wants to work with the partners, FRA, Amtrak and others, to build a real high speed rail system in the United States.

And I want to thank the distinguished Chair for her vision and tenacity and never giving up on her dream to have a high speed rail system in the United States.

Thank you.

Ms. BROWN. Thank you, Mr. Boston.

Mr. Mica has one question, and if any of the other Members have a question and then I am going to let Mr. Oberstar close.

Mr. MICA. Actually I do not have a question, and we will submit questions to the panel. We are running short on time and we do have votes tonight, but I just want to say on behalf of our side of the aisle how much we appreciate—well, first I want to thank Ms. Brown and Mr. Oberstar, the Chair, for their not only interest in this hearing, but their untiring interest and efforts to move both passenger rail and high speed rail forward.

This is a bipartisan effort. You heard a little laundry being aired here today and with the witnesses. So we appreciate, I appreciate the Governor, the other representatives of states, representatives of labor and others that came—Amtrak, because we all want to make this succeed, and we want it the best possible.

So from our side of the aisle, you know, from time to time you have to have that opposition, and we would like to stir it up a bit, but we all want the same productive results. So thank you for the hearing. Thank you for participating, and we will send you the tough questions after the hearing.

Ms. BROWN. Thank you.

Mr. Oberstar. Anybody else?

Mr. OBERSTAR. Mr. Lipinski had a comment.

Mr. LIPINSKI. I think for the sake of time, I will just thank all witnesses for their testimony, and if we had more time I would appreciate Mr. Hamilton's and Mr. Harnish's further discussion on the higher and the highest speed rail, but I do not think we have time for that. But I appreciate Mr. Hamilton's explanation there. I thought that was excellent pointing out all of the advantages right now to the way that we are going about doing higher speed rail right now.

So I thank all of you.

Ms. SCHAKOWSKY. I just have one quick question Mr. Hamilton, are you saying right now if we move to higher speed, then we will be relying entirely on out of U.S. manufacturers for that?

Mr. HAMILTON. For the critical technologies, yes.

Ms. SCHAKOWSKY. And do you see yourselves, your company or anyone else then developing for the future the manufacturing capacity for the highest speed trains?

Mr. HAMILTON. All right. So the manufacturing capacity and the engineering capacity are also things that need to be developed. I

think that to go to electric locomotives from a century of diesel locomotives is quite a jump, and it involves the creation of an intellectual and engineering capability that would be an investment almost from start-up.

There is obviously electric. Electricity, so to speak, controlled and conditioned inside a diesel electric locomotive, but there is much more engineering requirements that would have to——

Ms. SCHAKOWSKY. And diesel electric will not transfer to the highest speed?

Mr. HAMILTON. It will go to 125.

Ms. SCHAKOWSKY. Okay. Thank you.

Ms. BROWN. Chairman Oberstar.

Mr. OBERSTAR. Well, I think this has been a very illuminating hearing, a little more heat than light early on.

[Laughter]

Mr. OBERSTAR. And this panel has been very instructive. We have met several times in the past. I regret having to step out momentarily while you delivered your testimony, but the central thrust of your testimony is that states should and can and will participate in developing plans for high speed rail in partnership with the federal government; is that correct? You and your colleagues in the Illinois legislature support that principle?

Ms. NEKRITZ. And throughout the Midwest. I am really appearing on behalf of the Midwest Interstate Passenger Rail Commission. So yes.

Mr. OBERSTAR. Thank you very much.

Mr. Hamilton, I look forward to unraveling this interpretation you made to Committee Members. If there is room, I will display it in my office because it brings back fond memories of seeing citizens lining the tracks watching the high speed rail come through.

That was a different era, and now we are recreating or restructuring the past in order to create a new future. That is not an easy task, and you have laid out for us the different levels of the locomotive power thrust capability, 220 only possible with electric power, and I liked your reference or allusion to the electric generating facilities that are actually putting pollution in the air. It looks clean on the ground, but that power is coming from someplace, and that electric generating facility is putting CO-2, NOx, SO-2 in the air.

And your comment about within the next five years we will have a power unit that will produce only five percent of the emissions of diesel units ten years ago. Did I get that correct?

Mr. HAMILTON. Yes.

Mr. OBERSTAR. Congratulations.

And your export of 10,000 locomotives abroad to other countries, particularly China, one of the few things we are—manufactured items we are exporting to China.

Mr. HAMILTON. yes.

Mr. OBERSTAR. Wonderful. And, Mr. Boston, clearly, you see the job creation part of this and your members are going to be job beneficiaries.

I submit for the Committee record, not for the hearing, the documentation submitted to both the Minority and the Majority on high speed passenger rail grant selection process summary. It was also

submitted June 23rd of last year to the Federal Register, and this is an update. The documentation is quite substantial and need not be in the actual Committee hearing, but in the documents accompanying the hearing.

And I shall convene a meeting of Mr. Szabo, the Deputy Secretary of Transportation and the Minority in our Committee to review and have a thoughtful, reasoned discussion on the selection criteria that DOT has followed.

This was not haphazard, hit or miss. It was an open, inclusive process. There were eight private proposals submitted for DOT's review. They were submitted for review by the Volpe Center of DOT in Massachusetts. The Volpe Center which is objective and nonpartisan recommended five of those projects.

One was by the California High Speed Rail Authority, which plans to finance their project with a lot of private sector funding, which in their $40 billion project would be roughly $10 billion. They are in the role. It is being filled appropriately by private sector interests.

The French National Railroad, which manages the TGV, submitted four proposals, one for Florida, one for the Midwest, one for California, one for Texas Corridor. Those are all still under review and in play as the process goes forward.

There is an appropriate role to play. Talgo is also participating with private sector interests with the State of Wisconsin in this process.

We are at the beginning of a very laborious, complicated procedure. I stated earlier in this hearing the European high speed rail initiative, those in China and in India where they are upgrading the Mumbai line and several others, all have just simply acquired the land. they did not have to go through an EIS. They do not have an American Civil Liberties Union. They do not have the contentiousness that we have over endangered species. They just built them.

We cannot just build them. We can build upon the past in order to invest in the future in a step-by-step process, and there are least three categories of rail-passenger service in this industry that we are working on. And we welcome all participants. We are going to proceed, and this is unmistakably on a course intended to be for the future.

We welcome partnership. It is going to be reasoned and thoughtful and constructive.

Thank you.

Ms. BROWN. I want to thank all of the participants. I want to thank everyone for coming.

And there is a reason why it is in our first tour, the first tour that we have in 50 years, Mr. Chairman. We first had a tour on the highway system-Eisenhower's. This is the first tour since then. There is a reason why we came here to Chicago as our first stop, our first hearing, because this is a very important part of what we are trying to do together as partners.

I want to thank you for your leadership. I want to thank the administration with the leadership of the Secretary and all of the Members that have come out. As we move forward, your input and your comments are going to be very important as we develop high

speed, more speed, however you want to define it, how we are going to move people and services.

As I said before, we started the systems. We are the caboose now, and we are going to change that. Toot, toot, the meeting is over.

[Whereupon, at 12:20 p.m., the Subcommittee was adjourned.]

April 20, 2010

U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON
RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS

HEARING ON HIGH-SPEED RAIL GRANTS
AWARDED under the RECOVERY ACT

TESTIMONY OF DENNIS BOSTON
INTERNATIONAL VICE PRESIDENT
BROTHERHOOD OF RAILROAD SIGNALMEN

Good Morning, I would like to thank Madame Chair Corrine Brown and members of the Subcommittee. It is an honor for me to testify today on the High-Speed Rail Grants Awarded under the Recovery Act.

My name is Dennis Boston, and I am the International Vice President of the Brotherhood of Railroad Signalmen. The Brotherhood of Railroad Signalmen (BRS), is a labor organization with headquarters at 917 Shenandoah Shores Road, Front Royal, Virginia, 22630-6418. The BRS, founded in 1901, represents approximately 10,000 members working for railroads across the United States and Canada. Signalmen install, maintain and repair the signal and communication systems that railroads utilize to direct train movements. Signalmen also install and maintain the grade crossing signal systems used at highway-railroad intersections, which play a vital role in ensuring the safety of highway travelers.

Madame Chair, I commend you and the members of the Committee for holding this field hearing. These are historic times for all of us, our Administration with the cooperation of the Federal Railroad Administration have forged a new day in American History. For the First time in our lifetimes we are seeing an administration and Congress that have provided real investments in our future. Rail Labor is working hand in hand with our Partners at the Federal Railroad Administration and Amtrak to bring High-Speed Rail to America. We believe the Plan that the Federal Railroad Administration has in place to achieve 110 miles per hour in stretches of the Midwest Corridor, along with the resulting trip time improvements, is a sound and productive way to move us into America's High-Speed Railroad future.

A. INTRODUCTION

The Brotherhood of Railroad Signalmen is highly supportive of expansion of Inter-City Passenger Rail and development of High Speed Passenger Rail. This is a long time coming and we are pleased that the Congress and the Administration have recognized that rail is an under-utilized resource that can be used to provide safe, efficient, effective and environmentally sound passenger transportation. But, it is important to recognize that safe and effective passenger rail transportation depends on highly skilled, professional railroad workers, many of whom are certified to perform various forms of railroad work.

There are some who want to enter the railroad industry and to perform work on railroad lines, but who seek their own economic advantage by attempting to perform railroad work without being "rail carriers" under the Federal railroad laws and by using workers who do not have the rights and benefits mandated by the Federal railroad laws. This race to the bottom must be resisted. People moving by rail should be able to travel through a rail system that is at least as safe and well maintained as is the system used for the transportation of cargo.

As the Federal government encourages and helps fund the promotion of High Speed and expansion of Inter City Passenger rail transportation, it should make sure that it is providing real rail transportation that employs real rail workers, not "knock-off" rail transportation that utilizes imitation rail workers. To the extent that Amtrak is used to provide new service, such service will be real rail service using real rail workers; but whoever provides the new service they must be rail carriers who employ workers covered by the Federal railroad laws.

B. FEDERAL STATUTES REQUIRE THAT WORK ON RAIL INFRASTRUCTURE FUNDED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 PASSENGER RAIL INVESTMENT AND IMPROVEMENT ACT OF 2008 MUST BE DONE BY RAIL CARRIERS USING RAILROAD WORKERS

The ARRA and PRIIA provide that Federal High Speed Rail and Intercity Passenger Rail grants must be conditioned on requirements that operators on federally improved rail infrastructure will be rail carriers under the Interstate Commerce Act and all statutes that adopt that definition of rail carrier, including the Railway Labor Act, Railroad Retirement Act and Railroad Unemployment Insurance Act. A rail line's signal system is clearly a component of rail infrastructure and work on and for that system must be performed by railroad signalmen. The ARRA and PRIIA also provide that collective bargaining agreements applicable on a railroad whose right of way is being used will remain in full force and effect; and that the rights, privileges and benefits of railroad workers be preserved. This is a mandate that the employees who perform work related to High Speed Rail and Intercity Passenger Rail supported by Federal funds must be railroad workers covered by the RLA, RRRA, RUIA and FELA

C. USE OF RAIL CARRIERS AND RAILROAD WORKERS TO PERFORM WORK HIGH SPEED RAIL AND INTER CITY PASSENGER RAIL WORK WILL ASSURE

THAT THE WORK IS PERFORMED BY HIGHLY SKILLED, FULLY QUALIFIED AND APPROPRIATELY CERTIFIED WORKERS, IT IS ALSO REQUIRED BY COLLECTIVE BARGAINING AGREEMENTS COVERING THE RAIL LINES TO BE USED FOR PASSENGER RAIL OPERATIONS

Railroad work involves unique skills and training and sometimes special certifications; this is certainly true of railroad signal work. Consequently railroad work on the major freight railroads, Amtrak and the major commuter lines is performed by railroad workers in the traditional crafts recognized by the NMB. This should be no less true for the new High Speed Rail operations and expanded Inter City Passenger Rail operations. Certainly the persons who do work for the highest speed passenger operations (whether train movements and control, track and signal work, equipment work or administrative work) should be no less skilled and no less qualified than the persons who do such work involved with the movement of things. The ability of entities that do work connected to High Speed Rail operations to hire qualified employees to perform that work will depend on those entities being rail carriers because rail workers will not accept jobs with entities that are not rail carriers since railroad workers who leave carrier employment lose substantial, vested Railroad Retirement benefits, and the rights and protections provided under other Federal Railroad laws.

While certain small commuter railroads have engaged in the "unbundling" of railroad work among multiple contractors who are not rail carriers, this unfortunate practice is not followed on any of the major freight railroads, major commuter railroads or Amtrak. All of those entities recognize that integrated railroad operations in a single carrier operator employing railroad workers to perform traditional railroad work is the safest and most effective and efficient method of railroad operations. That same approach should be used for High Speed Rail and expanded Inter City Passenger Rail operations; the unbundled model should be rejected. Multiple non-rail carrier entities simply cannot provide the most skilled and fully certified rail workers. Additionally, safety is compromised in such a model. When one entity is responsible for overall operations it has a much greater incentive to operate as safely as possible and to get quickly to the cause of an accident when one occurs in order to prevent a recurrence. When multiple entities are involved in separate aspects of rail operations, there are incentives for each of them to focus only on its own responsibilities and to rely on someone else to do what is necessary in overlapping areas. And when there is an accident it is likely that the contractors responsible for train movements, the signal system, the track and the maintenance of the equipment will blame each other. That incentive is eliminated when one entity is responsible for the entire operation.

Additionally, virtually all of the work and operations envisioned by the ARRA will be done on track, structures and/or rights-of-way, and/or in facilities and structures of existing rail carriers-either freight railroads or Amtrak. Those carriers, and the track, rights of way facilities and structures they own, are covered by collective bargaining agreements between the carriers and the various rail unions, including BRS, that provide covered employees with rights to perform work within the scope of those agreements, and that may regulate the use of contractors to perform such work. Congress and the Administration should ensure that long standing rail collective bargaining agreements are protected and that those who seek their own profit will not be able to do so by undercutting or undermining those agreements.

C. BRS STRONGLY SUPPORTS BUY AMERICAN REQUIREMENTS

The PRIIA states that DOT may not approve a grant for a High Speed Rail or Inter City Passenger Rail project unless "the steel, iron, and manufactured goods used in the project are produced in the United States." This is an important requirement and a basic premise of federal funding for rail projects-to create jobs for Americans. BRS believes that strong Buy American requirements are essential to development of High Speed Rail and expansion of Inter City Passenger Rail.

D. CONCLUSION

The Brotherhood of Railroad Signalmen is pleased that Congress and the Administration have recognized the many advantages of transportation by railroad and we look forward to development of High Speed Rail and expansion of Inter City Passenger Rail service with the necessary work and service provided by professional, skilled railroad workers, especially railroad signalmen.

TESTIMONY

**Before the United States House Committee on
Transportation and Infrastructure
Subcommittee on Railroads, Pipelines and Hazardous Materials**

On High Speed Rail Grants Awarded under the Recovery Act

**by
Governor Jim Doyle
State of Wisconsin**

**Tuesday
April 20, 2010**

Chairman Oberstar, Chairwoman Brown, Ranking Member Schuster and Members of the Committee, good morning, my name is Jim Doyle. I am Governor of the State of Wisconsin. I appreciate the opportunity to share with you my views and be a part of this discussion on high-speed rail grants awarded under the American Recovery and Reinvestment Act (ARRA).

Wisconsin and our neighboring Midwestern States have been working tirelessly on extending and re-establishing intercity passenger rail for many years. Those efforts were formalized over 15 years ago as the Midwest Regional Rail Initiative (MWRRI), a nine-state intercity passenger rail system with Chicago as the hub. The MWRRI calls for new and extended routes, increased frequencies, next generation locomotives and cars providing maximum comfort and amenities to passengers. The passenger rail service will operate at speeds of up to 110 miles per hour, providing travel times competitive with automobile travel and, in some cases with air travel.

The only thing missing to implement the MWRRI was funding. Passenger and freight rail built and united this country. Without it, the United States would be much different. Yet, for many years we have neglected rail pouring hundreds of billions of dollars into developing other transportation infrastructure while our rail system was allowed to decay. Today, we are light-years behind other countries on passenger rail at a time when other modes of transportation are at critical junctions and passenger rail is needed as relief for those other modes by offering mobility options in an environmentally responsible manner.

With the passage of the Passenger Rail Investment and Improvement Act (PRIIA) there seemed to be a light at the end of the tunnel. However, while PRIIA established a passenger rail program at the federal level, funding was still lacking. Then, through the leadership of President Obama, ARRA provided $8 billion for intercity passenger rail projects. Congress then followed suit and provided an additional $2.5 billion in the 2010 appropriations act. These investments are a promising start, but much more is needed just to re-establish intercity passenger rail corridors that used to exist, modernize equipment, and implement high-speed service.

Still, the $8 billion provided by ARRA is a wonderful start. It will serve as the first step in improving our country's passenger rail infrastructure and re-developing a passenger rail network while providing thousands of jobs, spurring direct and indirect economic activity and re-building the rail industry in the US.

Wisconsin and the Midwest were very successful in our applications for ARRA rail funding. I think this is attributable to the many years the Midwest has worked to develop and promote intercity passenger rail, including the development of the MWRRI. Midwestern Governors and Chicago Mayor Richard Daley came together early in the process to identify three key priority corridors for the Midwest; Chicago to Milwaukee and Minneapolis/Saint Paul, Chicago to Detroit and Pontiac, and Chicago to St. Louis. ARRA grants have been announced for several MWRRI segments with an emphasis on these three main corridors. These corridors have been developed over the years to be "shovel-ready" or very nearly shovel-ready and will serve as the backbone for high speed rail in the Midwest.

The Midwest's efforts spurred on with the support from President Obama and Congress will accelerate the creation of both direct and indirect American jobs, provide business for American companies, many of which were negatively impacted by the problems in the auto industry, and begin to re-establish a domestic intercity passenger rail car industry in the US.

For Wisconsin, we were successful in being awarded ARRA grants for three rail projects. These projects include the extension of passenger rail service from Milwaukee to Madison, extension of the passenger platform at the Milwaukee Airport Rail Station, and the installation of crossovers between Milwaukee and Chicago to improve both passenger and freight rail service and safety.

The platform extension and crossover projects are expected to be completed by the end of the year and will enhance our current Hiawatha service between Milwaukee and Chicago. The Hiawatha service is supported by the States of Wisconsin and Illinois and

is one of Amtrak's most successful services. The Hiawatha has experienced monthly ridership records in 54 of the last 64 months, has set annual ridership records consistently over the last decade, and has one of the best on-time performance records of all of Amtrak's services.

The ARRA grants will provide decreased trip times between Milwaukee and Chicago, improve safety in the corridor, and are the first steps needed to provide additional frequencies and expanded service in the future. The ARRA grants will build on investments already made by the State of Wisconsin, including the construction of a new station at General Mitchell International Airport in Milwaukee – one of only a few passenger rail stations on airport grounds in the country; a $16 million reconstruction of the depot in downtown Milwaukee, creating a true intermodal center and gateway to the city; a new station at Sturtevant, WI, replacing an old, deteriorating station with a new station that has become a center of economic activity and development; providing funding for additional cars to be added to the service to handle increasing ridership; and the purchase of two new train sets to replace the outdated Amtrak equipment in the corridor and eventually go to Madison as well.

In July 2009, the State of Wisconsin purchased two train sets from Talgo. These train sets will initially be used to replace outdated Amtrak cars for the Hiawatha service between Milwaukee and Chicago and feature many amenities and comforts not available on the existing Amtrak cars. While the purchase of new train sets is significant, perhaps even more significant is that the contract with Talgo includes the provision Talgo would locate assembly and maintenance facilities in Wisconsin.

Wisconsin's ARRA grant will also build on Wisconsin's efforts that have made this one of the most "shovel ready" rail projects in the country. In addition to many years of studies, plans, and public meetings, the State of Wisconsin purchased the segment of the corridor from Madison to Watertown in 2003, completed an Environmental Assessment for the corridor receiving a Finding of No Significant Impact in 2004, and completed preliminary engineering to 30% design.

The $810 million ARRA grant will take us the rest of the way, including completion of final design, construction of infrastructure and stations, purchase of trains sets and locomotives, and construction of a train maintenance facility. According to economic models, the project will create thousands of direct and indirect jobs during construction. It will have a significant long-term economic benefit upon completion and implementation of the service extension as well as providing an important mobility option between Wisconsin's two largest cities, to Chicago, and, eventually, to Minneapolis-St. Paul. The current schedule for the service extension to Madison includes construction starting by the end of the year and service running by early 2013.

Wisconsin is working closely with the Federal Railroad Administration, Amtrak and other regional, state and local partners to ensure that Wisconsin's projects move forward expeditiously to meet the goal of beginning service in 2013. This will require close coordination to ensure that equipment procurement and infrastructure build out occurs simultaneously.

There are opponents out there that will take any opportunity to declare failure. So, great care is needed to do things right. Wisconsin is committed to delivering our project on time and within budget.

In closing, we have tremendous opportunities through high speed rail to grow our economy in Wisconsin and throughout the nation. Through high-speed rail, we will put thousands of people to work – connecting our major centers of commerce. We will spur investment and invest in our long-term economic growth. And we will target business and leisure travelers through a modern transportation system.

When complete, Wisconsin's projects will be a shining example of the future of high speed intercity passenger rail in our country.

Once again, I'd like to thank the Chair, ranking member, and other committee members for the opportunity to speak today. It appears we are all on the right track.

Subcommittee on Railroads, Pipelines and Hazardous Materials

Questions for the Record

High-Speed Rail Chicago Field Hearing

April 20, 2010

The Honorable Corrine Brown:

1. You mentioned in your written testimony that your efforts are due to many years of studies, plans, and public meetings. The Midwest corridor has put a lot of work into planning and development of the corridor going back to about 1991. Can you talk briefly about all the work that has been done to prepare for development of the corridor?

   A: Wisconsin and the other Midwest states have undertaken both individual and collaborative studies over the years. Attached is a history of those efforts that Wisconsin has been involved with either individually or as part of the Midwest collaboration.

2. There has been some undue criticism of intercity passenger rail grants being awarded to projects where train service will be improved to speeds to 110 mph. I assume some of the earlier studies looked at higher speeds. Can you talk about how these incremental speed improvements will meet the market demands in the Midwest? Specifically, can you address how the improvements on the Milwaukee to Chicago route will benefit the traveling public? Do you have a response to some of the criticisms that the speeds aren't fast enough?

   A: Yes, several studies have been done looking at various speeds up to 300 mph. Those studies have shown that higher speeds do decrease trip times. However, the cost to reach speeds higher than 110 mph grow almost exponentially for relatively small time savings. The significantly lower cost of 110 mph service will allow implementation of service in areas that have not had service in many years. The Midwest system of 100 to 500 mile corridors with a Chicago hub will benefit greatly from 110 mph service which will be faster than air of automotive travel in many cases when the entire trip is taken into consideration. Also, top speed is not always an indicator of trip times or average speed. For example, the Acela service has a top speed of 150 mph and average speeds of 70 mph. The Midwest system will have top speeds of 110 mph and average speeds of 78 mph for express service and 67 mph for local service.

   The improvements on the Milwaukee – Chicago route will have several benefits to the traveling public. First, the platform extension at the Milwaukee Airport Rail Station will be lengthened from 400 feet to 700 feet. This will allow passengers to board and depart trains from all exits. The current platforms are shorter than the train length. Several cars have been added to the train since the station was constructed due to ridership

demand. Second, the Truesdell crossover project is the first of several projects in the Milwaukee-Chicago corridor that will allow increased speeds and greater frequencies for passenger trains in this mixed-use freight/passenger corridor. Individually, the project will decrease trip times only marginally, but, will increase on-time performance for the Hiawatha service.

Speed is not everything. The impact of speed is largely dependent on the characteristics of the corridor. As seen with the example of the Acela service vs. Midwest service, higher top speeds do not guarantee better trip times, higher average speeds, or better on-time performance. The significant incremental cost of higher speeds may not provide the trip-time and on-time performance that other investments might. Frequencies also may play a more key role than speed in some corridors.

3. Do you have any other comments you would like included in the hearing record?

The Honorable John Mica:

1. What is the ridership on Amtrak's Hiawatha Service in Wisconsin now? How many riders will you attract through the improvements to the existing line and the new extension to Madison?

   A: Calendar Year 2009 ridership on the Hiawatha was 741,780, the second highest calendar year ridership the service has experienced (2008 was the highest). Calendar Year 2010 ridership through March 2010 is up 8.4% over CY 2009 and is currently on pace to set a yearly ridership record in 2010. March 2010 had the highest March ridership on record and the service has set monthly ridership records in 55 of the past 65 months.

   Regarding the improvements to the existing line, the platform extension project at General Mitchell International Airport is necessary just to handle current ridership. Due to the large demand, additional cars have been added to the Hiawatha trains. The current platform is shorter than the train and will not allow passenger loading and unloading from all doors. So these improvements will be catching up with existing ridership.

   The Truesdell crossovers project is a first step of several improvements needed in the existing Milwaukee – Chicago corridor to increase both frequencies and speed. Despite it being just the first of several needed improvements, it is estimated that the project will increase annual ridership by 6,000 passengers and increase on-time performance.

   Based on an analysis performed by Amtrak, the extension to Madison is expected to increase Hiawatha ridership by an estimated 361,400 per year in the first year of service, 2013. The estimated ridership for the whole corridor, Madison – Milwaukee – Chicago, is 1,169,900 in 2013.

2. How much does Wisconsin DOT plan to spend in operating subsidies annually for the new Milwaukee to Madison extension? How does this compare to the current State support for the Chicago-Milwaukee Hiawatha service?

   A: It has been estimated that the net operating subsidy of the Milwaukee – Madison extension will be just under $7.5 million and the net operating subsidy for Chicago – Milwaukee – Madison estimated at just over $15.6 million per year in 2013. In 2010, the operating contract with Amtrak for the Chicago – Milwaukee Hiawatha service calls for a net operating subsidy of just under $7.4 million. This is split on a 75/25 basis between the states of Wisconsin ($5.5 million) and Illinois ($1.8 million), respectively.

3. Is the State matching the $810 million Recovery Act grant for the new Milwaukee to Madison extension, or will the project be built with 100 percent Federal funds?

   A: Within the scope of the grant, it is anticipated that the project will be constructed with 100 percent federal funds. However, significant previous investments made by the State reduces the remaining cost. For example, the State has purchased two train sets for $47.5 million and has purchased the rail corridor from Madison to Watertown (just less than half the corridor) for $7.2 million, both with 100 percent state funds. In addition, the state has made several other investments of state funds, either as match or 100 percent state, in improving grade crossings, renovating and building stations, preparing various studies, planning documents, environmental work, engineering, mapping, etc. on the corridor.

4. Were there any Buy America challenges when Wisconsin bought the Spanish Talgo trainsets for the Chicago to Milwaukee rail service? In understand that Talgo has agreed to locate a train assembly facility in Wisconsin. Under the Buy America law, are you required to use U.S. manufactured parts in the train assembly?

   A: The Talgo trainsets were purchased with 100 percent state funds, so federal Buy America requirements were not relevant.

   Yes, as part of the contract, Talgo has located an Assembly facility in Milwaukee. The contract also requires the use of domestic labor and Wisconsin and US suppliers to the extent practicable. The goal is to achieve at least 60 percent domestic content. The two state-funded Wisconsin trainsets will be assembled at the facility as will two trainsets purchased by the State of Oregon with ARRA funds.

   There are various federal Buy America and Buy American laws with differing levels of domestic content and slightly different provisions. For example, ARRA Buy American provisions require domestic iron, steel, and manufactured goods except in cases where that is inconsistent with the public interest, they are not produced in the US in a sufficient or reasonably available amount, are not of satisfactory quality, cannot be bought and delivered in the US in a reasonable time, will increase the cost of the project by more than 25 percent, or will violate international trade agreements. However, rail equipment is not subject to ARRA requirements, but rather to the Buy America requirements of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), which are nearly identical to those in ARRA and have the same exceptions, but do not require the adherence to international trade agreements. To further complicate the issue, Buy America standards for train equipment purchased by Amtrak or with federal funds administered by the Federal Transit Administration require 60 percent domestic content. Based on these various Buy America(n) provisions, the goal is clearly to achieve the highest domestic content possible. However, it is also clear through the exceptions

included that Congress realized that 100 percent US content is not possible, practical, or even legal in all cases.

Summary of WisDOT Rail Planning, Studies and Reports

Timeline of WisDOT Rail Studies

- 1991 Tri-state High Speed Rail Study
- 1992 The Amtrak Service Demonstration Project Year Two Report
- 1993 Report to the Governor Concerning Restoration of Rail Passenger Service to Green Bay and Madison
- 1994 Translinks 21
- 1997 Chicago-Milwaukee Rail Corridor Study
- 1998 Midwest Regional Rail Initiative Phase 1 and 2 Studies
- 2000 Tri-State II Study
- 2001 The Governor's Blue Ribbon Task Force on Passenger Rail Service
- 2001 Chicago-Milwaukee-Green Bay Corridor Study and Milwaukee-Green Bay Passenger Rail Alternatives Analysis
- 2002 Rail Issues and Opportunities Report
    - 2002 Eau Claire & Janesville Corridors Feasibility Study and Intercity Rail Modal Diversion Study
- 2002 Madison-Milwaukee Passenger Rail Corridor Study. Environmental Assessment / Preliminary Engineering Study
- 2004 MWRRI Phase 5 Study
    - Updated MWRRI Business Plan
- 2008 MWRRI Phase 6 Study
    - Economic Impact Analysis
    - PEIS scope of work and cost estimate
- 2009 Connections 2030
- 2010 MWRRI Phase 7 Study
    - *Update capital costs*
    - *Conduct preliminary alternatives analysis as component for future Rail Corridor Transportation Plan and NEPA*

Reports and Studies (in chronological order)

WisDOT has undertaken numerous rail studies and technical reports that have shaped policy and been incorporated into the long-range multimodal plans.

Tri-State High Speed Rail Study. Illinois-Wisconsin-Minnesota (1991)

Studied Chicago-Twin Cities "Southern Route" (via Madison and La Crosse) and "Northern Route" (via Fox Valley, Central Wisconsin, and Eau Claire). The study included:

Summary of WisDOT Rail Planning, Studies and Reports

- Development of an origin-destination database,
- Forecasts of ridership and revenue,
- Estimates of capital costs and operating and maintenance costs on a unit cost basis,
- Estimates of financial returns with a sensitivity analysis
- A preliminary evaluation of major socioeconomic, environmental, and energy impacts,
- An assessment of key implementation issues such as potential private financing opportunities and rail freight interference problems.
- Examination of three technology options: 125 mph (diesel), 185 mph (electrified TGV), and 300 mph (maglev)
    - Southern Route Chicago-Twin Cities Travel Times and Capital Costs (2008 $)
        - 125 mph: 4:20 $1.693 Billion
        - 185 mph: 3:15 $5.438 Billion
        - 300 mph: 2:15 $9.814 Billion
    - Northern Route Chicago-Twin Cities Travel Times and Capital Costs (2008 $)
        - 185 mph: 3:20 $5.168 Billion
        - 300 mph: 2:20 $10.300 Billion

Conclusions:

- "In environmental, economic and financial terms, the Southern Corridor is preferred to the Northern Corridor."
- "In purely financial terms, the preferred ordering of the technology options is 125 mph, 185 mph and 300 mph."

Result:

- Carried forward the southern route from Chicago to Twin Cities through La Crosse.
- Focused WisDOT on 125 mph service as opposed to very high speeds.

The Amtrak Service Demonstration Project Year Two Report (1992)

The report summarized the first 2 years of Hiawatha service that was subsidized by Wisconsin and Illinois.

Conclusions:
The subsidized service met or exceeded all project goals.

Summary of WisDOT Rail Planning, Studies and Reports

Result:
The Wisconsin legislature subsequently approved subsidizing the Hiawatha as an ongoing program. Wisconsin and Illinois continue to contract for the service ever since then.

Report to the Governor Concerning Restoration of Rail Passenger Service to Green Bay and Madison (1993)

The report examined the potential for extending Amtrak's Hiawatha Service to Madison and Green Bay, both to improve existing Amtrak service in Wisconsin and as an incremental step to developing high-speed service.

- Chicago-Milwaukee-Madison (79 mph conventional rail service)
- Chicago-Milwaukee-Green Bay (79 mph conventional rail service)
- The report included:
    - Estimate of capital costs
    - Annual operating costs and revenues
    - Ridership and revenue forecasts
    - Consideration of financing issues including potential funding and financing sources
    - A cursory review of potential environmental impacts

Conclusions:

- Public investment in Amtrak service Extensions a key incremental step in potentially more advanced passenger rail in the future.
- Capital costs can be viewed as an incremental cost to achieve higher speeds, and conventional service can help build a ridership base for future rail services.
- Rail transportation time competitive option and high quality travel at reasonable price
- Financially viability of each extension is adequate from a public perspective. Annual subsidy costs are reasonable, and could prove to be even lower if ridership increases in the future.
- Partnerships: federal assistance for capital costs, state and local communities provide share of operating losses and a matching share
- Local participation in stations

Result:

- Recommended that the state activate a plan to implement both the Green Bay and Madison rail service extensions.
- Resulted in Wisconsin's legislature approving $50 million in bonding authority for intercity passenger rail projects

Summary of WisDOT Rail Planning, Studies and Reports

Translinks 21 (1994)

The Plan:

- Examined several passenger rail service and implementation scenarios
- Included extensive public outreach
- The plan didn't compare routes, but identified several alternative routes between Milwaukee and the Twin Cities. It noted the route through Eau Claire as a possible alternate route to the Twin Cities, and identified Milwaukee-Appleton-Stevens Point-Eau Claire-Twin Cities as a potential addition.

Conclusions and recommendations

- As a first step, recommends improving and expanding conventional rail service (79 mph) - Cost: $176 million from Wisconsin and $152 million from federal government and Illinois and Minnesota
    - Chicago-Milwaukee-Green Bay service (2 round-trips), and Chicago-Milwaukee-Madison service (2 round-trips).
    - One additional round-trip Chicago-Milwaukee-Twin Cities (Empire Builder route)
    - Increasing Chicago-Milwaukee Hiawatha Service from 7 to 11 round-trips (some of these trains will be part of services listed above)
    - Feeder bus service in 4 key corridors to connect with new services
- As a second step, implement high-speed rail service with speeds between 125-150 mph on the Chicago-Milwaukee-Madison-La Crosse-Twin Cities route (up to 12 round-trips) – Cost: $462 million from Wisconsin, $1.5 billion from federal government, Illinois, and Minnesota
- Wisconsin's operating support for all routes was estimated in Translinks 21 to be $3 – 4 million annually
- Expand Milwaukee-Green Bay corridor to 4 round-trips

Chicago-Milwaukee Rail Corridor Study (1997)

The study analyzed 3 route alternatives between Milwaukee and Chicago and 2 speed options, 110 and 125 mph. The study included:

- Assessment of the existing rail infrastructure
- Capacity analysis of the alignment
- Estimates of implementation costs
- Market research

Summary of WisDOT Rail Planning, Studies and Reports

- A travel market database
- Travel demand forecasts
- Environmental evaluation (very general)
- Financial feasibility assessment
- Economic benefits

Conclusions:

- The CP Railway/Metra corridor is the preferred alignment for high-speed rail
- The preferred technology for motive powers is the diesel electric engine
- The 110 mph service option is the most cost-effective option for maximizing ridership and revenue. The 125 mph option would only modestly increase ridership and revenue while capital investment would jump by almost 50%.

Result:
Identification of 110-mph as a "break point" for intercity passenger rail cost-effectiveness.

Midwest Regional Rail Initiative Phase 1 –2 (1997 - 2000)

Phase 1 and 2 included an analysis of service levels of 3 speed alternatives and cost effectiveness (including ridership and revenue estimates). Phase 3 included feasibility engineering, and produced the first business plan and technical report.

The "1998 Plan" report outlining estimated costs and detailing the potential benefits of the rail network evaluated:

- Alternative speed options: 79-mph, 110-mph and 125-mph.
- Involved twelve tasks grouped into six stages
    - Market assessment/ baseline trip tables,
    - Definition of service scenarios and capital costs,
    - Development of a travel demand model,
    - Ridership and revenue forecasting,
    - Capital and operating cost estimates,
    - Financial feasibility,
        - Analysis of public/private financing, institutional framework, and financial analysis with detailed pro-forma financials.
- Demand forecast based on intensive market research and stated preference surveys

Result:

Summary of WisDOT Rail Planning, Studies and Reports

This study determined that a 110-mph system was the best fit to the Midwest region's needs, and that this "intermediate speed" option would provide an affordable and operationally and economically viable system.

Tri-State II High Speed Rail Feasibility Study Chicago-Milwaukee-Twin Cities Corridor (2000)

This study examined:

- Train technology options
- Route options
- Projected ridership and revenue for each option
- Capital (incorporation infrastructure improvements and conceptual engineering) and operating costs
- Economic benefits
- An operating plan
- Environmental review (very general)
- Funding alternatives
- Analysis of institutional issues
- A phased implementation plan

Route and technology options examined included:

- Base Case Chicago-Milwaukee-Madison-Winona-St. Paul (DMU technology, 110 mph)
- Chicago-Milwaukee-Madison-Winona-Rochester-St. Paul (DMU 110 option and gas turbine technology 150 mph option)
- Chicago-Duplainville-Madison-Rochester-St. Paul new alignment from Ixonia to Madison) (Gas turbine 150 mph option and TGV technology 185 mph (elevated track in urban areas option)

Result:
Recommended future improvements to the base 110 mph MWRRI Chicago-Twin Cities route (via La Crosse, Winona, and Red Wing) by:

1) at a minimum re-routing service through Rochester, MN (still serving La Crosse); and
2) upgrading speeds on new right-of-way to 150-mph between the Twin Cities and Madison and to 130-mph between Madison and Watertown.

Chicago-Milwaukee-Green Bay Corridor Study and Milwaukee-Green Bay Passenger Rail Alternatives Analysis (2001)

Summary of WisDOT Rail Planning, Studies and Reports

The study analyzed 3 route options for between Milwaukee and Green Bay, and two speed options. The engineering assessment (each route option: Duplainville, West Bend, and Black Creek) included:

- Infrastructure elements
    - Trackwork
    - Stations
    - Bridges over and under
    - Crossings
    - Train control (signals and communication)
- Track Capacity Analyses
- Operating plan for Duplainville and West Bend options
- Branchline ridership and revenue forecasts for 79 and 110 mph service
- Capital costs (infrastructure and rolling stock)
- Operating costs and revenues by speed and route option
- Financial Analysis
- Economic Benefits

Conclusions:
All route alternatives would be feasible.

Result:
The study did not recommend a route alternative or speed, and recommended further engineering analysis to determine route alignment. However, the study led to a policy decision to pursue the West Bend route alignment for further planning activities.

Midwest Regional Rail Initiative Phase 3 (2000-2001)

The "2000 Plan" efforts focused on 110-mph operations and included:

- Refinement to the operating and cost assumptions.
- An institutional workshop to develop alternatives for system financing and governance.
- A detailed financial plan
- A ramp-up plan
- A branch line analysis (Green Bay)
- An express parcel market assessment
- An equipment vendors' workshop to refine vehicle life cycle costs with Talgo, Bombardier and Adtranz participating.
- a complete assessment of MWRRI market potential
- delineated expected system operating and capital costs
- an outline of a strategy for funding capital needs

- suggested financing plan
- a cost-benefit analysis.

The infrastructure analysis completed in 2000 for the MWRRS involved a more detailed assessment of the rail rights-of-way and capacity, as well as a refinement and validation of the unit infrastructure costs used in the preliminary plan. This analysis accomplished the following objectives:

- Identify track capacity and engineering design parameters that are compatible with freight and other railroad operations
- Assess train capacity at Chicago Union Station with respect to the proposed MWRRS operations
- Conduct a more detailed engineering assessment of the nine corridor rights-of-way comprising the MWRRS
- Identify potential environmental issues on the corridors that might require remediation under the National Environmental Policy Act (NEPA)
- Perform a more detailed assessment of the unit costs for each category of infrastructure improvements (*e.g.*, track, bridges/under and over, etc.)
- Revise estimates of the physical quantities needed for each route for each category, as appropriate
- Apply unit costs to these quantities to estimate corridor and system infrastructure costs
- Employ infrastructure costs as part of the Business Plan to evaluate the revenue and ridership potential of the nine rail corridors that comprise the MWRRS.

Result: Decision on a maximum speed of 110 mph for corridors.

Governor's Blue Ribbon Task Force on Passenger Rail (February 2001)

Task force formed by the Governor which published a report with recommendations at the end of its proceeding. The Task force analysis included:

- a review of existing and planned passenger rail services,
- a determination of appropriate government roles to support passenger rail,
- an examination of current sate and federal laws related to passenger rail,
- an evaluation of possible funding sources.

Conclusions

The task force found that the rail system and service identified in MWRRI represents a viable initiative for intercity passenger rail in Wisconsin, and adopted this as the primary focal point of the task force.

Summary of WisDOT Rail Planning, Studies and Reports

Result:
The task force endorsed the principles and concept of the Midwest Regional Rail Initiative.

Wisconsin Rail Issues and Opportunities Report (2002)

The Rail Issues and Opportunities Report was a comprehensive review and summary of public policies and eight rail issues to serve as a starting point for and component of the Connections 2030 rail plan policy. The report included:

- an overview of the State's rail network
- WisDOT's role in freight and passenger rail,
- identified the importance of rail economically,
- identified major rail trends.

The rail issues examined in the report include:

- rail congestion
- intermodal facilities
- rail corridor preservation,
- publicly owned infrastructure
- intercity passenger issues
- safety issues (including hazardous materials, motor vehicle/train crashes, and trespassers)
- legislative issues (including railroad taxation and regulations)
- emerging issues (including proposal to decrease mercury emissions, etc).

The process included two technical studies for passenger rail, the Intercity Passenger Rail Corridors Feasibility Study, and the Intercity Passenger Rail Modal Diversion Study.

Intercity Passenger Rail Corridors Feasibility Study
The study evaluated alternative passenger rail services between Chicago and Minneapolis/St. Paul and assessed the impact that adding service to Eau Claire (several service options) or Janesville (4 RT between Madison and Chicago via Janesville) would have on the base Chicago-St. Paul/Green Bay corridor as proposed by the MWRRI. The study concluded that in both cases, operating revenues cover operating costs and adding the Eau Claire route would improve the performance of the MWRRS. Adding the Janesville route would have a slight negative impact on the financial performance of the MWRRS because of diversion of passengers from Madison-Milwaukee-Chicago route.

Summary of WisDOT Rail Planning, Studies and Reports

Intercity Passenger Rail Modal Diversion Study
The study assessed the reduction in auto traffic (on major highways) and air traffic (at 5 Wisconsin airports) of the proposed high-speed rail system (consistent with MWRRI).

Public Outreach and adoption
The Report included an extensive outreach process. Efforts included public meetings, a video teleconference with stakeholders, and regular meetings with both technical and advisory committees that included a diverse group of industry and governmental representatives representing a wide array of stakeholders. The public outreach process for the report confirmed that intercity passenger rail in particular was an important issue to the public. The report was intended to be a component of the statewide long-range multimodal plan.

Madison-Milwaukee Passenger Rail Corridor Study. Environmental Assessment / Preliminary Engineering Study (2002)

The environmental assessment for the Madison-Milwaukee passenger rail route and service met NEPA requirements and included:

- Purpose and Need
- Alternatives analysis (including build, no-build, and route alternatives)
- Probable impacts analysis
- Mitigation
- Public Involvement
- Preliminary Engineering (30%) included
    - Infrastructure improvements
        - Capacity analysis (included consultation with host freight railroads
    - Updated cost estimates
    - Proposed station locations (with environmental analysis of the station sites to occur at a later date)

Result:
The EA resulted in a Finding of No Significant Impact by the Federal Railroad Administration in 2004.

Midwest Regional Rail Initiative Project Notebook Phase 4 – 6 and Executive Report (2004 - 2008)

Summary of WisDOT Rail Planning, Studies and Reports

This phase of study included a market analysis, infrastructure and rolling stock capital investment estimates, analysis of freight rail activities, operating plan and costs, implementation plan with funding alternatives, financial analysis, and an economic analysis. It updated all cost estimates and ridership and revenue numbers, making use of 2000 census data.

The infrastructure assumptions were further refined in 2004. The Infrastructure assessment also included an assessment of potential improvements to line capacity. Freights and Amtrak provided information on existing traffic on each route. The "2004 Plan" recognized that the MWRRI will share infrastructure with freight railroads, and focused on addressing freight railroads' concerns. This phase included:

- Feasibility engineering
- Establishing unit cost
- Substantial line capacity simulation work
- Developing route-specific track maintenance costs
- Refining the infrastructure capital plan
    - infrastructure requirements for 3 scenarios, included condensed profile track data for each corridor, which was entered into the TRACKMAN track inventory model.
- Developing a detailed feeder bus and express parcel operations plans were developed.

Result:
The process resulted in recommended improvements for each corridor.

Connections 2030 (2009)

Connections 2030 is Wisconsin's statewide long-range multimodal plan, and includes sections on freight and passenger rail. Long-range planning analyses have been conducted as part of Connections 2030 for each of these modes, and how they function together as a system.

The Connections 2030 rail component drew heavily from the recent rail studies and technical identified above, including:

- Midwest Regional Rail Initiative study phases 1 - 6
- Wisconsin Rail Issues and Opportunities Report,
- Milwaukee-Madison Passenger Rail Corridor Project Environmental Assessment
- Intercity Passenger Rail Corridors Feasibility Study

Summary of WisDOT Rail Planning, Studies and Reports

- Milwaukee to Green Bay Passenger Rail: Feasibility Study of Route Alternatives.

These studies were incorporated in the development of Connections 2030 policies, and represent extensive analysis examining various alternatives for routes, service levels, etc. leading to the recommended routes and service characteristics, and infrastructure needs and costs.

Public Outreach and adoption
Connections 2030 has undertaken an extensive public outreach process that has included stakeholder meetings, meetings with city and county staff, general public meetings across the state, a citizen survey, public comment on the Internet, tribal and environmental agency consultation, and public hearings scheduled for summer 2009. WisDOT expects the final plan to be officially adopted by the Governor in fall 2009.

Conclusions:
Confirmed state policies on intercity passenger rail and recommendations of the previous studies listed above.

Midwest Regional Rail Initiative Phase 7 (2010 Ongoing)

This phase primarily includes a route alternatives analysis for all Wisconsin routes, updates to capital cost estimates, and a report on passenger rail equipment for the Midwest, in addition to support tasks for the MWRRI steering committee.

ELECTRO-MOTIVE.

John S. Hamilton
President and Chief Executive Officer
Electro-Motive Diesel, Inc. (EMD)

Prepared Testimony for the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials Hearing, "High-Speed Rail Grants Awarded under the Recovery Act" April 20, 2010

Chairwoman Brown, Ranking Member Shuster, and Members of the Committee, I want to thank you for the opportunity to appear before you today to discuss high-speed rail grants made under the Recovery Act.

The $8 billion in grants made to various projects for rail improvements around the country represented a major step towards developing our nation's railway system.

As we know, the U.S. rail system has lagged behind others around the world in both the quality of the infrastructure and speed. It is certainly appropriate to ask: "Why not us?"

While high-speed rail is an oft-discussed topic, I am pleased to see that it is now enjoying the attention it deserves as a serious answer to a number of national priorities, including improving transportation, helping our manufacturing base gain strength, creating jobs, and expanding exports.

Background on EMD

By way of background, I am the President and CEO of Electro-Motive Diesel (EMD), a U.S. company founded in 1922 and headquartered just 20 miles southwest of here, in LaGrange, IL. We design and manufacture our products there, the most significant of which are state-of-the-art diesel electric locomotives.

Last week, EMD celebrated its 5th anniversary of becoming an independent company. From 1930 to 2005, it had been a division of General Motors. By all accounts it has been a great U.S. manufacturing turnaround story. EMD was a floundering subsidiary of GM, with a very questionable future. Today, EMD has witnessed record revenues, earnings, and investments. Exports have doubled. Factory productivity is up 20%. In addition, we are the only diesel-electric manufacturer to have produced more than 70,000 engines.

EMD exports to over 70 countries. Over the last two years, our exports to India and China were over 50 times greater than our imports from those two countries. Few, if any, large heavy manufacturing companies can say that. We estimate that in our five years as an independent company, we have single-handedly improved the United States trade balance by $200M.

We employ 1,600 workers in the U.S., many represented by the UAW, and our supply base is almost exclusively North American.

We are also leading the way in reducing emissions. By 2015, we will have reduced the emissions of NOx and particulates by 95% vs. levels of 2000. Further, we have projects focused on reducing fuel

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consumption, improving the carbon footprint of our locomotives, and utilizing bio-diesel and high levels.

High Speed Rail and Grants

We were pleased to see the diversity of projects that received the awards across the country – from high-speed rail in Tampa and California to improvements from Illinois to St. Louis to potentially a new line in Wisconsin – but we at EMD want to share our thoughts on how that funding can be maximized to benefit the passengers as well as the talents and capabilities of American manufacturing firms.

High Speed Rail offers a number of benefits: High Speed Rail can improve the environment by serving as a viable alternative to road transportation, and become a job engine for capable US firms. But there is more to this opportunity. And it is precisely at this stage, early in the process, that we should ask what HSR can do for us, the American people. The answer to this question all depends on how HSR is implemented.

High versus "Higher" Speed Rail

High Speed Rail can generally be classified in two ways: highest (~220 mph) or higher (>125mph).

States like California and Florida are pursuing highest speed rail using electrified lines like those seen in Europe and Asia. They are well within their right to demand this advanced technology, given the distances that they are proposing be traveled and the significant customer base that will likely be tempted to ride.

Yet not only are the capital expenditures of this option significantly more expensive than "higher speed" rail, but it may not capture as many of the opportunities offered by the "higher" variety of High Speed Rail, which we are hoping that the balance of the new rail lines will ultimately choose.

Highest speed rail involves building new lines, new signals, and new tunnels, which will result in significantly higher costs than the money currently appropriated or available and may incur substantial environmental side effects and likely eminent domain challenges as well.

Also, technology for high speed electric trains will mainly come from foreign firms, which runs counter to our country's desire to increase exports, improve American competitiveness, and support the Americans working in American industry.

On the other hand, "Higher" speed rail can be achieved with less up-front investment, lower ongoing costs, and fewer environmental disruptions. It can be moving passengers sooner, and the transportation experience for consumers can still be significantly improved from what is available today. Even these "slower" trains could travel from St. Louis to Chicago in four hours rather than the six hours it takes today.

Higher speed rail still presents an excellent opportunity to support the President's vision to revitalize the U.S. manufacturing sector.

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In fact, with the exception of the California and Florida lines, the other six lines already approved are currently slated to have a maximum speed of 125 miles per hour, which will present tremendous opportunities for US manufacturing firms like ours.

There is a widespread misperception that high speed locomotives must be sourced from manufacturers in Europe or Japan to truly accomplish our nation's objectives. I would like to correct this notion.

The U.S. has existing manufacturing capabilities and a high-skilled labor force to meet the anticipated locomotive requirements for high speed rail. In fact, America was at the forefront of high speed train travel back in 1934 when an EMD-powered locomotive, the Pioneer Zephyr, traveled from Denver to Chicago achieving a top speed of 112 mph.

Decisions by the various states to ultimately support "Higher speed rail" would enable the country to "kill three birds" with one stone:

1. Better transport: Improve transportation infrastructure and rider experience
2. Better environment: Develop engines that run faster and whose use will lead to a cleaner environment
3. Better economics: higher speed rail is not only cheaper than typical "high speed", but work can be completed in American factories by the hands of American workers

Policy Considerations

Policies have to strike a balance between what we want and what we can do. With High Speed Rail, there is no reason to be blinded by the "latest, greatest, and fastest." In some ways, the current "speed" debate is reminiscent of the super-sonic transport debate of 30 years ago. The US did not pursue it. The Europeans did. Now, after untold subsidies later, the last Concorde has stopped flying, and sub-sonic aircraft keep moving more and more passengers.

The choices made by the federal government and the state recipients should balance the short-term desires with long-term responsibility.

How EMD Can Support the Nation's High Speed Rail Objectives

Our locomotives are already tailored to the current U.S. rail infrastructure, and can achieve up to 125 mph. We have produced what our customers have demanded.

Looking forward, through innovation and partnerships, we can expand our highly-qualified U.S. workforce and manufacturing base to meet the proposed 150+ mph high speed rail requirements.

This is a critical time in the locomotive industry. Although the U.S. continues to be the market leader in diesel locomotive production, we see new competition springing up internationally attempting to challenge this position.

In addition, due to the economic slowdown, domestic demand for new diesel locomotives declined dramatically last year, with no improvement expected this year. This makes the attention to new high speed rail investments that much more important.

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We would make most all of the critical technologies 20 miles down the road from here. We have the equipment. We have 1,600 American workers ready to do this work and we would recall workers currently on lay-off to meet the additional workload. In accordance with Buy America, we announced last week a search for a facility in which to perform final assembly.

Putting the "recovery" in the Recovery Act

Given that the U.S. manufacturing base can provide significant support to the development of a higher speed system, why not use HSR as an opportunity for jobs recovery, rather than create requirements that won't have the intended effects of helping our domestic economy?

We could elect for the faster "high" speed rail, but this only addresses one element, transportation, and assumes that an electrified system is affordable. Isn't it better to implement a holistic solution that addresses several issues facing the country, rather than just one? And all at a price within reach.

America can and will do it

Conclusion

As you know, increased domestic locomotive manufacturing may address a number of the Administration's goals, to include job creation, increased national competitiveness and progress on environmental standards.

As a leading locomotive manufacturer, EMD is an excellent example of an American manufacturing success story. We continue to grow and create opportunities for American workers and American manufacturing, and look forward to being an integral contributor to helping the country meet its rail ambitions.

The President has called for investments in our rail infrastructure and economic recovery; let us tackle both at the same time.

I commend the committee for the attention paid and efforts made toward advancing our nation's transportation infrastructure and all related issues.

Again, thank you for the opportunity to contribute to the HSR discussion. I will be happy to answer your questions.

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Testimony
by

Gary Hannig
Secretary
Illinois Department of Transportation

Submitted for the record
To the

House Committee on Transportation and Infrastructure
Subcommittee on Railroads, Pipelines, and Hazardous Materials

Field Hearing on:

HIGH-SPEED RAIL GRANTS AWARDED UNDER THE RECOVERY ACT

James R. Thompson Center
100 West Randolph Street
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Chicago, Illinois

April 20, 2010

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Chairman James Oberstar, Members of the Subcommittee and Members of the Illinois Congressional Delegation, I appreciate the opportunity to submit testimony on behalf of Illinois Governor Pat Quinn concerning High-Speed Rail Grants Awarded Under the American Recovery And Reinvestment Act of 2009 (ARRA) to the House Committee on Transportation and Infrastructure, Subcommittee on Railroads, Pipelines, and Hazardous Materials.

I would like to thank Chairwoman Corrine Brown and the members of the Subcommittee for their support of a healthy intercity passenger rail system, for their leadership on attending to freight rail infrastructure needs and for supporting a robust and truly national high-speed rail system. I also commend Chairman Oberstar for introducing the Surface Transportation Authorization Act of 2009 that will reauthorize surface transportation programs beyond SAFETEA-LU and that includes a high-speed passenger rail component of $50 billion. Governor Pat Quinn recognizes and applauds the commitment of Chairman Oberstar and the Committee to bringing President Barack Obama's - Vision for High-Speed Rail in America - to fruition.

Development of Rail In Illinois:
I begin my remarks with a cogent question - What would have been the destiny of the state of Illinois, and the entire Midwest, had the nation's rail system not been centered here in the mid-nineteenth century? Without reservation, I can tell you that neither Illinois nor the region would be the transportation hub of the nation that it is today; it would not be known for its diverse economic base and mix of urban and rural settings that make it a microcosm of the nation. In 1850, just over 100 miles of strap rail was in service in Illinois. By 1860, a 2,790 mile rail system bound the state together. Today, Illinois hosts an extensive rail network of more than 7,000 miles of track transporting both passengers and freight.

Amtrak Passenger Service In Illinois:
On the passenger side, Amtrak operates 58 trains in and through our state, serving approximately 4.4 million Illinois trips, as part of the national system that served 27 million passengers in FFY 2009. It is noteworthy that Chicago's Union Station, a primary hub for Amtrak intercity service and the fourth busiest station in the Amtrak System, had boardings/alightings totaling over 3 million persons last year alone. Illinois subsidizes 28 state-sponsored trains which provide service in four corridors: Chicago-Milwaukee; Chicago-Springfield-St. Louis; Chicago-Galesburg-Quincy; and Chicago-Champaign-Carbondale. Amtrak service in key travel corridors is an important component of Illinois' current multimodal transportation network.

Clearly, intercity passenger rail is an integral part of Illinois' and our nation's transportation system. It stimulates economic development and promotes energy conservation, as well as providing environmental, safety, mobility and security benefits that complement our highway and aviation systems. Even more to the point, passenger rail represents a critical asset at a time when increasing congestion within the highway and air transportation modes is inducing states to search for cost effective ways to provide increased capacity throughout the existing transportation system.

Illinois is a leader among the states in the provision of passenger-rail service to our citizens. We are proud of the support provided by the Illinois Legislature which has enabled us to sponsor this important service for nearly 40 years. We can also lay claim to the largest one-time service expansion in the nation.

As you are aware, passenger rail in the past has been chronically underfunded. In the late 1990's when federal support for Amtrak was severely constrained, Illinois

Department of Transportation (IDOT) implemented cost-reduction strategies and negotiated new state-supported contracts with Amtrak. Although the program has experienced many ups and downs over the years, Illinois citizens continued to ride our trains and even to request more trains and more routes. In October 2006, through a combination of local initiatives, grass roots efforts and the responsiveness of the Illinois Legislature, the state doubled its investment in rail operations from $12 million to $24 million. We were able to add one round trip each to the Carbondale and Quincy corridors and two round trips to the St. Louis corridor. The response to the added frequencies was immediate and sustained. Ridership increases of 72 percent, 45 percent and over 100 percent were recorded on the Carbondale, Quincy and St. Louis corridors, respectively, in the first year. Patronage increased further in the second year and has held steady or increased slightly even during the recent recession.

This service expansion was the largest in the Midwest in over a decade and produced substantial ridership increases on all corridors. This response to the increased service indicates a significant latent demand for rail service that will only increase as travelers discover its advantages. The Illinois passenger-rail program is now the second largest on Amtrak's system following California in terms of both operations and funding.

High-Speed Rail Development:
High-speed passenger-rail service in Illinois and across the nation represents the natural and logical evolution of the transportation network. National interest in faster trains began in the late 1970s, and an early study estimated that the cost to construct a new dedicated passenger rail corridor of some 300 miles would be in the range of $2 billion. Illinois' involvement in the movement began in 1980 when it joined the seven-state High-Speed Rail Compact, and participated in the first studies of high-speed rail service in the Midwest. Facing the unlikely prospect of assembling resources to invest such a staggering amount – it would be more than $300 billion in today's dollars – Illinois (and the other Midwest states) chose to pursue a strategy of "incrementalism," planning for more manageable investments to enhance the existing system. Since then Illinois has focused on a staged development of high-speed rail which would upgrade track shared with freight operations, add frequencies and use new technology to allow passenger trains to go faster on existing rail.

During the 1990s there were no fewer than eight separate studies of high-speed rail service in Illinois. Some were stand-alone studies, and some comprised long-term analyses relating to the Chicago Hub Network of lines radiating from Chicago, which were designated a High-Speed Rail Development Corridor by the US DOT in 1992. The 1994 IDOT Chicago-St. Louis High Speed Rail Financial and Implementation Plan affirmed the financial feasibility of high-speed service on the Chicago-St. Louis corridor. That same year, a study by the Federal Reserve Bank of Chicago found that a system featuring trains operating at 110-125 mph would cost half of the amount required for a system of very high-speed trains reaching 150 mph, while super high speed (180+ mph) systems would require an investment four times greater with substantially greater operating cost. The study also pointed out that increasing train frequency was the least cost way to improve rail service. These results reinforced Illinois' strategic decision for incremental growth and development.

Midwest Regional Rail Initiative:
The state of Illinois has been in the vanguard of efforts to plan and develop an improved Midwest passenger-rail system since 1996, when nine midwestern states - Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin - together with Amtrak and the Federal Railroad Administration (FRA), formed a partnership to evaluate the potential for a midwestern regional rail system. Since then, the Midwest

Regional Rail Initiative (MWRRI) has advanced from a series of service concepts covering operating speeds, train frequencies, connectivity and reliability, into a well-defined vision to create a 21st Century regional passenger-rail system. The network envisioned for the Midwest region encompasses approximately 3,000 route miles. Based on a hub-and-spoke concept to build on regional synergies and maximize operating efficiency, the Midwest Regional Rail System will provide access for 80 percent of the region's 65 million residents. Transportation officials from the nine Midwest states and Amtrak have tested, refined and confirmed that it is indeed feasible to implement and operate such a system.

Illinois' Commitment to High-Speed Passenger Rail Service:
From the outset of Illinois' high-speed rail planning efforts it was clear that the capital investments required to upgrade and improve existing intercity passenger service would require a strong commitment from all levels of government and rail partners. To prepare for potential federal assistance, IDOT undertook environmental assessments required by law, culminating in a Record of Decision (ROD) by the US DOT in 2004.

Demonstrating the strength of its commitment to prepare the Chicago-St. Louis corridor for trains operating up to 110 mph, the state proceeded with track reconstruction as state funds became available. In May 1999, the Illinois legislature passed a Fund for Infrastructure, Roads, Schools and Transit (Illinois FIRST), a $12 billion, five-year program designed to build, repair and upgrade critical infrastructure needs facing the citizens of Illinois. Illinois FIRST included $100 million for intercity passenger service, local rail-freight operations, high-speed rail and other needs. The revenue stream derived from Illinois FIRST began the progress that has been achieved between Springfield and Dwight including track and signal upgrades, new crossing surfaces and four-quadrant gate installation at 69 rail/highway crossings in high-speed areas. While these investments moved the program forward, the remainder of the work to implement high-speed service would have to await a program of federal assistance for railroad infrastructure investments.

Illinois' ARRA Applications:
After decades of waiting, states with high-speed rail ambitions were given new hope when, in October 2008, landmark legislation was signed authorizing funds for FRA rail safety and passenger-rail activities for Fiscal Years 2009-2013, and including provisions for grants to states for passenger related capital improvements. With the passage of the ARRA in 2009, Illinois finally saw prospects for satisfying the demands of our citizenry for more and better rail-passenger service. Governor Quinn moved quickly to establish a multi-state steering group to coordinate efforts in the Midwest and provide a single voice in support of the region's collective high speed rail priorities. Last year Illinois submitted 12 applications for passenger-rail related ARRA funds, including one for improvements in the Chicago Terminal Area to support regional high-speed rail development and one jointly with Iowa to re-establish a rail connection between Chicago and Iowa City. All applications were submitted with the goal of moving the Midwest region closer to its vision of fast, frequent, reliable train service.

The award of a $1.1 billion grant for the Chicago-St. Louis High-Speed Rail project allows Illinois to complete work approved in the original EIS which called for the operation of three high speed round-trips between the two cities. The following tasks will lead to the initiation of 110-mph speeds on portions of the corridor within 2 to 3 years:

- Upgrade 183 miles of track, signals and structures from Dwight to St. Louis;
- Rehab 13 passing sidings to improve train meets;
- Extend 3 sidings to provide 23 miles of double track;
- Enhanced warning devices at 180 crossings;

- Incremental installation of Positive Train Control;
- Purchase train sets to operate three round trips at 110 mph and two at 79 mph; and
- Upgrade boarding platforms and undertake limited station improvements.

Illinois was awarded a second ARRA award for $1.25 million to resolve environmental issues related to the re-installation of a second main track between Chicago and St. Louis to allow the operation of additional high-speed frequencies. The completion of this work will prepare the department to make successful application for additional funds to complete the final project objectives. IDOT expects to complete the remaining work in succeeding years to reach the full corridor build out with the full complement of eight high-speed round-trips and Chicago to St. Louis travel times of four hours or less by the year 2020. We believe this is a realistic timetable which, even with staged implementation, will provide demonstrable benefits to the traveling public and to the economy of station communities and the state overall.

Illinois' third ARRA award provides $133 million to construct a rail fly-over as part of the CREATE program. Expediting passenger traffic was a primary objective of CREATE. In 2008, Amtrak trains encountered more than 3,400 hours of delay entering/exiting the Chicago terminal. Trains on delay-plagued corridors carried over 3 million passengers. CREATE plans are consistent with the Midwest Regional Rail plan for high-speed rail and improvements will benefit 38 million annual Metra commuter passengers as well.

Illinois Jobs Now! ($400 Million for High-Speed Rail):
In Spring 2009, the Illinois General Assembly passed and Governor Pat Quinn signed into law Illinois Jobs Now!, a $31 billion capital program to provide funding for construction projects throughout the state to stimulate job creation and economic growth. The program included $400 million for the signature Chicago-St. Louis high-speed rail corridor and $150 million to support and expand the state supported Amtrak service. Passage of state capital programs spearheaded by Governor Pat Quinn in 2009 made funds available to match possible ARRA grants and allowed him the flexibility to provide state funding for projects not selected for ARRA funding, including:

- Chicago-Rockford-Dubuque service - $60 million in state capital funds to re-connect Chicago to Rockford, our second largest city, and to northwestern Illinois, an area without passenger-rail service since 1981.
- Chicago-Quad Cities service - $45 million in state capital funds to re-establish service on a corridor that has not had passenger-rail service since the late 1970s. The Chicago to Quad Cities project is one leg of the Midwest Regional Rail corridor extending west to Iowa City, Iowa and on to Omaha, Nebraska.
- Galesburg congestion relief - $45 million in state capital funds for rail yard improvements to speed the movement of passenger trains through Galesburg and improve reliability on the Chicago-Quincy corridor.

Illinois Jobs Now!, combined with ARRA funding for high-speed rail, is putting Illinois residents to work through a plan that will support nearly 439,000 jobs and stimulate the Illinois economy during this time of great economic challenge. The opportunities created by these funding programs allowing the state to sustain and improve our passenger-rail transportation system into the future in ways that will provide safe, cost-effective transportation over the long term and enhance the quality of life for its citizens.

Conclusion:
President Obama's vision for High-Speed Rail is the first step in providing a world class rail system for the United States. National policy should support and facilitate high-speed rail service to achieve a balanced transportation system that utilizes each mode where it is best suited. In addition, the incremental development of high-speed rail is an efficient use of existing transportation resources. The tracks and right-of-way are already established and offer an energy-efficient and cost-effective way to move large numbers of people. Illinois' experience with the service enhancements we pioneered in 2006 demonstrates that the public will use trains if they are frequent and reliable, with good trip times. Travelers on any mode do not focus on the actual speed of their travel, but rather how long the trip takes, how many departure times are offered and whether they arrive on time. The American travel environment is vast, complex and unique and care should be exercised when applying operating models developed for other countries and other situations.

MWRRI studies, based on the practical application of speed profiles, service characteristics and demand estimates, have shown that 110-mph service can establish a solid foundation for America's rail renaissance. Making reasonable investments to establish a threshold high-speed rail system will allow the system to build and grow organically. Successful implementation and operation of 110-mph service in the Midwest will serve to build the ridership and popular support will help to justify further and greater investments. We believe that the funding provided under the ARRA and the High-Speed Passenger Rail and Intercity Investment Act will serve us well in moving the country toward that goal.

This concludes my testimony. Chairman Oberstar, Subcommittee Chairwoman Brown and distinguished members of the Subcommittee on Railroads, Pipelines, and Hazardous Materials, I understand the difficulty you face trying to provide needed increases in transportation funding. However, an adequate and well-maintained rail-transportation system is critical to the nation's economic prosperity and future growth. Your ongoing recognition of that and your support for the nation's rail needs are much appreciated. Again, thank you for the opportunity to discuss recent ARRA awards and Illinois' federal transportation funding needs.

Illinois Department of Transportation
Office of the Secretary
2300 South Dirksen Parkway / Springfield, Illinois / 62764
Telephone 217/782-5597

May 19, 2010

Honorable Corrine Brown
Chairwoman
Subcommittee on Railroads, Pipelines
And Hazardous Materials
2336 Rayburn House Office Building
Washington, D.C. 20515-0903

Dear Chairwoman Brown:

Thank you for your letter of May 7, 2010, requesting additional information from Illinois to be added to the record of the April 20th field hearing on "High Speed Rail Grants Awarded under the Recovery Act (ARRA)." Below are our responses to further questions posed by yourself and Representative Mica. We appreciate the opportunity to augment the information provided in our testimony.

Question
Some criticism has been made that not all of the Recovery Act grants were awarded to very high speed trains-running 150-200 mph. However, we understand that it will cost nearly $300 billion to create high-speed passenger rail service at those speeds. Do you have concerns about such an expensive approach (given that 20 percent of any Federal grants-outside of the Recovery Act-would have to be derived from the State)? Do you see benefits to an incremental approach-where at about $2 billion the region will see improved speeds to 110-mph?

IDOT's Response
The state of Illinois supports both 110-mph and 220-mph service. We believe that taking an incremental approach is the best way to eventually make both types of railroad travel a reality. Given that 220-mph requires entirely new infrastructure, including trackage dedicated exclusively to passenger trains, we believe that creating 110-mph service first will provide immediate initial benefits, and then lead to a greater public demand for the more expensive, but significantly faster, higher-speed service. We are convinced that 110-mph service will boost ridership significantly, particularly with the new locomotives and passenger cars that will come with it. One of the reasons we are so convinced of this is the surge in ridership that occurred when the state provided funding to expand Amtrak's existing schedule in 2007. With trains running no faster, and with decades-old equipment, ridership grew more than 150 percent statewide, and continues to grow every month to this day. This growth in ridership, of course, means fewer cars on the road, less reliance on imported oil and improved air quality. We anticipate another tremendous surge when speeds go up to 110-mph, which will also pave the way for eventually going to 220-mph.

Question
In your testimony, you state "Illinois Jobs Now!, combined with ARRA funding for high-speed rail, is putting Illinois residents to work through a plan that will support nearly 439,000 jobs and stimulate the Illinois economy during this time of great economic challenge." Could you talk some about these jobs and how they are important to people in Illinois?

IDOT's Response
With national unemployment still at around 10 percent, and Illinois' jobless rate even higher, the state's "Illinois Jobs Now!" and the federal government's American Recovery and Reinvestment Act of 2009 (ARRA) programs are both crucial in the all-important goal of putting people back to work. There are three stages of job creation here; the first is construction employment, which will in the immediate future put skilled trades people to work upgrading our transportation infrastructure. The 439,000 figure reflects only this first stage of job creation. But we believe there will be more. That's because there will be permanent employment created as a result of the economic development we expect will occur as passenger, freight and transit movements all become more efficient. Indeed, as these modes become more attractive, both businesses and the general public will seek to locate near this improved infrastructure. Finally, both kinds of direct job creation will lead to another round of new jobs – the industries and services that will sprout up to serve the newly-enlarged workforce created by the infrastructure improvements.

Question
The Midwest High Speed Rail Association has said that Illinois DOT will apply for $5 million in planning funds from the current FY 2010 FRA Notice of Funding Availability for a study of true high-speed rail with 220-mph service in the Chicago-St. Louis corridor through Champaign. Does IDOT in fact plan to make that application?

IDOT's Response
The state of Illinois is applying for federal assistance to fund a 220-mph planning study and is working with one of its consultants to complete the application by the May 19, 2010 deadline.

Question
How much does IDOT plan to spend in operating subsidies annually for the proposed higher-speed Chicago to St. Louis service? How does this compare to the current State support for this line?

IDOT's Response
As ridership has increased in Illinois following the 2007 schedule expansion, the required annual subsidy has actually decreased down in FY 2010 from $28 million to $26 million. Given that the $1.1 billion grant upgrades three of the five existing Chicago-St. Louis daily round-trips to 110 mph service, but adds no new frequencies, we do not anticipate a significantly higher operating appropriation requirement for Amtrak, and we would hope that as ridership grows, the Amtrak-related portion of the annual appropriation would decrease. However, the Union Pacific has stated that incremental

maintenance costs of the 110-mph infrastructure would require an additional annual increase of about $5 million. Our hope is that over time, at least some of this increase would be offset by a reduction in the Amtrak-related portion of the subsidy.

Question
Is the State matching the $1.1 billion Recovery Act grant for the Chicago to St. Louis improvements, or will the project be built with 100 percent federal funds?

IDOT's Response
The state will be investing hundreds of millions of state capital dollars into improving rail service throughout Illinois. The 2009 State Capital Bill set aside $400 million for high-speed rail projects ($46 million in state funds will match the Dwight-St. Louis $1.1 billion large corridor grant) and another $150 million for other Amtrak-related projects. With these funds, we plan to begin service between Chicago and the Quad Cities in western Illinois, and between Chicago and Rockford/Dubuque in northwestern Illinois, as well as complete other passenger-rail projects. Because the federal ARRA funds do not require a state match, we are choosing to use the majority of state funds for other needs related to passenger rail.

We are moving forward with our efforts to achieve a timely and efficient construction of the Chicago-St. Louis 2004 ROD Improvements (HSR2010000225) so that Illinois can realize the economic benefits of the project, as well as the travel enhancements. In addition, we are hopeful that we may receive funding in the next cycle to complete our corridor program and initiate the state's first high speed rail service within the next five years.

We at IDOT are excited at the prospects the Recovery Act grant offers for enhancing the rail service product we can provide for our residents and visitors. We anticipate a rewarding partnership with the FRA team and we thank you for your interest and support for Illinois' rail program. If you have any additional questions or need additional information, please contact me.

Sincerely,

Gary Hannig
Secretary

Statement of

Richard Harnish
Executive Director
Midwest High Speed Rail Association

Before the

Subcommittee on Railroads
The Honorable Corinne Brown, Chair
Committee on Transportation and Infrastructure, U.S. House of Representatives

* * *

Field Hearing at Chicago, IL:
"High-Speed Rail Grants Awarded under the Recovery Act"

* * *

April 20, 2010

Witness: *Richard Harnish*
Organization represented: *Midwest High Speed Rail Association, 4765 N. Lincoln Ave., Chicago, IL 60625, phone 773-334-6758*

Madam Chairman, Mr. Mica, Members of the Committee,

It is an honor to appear before a committee that has done so much to advance the agenda of the Midwest High Speed Rail Association, which is to create a fast, frequent and dependable train network in the Midwest.

We sit today in Chicago, a city that has made Daniel Burnham's exhortation of "make no little plans" its unofficial motto.

I urge you to make no little plans when it comes to high-speed rail in the United States of America. That means embracing bullet trains, a technology that is already revolutionizing travel, energizing economies and cleaning the air around the world.

With the call, "We can do this, this is America," President Obama last year launched an ambitious U.S. rail revitalization effort to change how we travel and jump-start a vibrant green economy in America.

His vision follows the Passenger Rail Investment Act, with two separate programs for improved intercity passenger rail and for high-speed rail. Congress gave the Administration wide latitude in allocating funds between the two programs.

The focus in the Midwest has been on the intercity rail program: restoring the speeds that U.S. trains regularly achieved before World War II – that is, 90 to 110 miles per hour.

We believe these Amtrak modernization projects are sorely needed. I hope that all of the states' proposals will be funded soon. But while we must continue to invest in our existing railroad network, we must address a fundamental fact: true high-speed trains travel at more than 150 miles per hour, and some already exceed 220 miles per hour. They require new tracks that are electrified and have no crossings with highways or other railroads. To make the distinction clear, we refer to these as bullet trains.

In much of the industrialized world – from Europe to Asia and, soon, the Middle East and South America – trains routinely travel at or near 200 miles per hour.

The pace of development is so quick that since the International Union of Railways last tallied the high-speed rail mileage at 6,672 miles, new lines have opened in China, Italy, and the Netherlands.

China now has the fastest train in the world, covering 664 miles in just three hours – nearly the same distance between Chicago and Washington, DC. They intend to open another 4,000 miles of high-speed lines by 2012. Russia has committed to constructing a 250-mph line linking Moscow and St. Petersburg. Brazil intends to have a bullet train line serving Rio de Janeiro by the 2016 Olympics.

The U.S. is still standing in the station. We can and must do better.

President Obama himself said when rolling out his high-speed rail plans a year ago that 110 miles per hour was only a first step in attaining the type of high-speed rail networks found in places like France and Japan.

We applaud the president for making railroads a priority in the U.S. for the first time in nearly 50 years. But we respectfully disagree that a first step and a second step need to be taken, which implies that 220-mph bullet trains are something we should focus on later.

America must adopt a national rail policy that delivers an integrated rail network that combines bullet trains serving large metro areas (which would put most Midwest cities within 3 hours of each other) with modernized Amtrak service at speeds of at least 90 miles per hour.

The success of foreign rail networks abroad demonstrates that an integrated network is key to strong ridership and financial viability for both the bullet trains and the conventional regional service.

At 220 miles per hour, we can achieve a transformative tipping point where journeys become commutes and business travelers can spend a productive day in a distant city and still be home for dinner.

There is also an environmental and national security tipping point. While the clean diesel locomotives used at 110 miles per hour are cleaner than today's engines, they offer a fraction of the savings bullet trains provide in both oil consumption and carbon emissions.

Furthermore, it does not make practical sense to build bullet train links to every smaller market in the country. But those markets deserve fast and dependable connections, which will be accomplished through the modernization of existing Amtrak service to speeds of 90 to 110 miles per hour. Those extra riders in turn will make the bullet trains even more efficient and cost-effective.

So we must invest in bullet trains even as we modernize Amtrak. To paraphrase President Kennedy, we must do these things at the same time not because they are easy, but because they are hard. Because while ambitious and hard, they will deliver great rewards for our country – especially bullet trains, the impact of which is exponential.

In order to define what bullet trains could do for the Midwest, we contracted with TranSystems, a highly respected engineering firm, to study the feasibility of a 2-hour trip between St. Louis and Chicago. We raised nearly $100,000 through a general appeal to our members to finance the study. Most contributions were from individuals, but Civic Progress of St. Louis played an important role.

Civic Progress, which represents the 30 top employers of the St. Louis Metro area, has determined that being no further than two hours from Chicago is critical to remaining a player in the global market place. Bullet trains are the only way to achieve that goal.

The study found it to be both feasible and hugely beneficial to the economy.

This line would put Chicago and St. Louis within less than two hours of each other, and would also serve O'Hare Airport, Champaign – home to the University of Illinois – and Springfield, Illinois' state capital. It has received strong support at the municipal and state level both in Illinois and Missouri.

The direct connection to O'Hare would serve two purposes. The station at O'Hare would be the main access point for the Northwest suburbs, which adds roughly the same population as the St. Louis metro area to the line. Just as important, this line would create much stronger connections between Downstate Illinois and the world. Downstate Illinois cities that now have 3 or 4 undependable feeder flights into O'Hare would have hourly service with enough capacity to be confident of getting a last minute "flight."

Using very conservative assumptions about mode shift and induced demand, we estimate that as many as 3.9 million passengers will take advantage of the service annually. We estimated a 13.3% shift from the car to the train, despite the fact that most high-speed lines garner at least half of the total travel market, and we assumed induced ridership ranging from 2.8% to 6.5%, even though European high-speed lines have experienced 20% to 34% induced ridership.

The line is estimated to create 40,000 direct jobs and grow local economies along the line by as much as 3 percent annually. It would lead to a net reduction of 200 million pounds of carbon emissions each year.

And these benefits are for just one line of a much broader bullet train system.

The response by the operator of the French bullet train network to a request for proposals by the U.S. Department of Transportation outlined the impressive economic impact of a Midwest-wide bullet train network, including the creation of more than one million total jobs.

We must not hide from the fact bullet trains represent a significant investment, estimated in excess of $50 billion, for a Midwest network that would bring 35 million people within 3 hours of Chicago. The cost of the Chicago-St. Louis line is estimated at $12.5 billion.

We envision these projects likely would be structured as public-private partnerships with the burden shared with the private sector and operating revenue that both covers operating costs and helps repay bonds. The returns in terms of our competitiveness, our economy, our environment and our quality of life dwarf that investment.

History holds a cautionary tale. Nearly 50 years ago, President Johnson and Congress came together and successfully built the then fastest train in the world. That train, the UA TurboTrain, still holds the North American speed record for a production train: 170.8 mph. That resounding achievement reached a dead end when Congress failed to appropriate funds for the necessary high-speed track.

Instead of leading the world on this emerging technology, the U.S. now finds itself decades behind the rest of the world.

We simply cannot afford another false start on high-speed rail. To avoid such a false start and rise to the challenges of the 21st century, we must put bullet trains at the heart of our transportation policy.

So, yes, this may be hard, but the rewards will make it well worth it. And that is exactly why we have to do it, and do it now; especially at a time when our economy is screaming for new job creation and manufacturing, and our environment grows sicker every day.

Thank you again for the opportunity to testify. I have submitted a summary of our study for your review.

IT'S TIME TO THINK BIG AGAIN: 220-MPH BIG

THERE'S NO REASON WHY WE CAN'T DO THIS.

- PRESIDENT BARACK OBAMA

In Spain, the Talgo 350 covers the distance of St. Louis to Chicago in just two hours.

220-mph bullet trains:

- **Travel 500 miles in just three hours**
- **Will transform the Midwest into a powerful economic unit**
- **Cut harmful emissions and dependence on oil**
- **Bypass congested highways**
- **Connect smaller markets to large airports and the world**

MIDWEST HIGH SPEED RAIL

MidwestHSR.org

TRANSFORMING THE ECONOMY BY UNIFYING THE MIDWEST

A network of 220-mph bullet trains would put more than 25 million people in more than 20 metro areas within three hours of Chicago.

220-mph bullet trains should be the number-one transportation priority for the Midwest.

A 220-mph bullet train network would transform the far-flung cities of the Midwest into a single, highly productive economic unit centered in Chicago. Improving productivity by even just one percent would increase the Midwest Gross Regional Product by $29 billion.

Countries throughout the world are committed to high-speed rail, threatening to leave us behind in the global marketplace. We need to catch up.

Bullet Trains

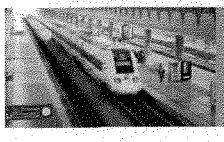
Cruise at 150 mph or more on new electrified tracks with no highway crossings. USDOT calls these "HSR -Express".

Illinois has applied for federal funds to design a 220-mph line.

High-Speed Shuttles

High-speed shuttles share 220-mph track but make more frequent stops.

We envision shuttles offering frequent service between O'Hare, Union Station, McCormick Place and perhaps Champaign.



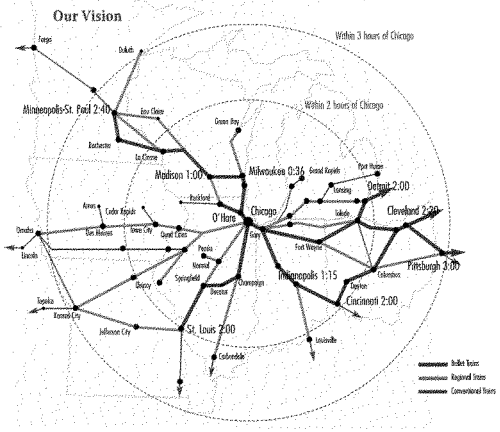
Regional Trains

Cruising speeds up to 110 mph on tracks shared with freight trains, regional trains **link cities and small towns**. USDOT defines these as Emerging HSR.

Currently, the Midwest states are focused on regional trains.

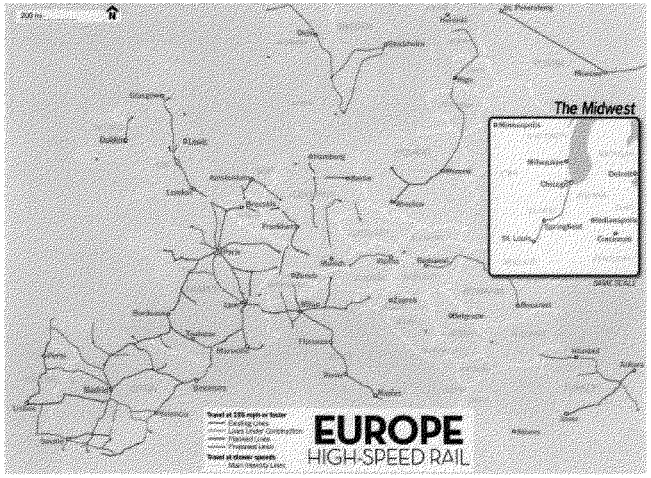
Bullet trains in a nutshell

- **200+ mph cruising speeds**, 150 mph or better average speeds.
- Clean: **90% less emissions** than same trip by plane.
- **95% on-time** vs. 78% on-time for average U.S. airline



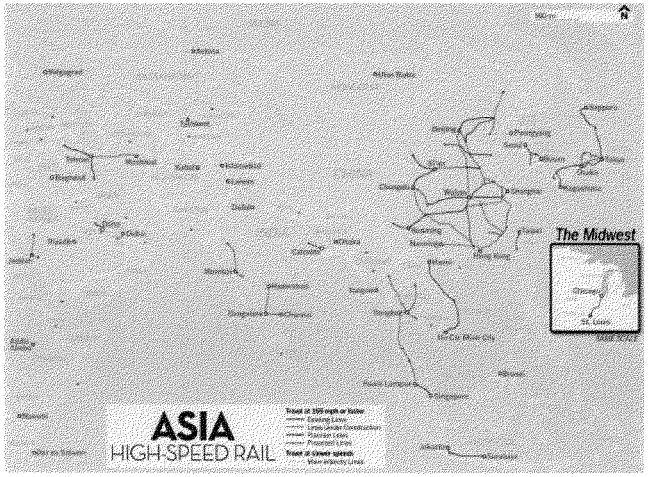
Regional benefits of a midwest HSR 220 network

- Creating green jobs: A full Midwestern 220-mph network would generate **677,000 permanent jobs** and **316,000 construction jobs**, according to a proposal to the U.S. Department of Transportation by the operator of the French high-speed rail network (SNCF).
- Cutting oil consumption and harmful emissions: A Midwestern 220-mph network would reduce highway travel by **4.3 billion vehicle miles per year**, saving **3 million barrels of oil** per year, according to SNCF.
- Connecting smaller and larger markets: Bullet trains would offer **fast and frequent connections to hub airports** from smaller underserved markets.



Bullet Train Highlights in Europe

- **Belgium/Netherlands** – Eurostar and Thalys trains began operating on the Brussels - Amsterdam high-speed line on December 13, 2009.
- **England** – High-speed shuttles operate from London's St. Pancras to suburban Kent. Momentum building for new high-speed line to Scotland.
- **France** – Pioneered European bullet trains in 1981 with the Paris - Lyon line. Now operates hundreds of TGV trains a day on 1,056 miles of dedicated high-speed track. The network carried 128 million passengers in 2008.
- **Germany** – Lufthansa supported the Frankfurt - Cologne line, opened in 2002.
- **Italy** – Completed Naples-Rome-Florence-Bologna-Milan-Turin route in 2009.
- **Russia** – Launched German-built "Sapsan" trains on December 21, 2009, covering the 403 miles – same as Chicago to St. Paul – in 3 hours 45 minutes. A new 200-mph line is under construction.
- **Spain** – Comparable to the Midwest; is spending $120 billion to bring the entire country within three hours of Madrid.
- **Switzerland** – Boring the 35-mile Gothard Base Tunnel (the world's longest), to connect Italy to France and Germany.



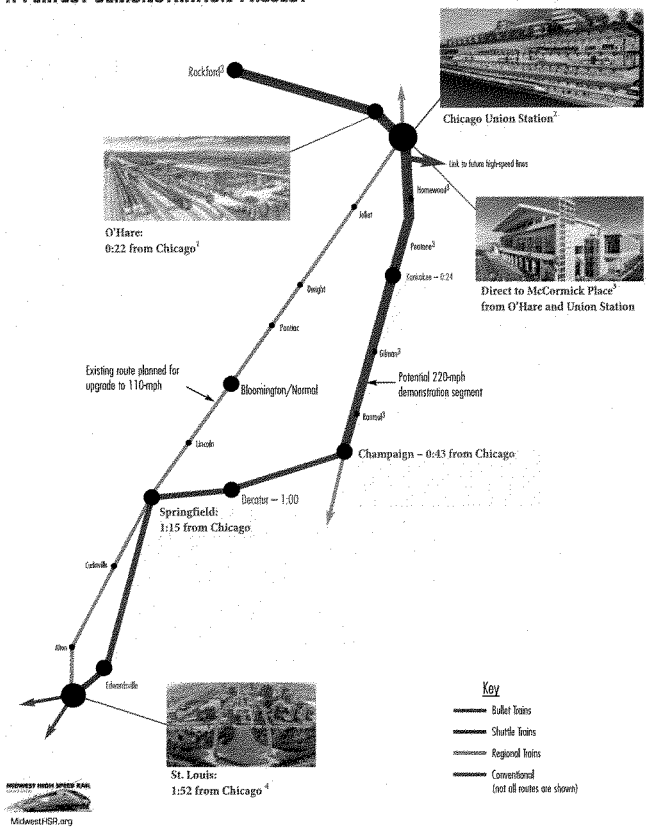
Bullet Train Highlights in Asia

- **China** – Committed to building 8,000 miles of new high-speed lines by 2012. Operating world's fastest trains covering the 664 mile between Wuhan - Guangzhou in 3 hours, averaging 217 mph.
- **Japan** – Pioneered bullet trains worldwide in 1964 with the Tokyo - Osaka Shinkansen. Now, with 1,500 miles of high-speed line, the Shinkansen stretches the length of the country, including a 33-mile subsea tunnel under Tsugaru Strait.
- **South Korea** – Opened Phase I of the Seoul-Busan line in 2002, cutting transit time from 4 hours 10 minutes to 2 hours 40 minutes. Began construction of Phase III in 2009, with projected travel time of 2 hours 10 minutes.
- **Saudi Arabia** – Began building the Medina to Mecca high-speed line in 2009.
- **Taiwan** – Opened 208-mile Taipei - Kaohsiung high-speed line in 2007.
- **Turkey** – First phase of the 155-mph Ankara - Istanbul line opened in 2009.

Other Countries

- **Building:** Iran, Israel, Morocco, Portugal
- **Planning:** Argentina, Brazil, California, Florida, Poland, Texas

A PERFECT DEMONSTRATION PROJECT



MidwestHSR.org

In 2009, the Midwest High Speed Rail Association commissioned a feasibility study of a 220-mph high-speed line linking Chicago and St. Louis. O'Hare to Rockford is now under study.

The study found:

- The very wide and straight Champaign - Chicago railroad right-of-way offers a unique opprtunity to build a demonstration segment quickly, perhaps before California.
- O'Hare - Union Station - McCormick Place express trains could also be operated.
- Supports hourly service with 500-seat trains, generating an operating surplus.
- Includes core infrastucture for all Midwest bullet train routes.
- Creates 40,000 jobs and generates 1 -3 percent economic growth in online communities.
- Cuts CO_2 emissions by almost 200 million pounds.

Travel Time Comparision[5]

O'Hare to Chicago
1:00 by car
0:25 Bullet
Fare: $10

Chicago to Springfield
3:25 by car
2:30 Regional
1:15 Bullet
Fare: $33

Chicago to Champaign
2:22 by car
1:50 Regional
0:43 Bullet
Fare: $20

Chicago to St. Louis
4:50 by car
4:00 Regional
1:52 Bullet
Fare: $46

Estimated Cost[6]

Railroad Construction		Highway Rerouting and Crossing Separation		Total $12.6 billion
$7.9 billion | 63.4%		$4.6 billion | 36.6%		
$1.013 billion	$5.745 billion	$3.219 billion	$2.765 billion	
O'Hare to Union Station	Union Station to Champaign	Decatur to Springfield	Springfield to St. Louis	

An Aggressive Timeline

Initial Review	Design	Phase I Construction	Phase II Construction
Year 1	Year 2 & 3	Year 3 through 7	Year 6 through 10

1 Station at O'Hare was not included in study. See OHareDirect.org for details.

2 Needed improvements to Union Station not included in study. See DowntownAirport.com for details.

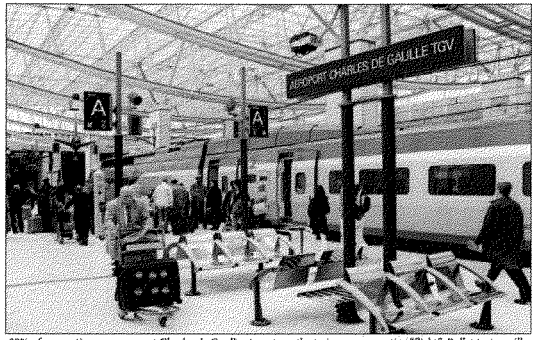
3 High-speed shuttles could be operated on 15-minute headways between O'Hare and McCormick Place. Less frequent shuttles could be operated to Champaign. Shuttles not included in study.

4 Mississippi River bridge not included in study. Temporary station could be constructed in East St. Louis with direct connection to Metrolink.

5 Driving times according to Google Maps. HSR 220 times and fares based on MHSRA study.

6 Rockford to O'Hare under study.

MidwestHSR.org



20% of connecting passengers at Charles de Gaulle airport use the train as a connecting "flight." Bullet trains will strengthen international connections for the entire Midwest.

MORE PEOPLE, MAKING MORE TRIPS = A STRONGER ECONOMY

Whether for business or pleasure, nothing beats being there in person. Therefore, mobility is the cornerstone of American prosperity, but our mobility is threatened by terrible traffic, long drives and high energy prices.

Bullet trains can radically transform the geography, and the economy, of the Midwest by compressing journeys into commutes.

Employees, tourists and customers gain greater choices of where to live, work, visit and spend their money – and businesses enjoy a larger market and new opportunities for investment. Innovation and productivity will increase as more trips become possible.

Learn more about the next steps and our growing support at MidwestHSR.org

JOIN US at MidwestHSR.org

MIDWEST HIGH SPEED RAIL
ASSOCIATION

4765 N. LINCOLN AVE
CHICAGO, IL 60625
773.334.6758
MIDWESTHSR.ORG

The Midwest High Speed Rail Association (MHSRA) is a member-supported, non-profit organization advocating for world-class 220-mph trains linking major Midwestern cities and fast trains of at least 90-mph on other routes, forming a truely modern network linking the entire Midwest.

We believe that a strong network of fast, frequent and dependable trains will make the Midwest a more attractive place to live and do business, creating a more vibrant economy.

Special thanks to The North American Railway Foundation for underwriting the cost of this brochure.

STATEMENT

OF

JOSEPH H. McHUGH
VICE PRESIDENT - GOVERNMENT AFFAIRS AND CORPORATE COMMUNICATIONS
NATIONAL RAILROAD PASSENGER CORPORATION
60 MASSACHUSETTS AVENUE, NE
WASHINGTON, DC 20002
(202) 906-3867

BEFORE THE

SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS

OF THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

TUESDAY, APRIL 20, 2010
9:30 A.M.

JAMES R. THOMPSON CENTER
100 WEST RANDOLPH STREET, ROOM 503
CHICAGO, ILLINOIS

Good morning, Madam Chair and Ranking Member, and thank you for the opportunity to testify on the investments we are making in our nation's high-speed and intercity passenger rail network. It was a pleasure hosting you on your trip from Washington to Chicago. I'm very grateful for the time you took to get out and see some of the railroad. I know your time is precious, but we deeply appreciate your willingness to get out and have a look at the different operating environments and the ongoing investment. Mr. Oberstar, I would also like to thank you. I was here for the Englewood ribbon-cutting in March. You have an abiding passion and dedication to this cause which is irrepressible. We appreciate the way you're out there every day trying to build support for what we're doing.

The two pieces of landmark legislation that have really changed the dynamics of the national conversation about transportation and travel are the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the American Recovery and Reinvestment Act of 2009 (ARRA). We see the next significant statement on intercity passenger rail coming in the form of the upcoming surface transportation reauthorization bill. We hope this bill will be revolutionary, not evolutionary. The Committee has signaled its intent to authorize $50 billion for further investment in intercity passenger rail; this is a bold statement that rail is here to stay, and I think it will do a lot more than just provide funding. It will strengthen our mode, create a more balanced transportation system, promote greater state participation, and create a strong rail supplier network. We are also hopeful that intercity passenger rail will be accounted for and made eligible for assistance under the intermodal programs contemplated in the Committee Print, such as the Office of Livability, Metropolitan Mobility and Access Program and Projects of National Significance. For our part, I see three critical areas that Amtrak must successfully

address if we are to realize the PRIIA vision. The first is the need for good planning, the second is the need for close cooperation with states and other stakeholders, and the third is the urgent requirement for a reliable multiyear source of capital investment.

One of the major priorities in coming years needs to be the state planning effort. PRIIA mandates state rail plans for any consideration of grant funding. Finally, every state will need to plan for rail. The ARRA waived this, but did direct funding to states with solid track records, like Illinois and California. This has not gone unnoticed among the state DOTs. States will have to develop planning capacity, both to build a rail plan and do the legwork of partnership and relationship building with Amtrak, the host railroads, the Federal Railroad Administration (FRA), and other involved entities, even though many of them do not have rail planning staffs today. Equally important will be the process of integrating state rail plans into a national rail plan. The ultimate goal of national rail policy should be a network which integrates the different types of passenger service to produce a cohesive mobility solution, and the responsibility for coordinating this vision clearly lies at the Federal level. Amtrak will be a key partner in addressing both of these needs.

Amtrak is dedicated to addressing the need for coordination at the operating and planning levels. This means assisting the states with their plans, working with the host railroads to integrate planned and existing services, and preserving and improving service reliability. We enjoy longstanding relationships with the freight railroads and a statutory right of access that applies across the American rail network. Consequently, we have the unique understanding of the national rail network that can only be acquired when you operate, as we do, on every Class I

carrier. Our combination of operational experience (both at high and conventional speeds), longstanding relationships, and access rights makes us a strong candidate for partnership for states wishing to inaugurate or expand service, and we are doing everything we can to build on these strengths.

The third critical need is funding. The need for reliable funding is our biggest policy challenge, and I hope we can find a way to bring constancy to our capital funding program in the coming months. One possible route is climate change legislation. We believe that any legislative response to climate change should recognize the transportation sector's significant contribution to the emission of greenhouse gases, as well as the potential role more fuel-efficient transportation alternatives like Amtrak can play in curbing emissions and reducing our nation's dependency on oil. An adequate portion of any revenue raised through climate change legislation should be dedicated to developing clean transportation options, including direct investment in the Amtrak network. In any event, solving this matter will need creativity, persuasive arguments, and the deft political skills you have demonstrated in the past.

If we can find a way to address these needs, we will take a huge step toward building the intercity passenger rail system America needs. And that system is an integrated, multi-speed, multi-purpose network that creates a "pyramid of mobility," and spurs economic growth. High-speed services on dedicated routes are supported by a network of corridor and conventional train services, as well as transit options. These systems feed one another, and provide consumers with a full range of travel choices and connectivity. Look at what's happened right here in the Chicago region. In 2006, with the support of the state of Illinois, we added a second daily train

to the two routes that connect Chicago with Carbondale and Quincy, and we added two additional trains to the St. Louis to Chicago route. By 2008, we had almost doubled ridership on the Carbondale route. On the St. Louis route, we grew ridership by 92 percent between 2006 and 2009, and we saw nearly 70 percent growth on the Quincy route over the same period. The state of Illinois has been a strong partner, and the planned HSIPR investment in the corridor routes linking Chicago with Milwaukee, St. Louis, and Detroit will build on the work that's already been done, fostering a stronger transportation system and providing the region a much-needed transportation alternative in the near term, not just twenty years down the road.

We all know that resources are tight; but have any of us ever known a time when they were not? We have a real opportunity to give people another transportation choice, to make their lives better and their communities healthier. And the evidence shows that they would like to see more of what we're offering. Let me end on a positive note. We just finished our second quarter, and in the teeth of a serious recession, Amtrak has posted the strongest first half in its history. If things hold, we're on our way to a ridership record, and we haven't had a gasoline price spike like the one we saw in 2008. This tells you a lot about people's desire for a quality product, and I think it's a fine statement about their perception of the value we offer. We've come a long way, and with all of the work you did to get us there, I hope that you're as proud as I am to say that the investment in Amtrak is worth it.

Rep. John Mica, Ranking Member
Committee on Transportation and Infrastructure
Answers to Questions for the Record
High-Speed Rail Chicago Field Hearing
April 20, 2010

Joe McHugh
Vice President-Government Affairs
Amtrak

(1) I have heard from Amtrak for years that true high-speed on the Northeast Corridor is impossible. Just last fall I saw a report that said Amtrak plans to spend $15.75 billion to increase speeds on the corridor to 100 mph by 2030. Then we heard last month that Amtrak is studying true 220 mph service on the corridor. Can you please explain why Amtrak's thinking on true high-speed rail in the Northeast Corridor has changed so dramatically? Is 220 mph service actually possible?

Answer: Amtrak issued a report to Congress on October 21, 2009 entitled "An Interim Assessment of Achieving Improved Trip Times on the Northeast Corridor." This report was required by Section 212(d) of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), which directed Amtrak to study the infrastructure and equipment improvements necessary to achieve specific trip times between Washington, DC and New York and between New York and Boston.

Amtrak used this requirement as an opportunity to provide an interim assessment of the improvements and associated costs necessary to achieve the specified trip times within the existing right-of-way of the continuous Northeast Corridor railroad line from Boston to Washington. However, the interim assessment was not intended to serve as a conclusive document on the future of high-speed passenger rail service in the Northeastern United States.

In fact, the report was specifically labeled an interim assessment because, at the time, Amtrak and its state partners were undertaking significant planning and analysis as a part of the *Northeast Corridor Master Plan*. Additionally, the report noted that future Federally-required environmental analyses, a prerequisite for a major capital improvement program in the Northeast Corridor, may consider alternatives not contemplated in the scope of the interim report.

We think it is essential that the next environmental analysis of a major Northeast Corridor investment program consider the full range of service options for the future of high-speed intercity passenger rail transportation in the region. The *Northeast Corridor Master Plan* indicates that there is very little additional capacity that can be developed within the existing right-of-way and in the current mixed-use environment to support service alternatives in the 220 mph maximum speed range.

With the recent federal commitment to developing high-speed rail and the interest in the Administration and Congress for sustaining that commitment, we believe it to be incumbent on us to investigate the feasibility of a full-range of service options, including those utilizing new alignments, to attain such maximum speeds. We are not endorsing those options nor are we suggesting that investments to deliver them would be justifiable. Rather, we are exploring their feasibility in order that future environmental analyses of Northeast Corridor improvement programs can consider a full-range of alternatives.

Exploring such options does not reflect a drastic change in our thinking but a natural evolution of the planning process, and a reaction to the emergency of Federal interest in high-speed rail development.

(2) Amtrak has said that it sees itself as America's high-speed rail provider. Does Amtrak think that there should be other providers? Why or why not?

Answer: The opportunities that are being made available to us thanks to High-Speed Intercity Passenger Rail (HSIPR) investments and unprecedented support for passenger rail are also opportunities for others to enter the market.

Whether to ultimately seek competition is the choice of the project sponsor. We understand the desire of some to see competition and are willing to compete to operate high-speed rail services. However, we believe there are efficiencies and economies of scale to be realized from having a single operator, and that competition may come at the expense of these network effects.

(3) Will Amtrak have to compete for operating contracts for any of the new higher speed intercity rail projects in the Midwest that received Recovery Act awards?

Answer: Since the Midwest services will be state-supported, whether to seek proposals from other operators will be up to the states. It should be noted that, pursuant to 49 U.S.C. § 24402 (b)(3), a High-Speed Intercity Passenger Rail (HSIPR) grant applicant that does not select the proposed operator of its service competitively must provide justification demonstrating that use of the proposed operator is the best choice and will not unnecessarily increase the cost of the project.

(4) Does Amtrak expect to turn a profit from any of these services? If not, where will the money come from? Do you expect an increase in Amtrak's request for appropriations? How much do you expect to receive from the states to support these services?

Answer: According to HSIPR program guidance, applicants must include a financial plan for funding both capital and operating expenses in order to be eligible for a corridor grant award. They must also demonstrate that they have the "legal, financial, and technical capacity to carry out the proposal." We expect that, for any service we are selected to operate, the costs to Amtrak of operating additional intercity and high-speed corridor services will be covered by states under the cost allocation methodology to be developed in accordance with Section 209 of PRIIA. Today, 15 states support Amtrak short-distance corridor routes, making up the bulk of our short-distance services outside of the NEC.

Section 209 requires Amtrak, in consultation with the U.S. Secretary of Transportation and relevant states, to develop and implement a single, nationwide, standardized methodology for establishing and allocating the operating and capital costs of certain routes. The routes covered by this provision include rail corridors that have been designated by the U.S. Secretary of Transportation as high-speed rail corridors and short-distance corridors not more than 750 miles between endpoints operated by Amtrak or another rail carrier that receives funding under 49 USC Chapter 244.

The methodology is required to allocate to each route the direct costs incurred only for the benefit of that route as well as shared costs incurred for the common benefit of more than one route. The collaborative process has not yet led to a determination of what states will contribute for these services.

We do not believe that the federal operating grants authorized for Amtrak under PRIIA envision an expansion of service but rather reflect the inflationary costs of providing existing service in the future. Therefore, we expect that the additional operating costs of new and expanded service will be state-supported under the Section 209 process and will not add to our operating loss.

(5) Is Amtrak planning to compete for "true high-speed" services in Florida and California? What experience does Amtrak have running true high-speed trains?

Answer: Yes, Section 24701 of Title 49, USC directs Amtrak to operate "a national rail passenger transportation system", the definition of which was amended by Section 201 of PRIIA to include the designated HSR corridors. We have unique expertise and experience gleaned through more than three decades of rebuilding, maintaining, and safely operating the Northeast Corridor, the only high-speed rail line in North America. This makes us well-positioned to be the leader in high-speed rail operations in the United States. We are the only potential HSR operator experienced with the unique safety, regulatory and operating requirements applicable to HSR in the U.S. In fact, our experience providing high-speed service in a mixed-use environment is more operationally challenging than operating the proposed dedicated right-of-way projects in Florida and California, as is our experience operating under stringent U.S. regulatory standards relative to foreign competitors.

TESTIMONY
Leigh E. Morris
Deputy Commissioner, Indiana Department of Transportation
Subcommittee on Railroads, Pipelines and Hazardous Materials
on High Speed Rail Grants Awarded under the Recovery Act
April 20, 2010

Indiana has welcomed the opportunity to join with our seven neighboring states and the City of Chicago to explore the potential of high speed rail (HSR) in the Midwest. We also recognize the complementary roles of the Midwest Interstate Passenger Rail Commission and the Midwest Regional Rail Initiative.

In particular and of great importance, we seek a better understanding of the role of HSR in the future economic development the Midwest, and Indiana. This question has yet to be fully answered. Yet, it must be answered before decisions are made to invest billions more in this effort.

This challenge underscores our collaboration with our Midwestern neighbors. We will continue to support and work towards the development the business case for HSR, including the proposed corridors that link Chicago with Detroit, Chicago with Cleveland, and Chicago with Cincinnati. Such a business case must thoroughly consider all relevant factors, including

capital investment, , on-going operating costs, environmental effects, and impact on quality of life, to name a few. In this context, we believe it will be important to consider the role of private capital in the pursuit of HSR.

A pragmatic assessment will offer a clearer understanding of the opportunity costs associated with HSR in relation to other modes of transportation, be it freight rail, highways, or air transport. A deeper understanding will foster our collective ability to set priorities and make choices.

Indiana has been fortunate indeed to weather the recession without Draconian cuts in service or increased taxes. Yet today, the State has no ready source of matching funds to invest significantly in rail or multimodal integration. Accordingly, Indiana is grateful for the ARRA grant for the Indiana Gateway project that will cover the costs of design and construction of track and signal improvements on the Norfolk Southern line between the Illinois/Indiana state line and Porter, IN.

In summary, we believe there are four key objectives that are critical to the implementation of HSR:

1) We must demonstrate and accurately forecast the cost of HSR to federal, state and local budgets.

2) We must differentiate between the vision for high speed, high frequency passenger rail service connecting major, regional urban centers from the traditional, money-losing rail passenger models of the past.

3) We must assure that investments in HSR are not made at the expense of the efficiency and reliability of freight rail service.

4) Finally, we must recognize the funding challenge, both capital and operating, that must be addressed in its totality in order to ensure a strong business case is made for HSR.

Thank you for the opportunity to share our thinking on this important issue.

Rail Subcommittee of the U.S. House Transportation & Infrastructure Committee
April 20, 2010

High-Speed Rail Grants Awarded under the Recovery Act

Illinois State Representative Elaine Nekritz,
Chair, Midwest Interstate Passenger Rail Commission
Written Testimony

Chairwoman Brown, members of the rail subcommittee of the House Transportation & Infrastructure Committee, thank you for holding this field hearing, and for inviting me to speak. My name is Elaine Nekritz. I am an Illinois state representative and chair of the Midwest Interstate Passenger Rail Commission. I speak to you today on behalf of the Midwest Interstate Passenger Rail Commission, an interstate compact of state legislators, governors and their appointees.

Since 2000, the Midwest Interstate Passenger Rail Commission has worked on behalf of its member states to promote, coordinate and support improvements to passenger rail service. A primary objective of the commission is to help build the strong federal-state partnership necessary to advance passenger rail improvements in our region and nation.

Three years ago this June, then-chair of MIPRC, state Sen. Bob Jackman of Indiana and I spoke before you and your committee on the need for a strong federal partnership with the states to develop passenger rail service in our region. We spoke about the benefits of passenger rail, and the fact that our region was ready with the plans to build an efficient, cost-effective, vibrant system with the potential to reap tremendous economic returns and job creation for the region, while connecting 150 communities across the Midwest.

On behalf of the commission, and the Midwestern states, I want to thank you for listening to the states and making the commitment to partner with us to develop the passenger rail infrastructure that is necessary to allow our region and nation to build a modern, efficient passenger rail system. Through passage of the Passenger Rail Investment and Improvement Act in 2008, Congress created the programs that would then allow you to include in the American Recovery and Reinvestment Act the largest capital investment to the states in history. Thank you for your courage and your foresight.

Witnessing this first major federal investment in passenger rail development is a wonder to behold, and to have all the Midwestern states that applied benefit directly is marvelous – it will not only jump-start the region's network, but provide a much-needed economic stimulus.

The Midwestern states are prepared to fulfill your directive. Our states have been working together for over a dozen years on complementary multi-state plans for significantly improving passenger rail service through the Midwest Regional Rail Initiative and the Ohio Hub. The build-out of the MWRRI and Ohio Hub will bring over $30 billion in economic benefit to the region, while creating an average of more than 20,000 jobs annually during construction and approximately 75,000 permanent new jobs.

The estimated return for this project is 1.8, meaning that every dollar spent on this project is expected to yield a return of 1.8 dollars *(see Table 1 – Midwest Regional Rail System User Benefits and Costs to 2040).*

MIPRC strongly supports the build-out of the MWRRI and the Ohio Hub. At a cost of under $20 billion, a strong, efficient network of 15 corridors, with multiple daily frequencies, and new trainsets running at speeds up to 110 mph can be brought to the Midwest *(see Table 2 – Midwest Passenger Rail System Overview).*

The federal government has made the first investment of $2.6 billion to our region through ARRA, and we so welcome that investment. Because of it, we will see 110 mph service implemented between Chicago and St. Louis, and new passenger rail service established between Ohio's three main cities of Cleveland, Columbus and Cincinnati. We'll also see new service between Milwaukee and Madison, critical improvements to track on the Chicago to Detroit corridor, and new and refurbished stations in both Michigan and Wisconsin. In addition, both Minnesota and Iowa will undertake necessary environmental work to plan for the implementation of new (in the case of Iowa) and improved (Minnesota) passenger rail service.

But while the stimulus funding will allow our states to significantly strengthen and expand passenger rail service in our region, it will take several more years of federal and state investment to see the Midwest Regional Rail Initiative and the Ohio Hub fully implemented.

There has been some talk that the Midwest should abandon these plans and begin investing right away in very high speed rail development. MIPRC supports the fact that faster trains on dedicated lines may be needed in the future. But we want to see our current plans implemented as soon as possible, and before any substantive funding is diverted to even preliminary studies of very high speed rail. Why? Because the Midwest's current plans are ready to go, they will significantly strengthen and expand our region's passenger rail service, and they are cost-effective.

Based on the estimates of the Passenger Rail Working Group, the capital cost of implementing very high speed trains (220 mph) would be 5 times that of the incremental approach that our Midwestern states have adopted (using predominantly existing freight rail lines, with trains running at 79- to 110-mph). *(see Table 3 -- Passenger Rail Level of Service Characteristics)*

Implementing 220 mph service on the scale equivalent to the MWRRI, for example, would cost around $65 to $105 billion*, rather than the less than $10 billion that it will cost to bring faster, more efficient and more frequent service to the entire eight corridors in nine states envisioned by the MWRRI. Incremental improvements can also be implemented over a relatively short period of time, since we already have the plans and are improving existing rail lines.

** French National Railways (SNCF) has proposed a Chicago Hub 220 mph system with fewer corridors than the MWRRI at a capital cost of $51 billion.*

The Midwest is already a testament to the fact that ridership grows with more frequent and reliable service, not sheer speed. Ridership on the existing corridor service in the Midwest has been growing rapidly *(see Table 4 – Amtrak Ridership on Midwestern Routes 04 to 09)*. In FY 2009, ridership on the 10 routes combined was 2.6 million, up 62 percent from FY 2004. Average annual growth overall on these routes the past five years has been 12 percent. Where passenger rail service has been added, the ridership growth has responded strongly. Ridership on routes in my home state, Illinois, has been phenomenal since doubling our commitment to passenger rail in 2006. For example, ridership on the Chicago-Carbondale route has increased 129 percent and 138 percent on the Chicago to St. Louis corridor.

When the MWRRI & Ohio Hub plans are fully implemented, there will be at least four roundtrip frequencies on every corridor, trip times will be competitive with other modes of transportation, and ridership is expected to soar – for the MWRRI corridors alone, ridership is expected to be over 13.5 million a year.

We look forward to continuing to work with you to ensure a strong level of federal funding continues for high speed and intercity passenger rail capital projects. For the future, we look to the creation of a dedicated source of funding for passenger rail development, and will work to see that that is created in surface transportation reauthorization legislation. Lastly, I would like to reiterate our request of this subcommittee that you amend US Code 49, chapter 261 to create a "State Planning and Research Program" within Section 301 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). It is important that the practice of state intercity passenger rail planning include annual, dedicated funding to appropriately advance state planning and construction efforts.

Thank you again for your strong commitment to forging a partnership with the states to bring modern, efficient passenger rail to our region and the nation.

Rep. Elaine Nekritz, Illinois
Chair, Midwest Interstate Passenger Rail Commission
The Council of State Governments
701 E. 22nd St, Ste 110, Lombard, IL 60148
Phone: 630.925.1922

MIPRC **Table 1: Midwest Passenger Rail System Overview**

1) Midwest Regional Rail Initiative (9 states, including trainsets)..... Total: $9.6 billion*

Midwest Regional Rail System:

- 3,000-mile, 9-state passenger rail system with Chicago as the hub
- 63 trainsets
- 4 to 17 daily trains in each direction at speeds up to 110 mph
  - Chicago-Detroit/Grand Rapids/Port Huron
  - Chicago-Toledo-Cleveland
  - Chicago-Indianapolis-Cincinnati
  - Chicago-Carbondale
  - Chicago-St. Louis-Kansas City
  - Chicago-Quincy/Quad Cities-Des Moines-Omaha
  - Chicago-Milwaukee-Madison-LaCrosse-St. Paul
  - Chicago-Milwaukee-Green Bay

Overall Economic Benefit: $23 billion

Permanent New Jobs: 57,450

Average Annual Jobs During Construction (10-year build-out): 15,200

2) Ohio Hub Corridors (7 corridors, including trainsets)..... Total: $5.7 billion*

Ohio Hub System:

- 1,244 mile passenger rail system in five states and southern Ontario, Canada
- 25 trainsets
- 6 to 10 daily trains in each direction at speeds up to 110 mph
  - Cleveland-Columbus-Dayton-Cincinnati
  - Cleveland-Toledo-Detroit
  - Cleveland-Pittsburgh
  - Cleveland-Buffalo-Niagara Falls-Toronto
  - Columbus-Pittsburgh
  - Columbus-Ft. Wayne-Chicago
  - Columbus-Toledo

Overall Economic Benefit (based on 860-mile system): $9 billion

Long-Term Jobs Created: 16,700

Average Annual Jobs During Construction (10-year build-out): 6,060

**2008 dollars*

Table 2
Midwest Regional Rail System
User Benefits and Costs to 2040 (Billions of 2002$)

Benefit Cost Parameters	40-Year Net Present Value @3.9%
Benefits	
MWRRS User Benefits	
Consumer Surplus	$ 8.9
System Revenues	8.3
Other Mode User Benefits	
Airport Congestion	1.6
Highway Congestion	2.7
Resources Benefits	
Airlines	0.9
Emissions	0.6
Total Benefits	**$ 23.1**
Costs	
Capital	$ 6.1
Capital Track Maintenance	0.3
Operating	6.5
Total Costs	**$ 12.9**
Ratio of Benefits to Costs	**1.80**

Source: Transportation Economics & Management Systems, Inc. The Midwest Regional Rail Initiative: Benefit Cost & Economic Analysis. November 2006.

Table 3: Passenger rail level of service characteristics	
Level of service	**Average cost per mile (millions)**
Long distance	$2
Low (shared right-of-way, speed up to 79 mph)	$4
Medium (separate track/shared right-of-way, speed 79-110 mph)	$7
High (dedicated right-of-way, speed > 110 mph)	$35

Source: Passenger Rail Working Group. Vision for the Future: U.S. Intercity Passenger Rail Network through 2050 (December 6, 2007), page 31.

Table 4: Amtrak Ridership on Midwestern Routes 04 to 09

Ridership on Corridor Service in the Midwest

Route	*Average Annual Growth Rate (04 to 09)	*Total increase FY 04 to FY09	FY 09	FY 08	FY 07	FY 06	FY 05	FY 04
Chicago-St. Louis *(Lincoln* service)	28%	138%	506,235	476,427	408,807	262,320	242,144	212,999
Kansas City-St. Louis (*Missouri River Runner* service)	4%	18%	150,870	151,690	116,517	119,257	136,701	128,084
Chicago-Milwaukee *(Hiawatha* service)	12%	60%	738,231	749,659	595,336	580,333	525,239	460,430
Chicago-Pontiac, MI *(Wolverine* service)	4%	21%	444,127	472,393	449,107	438,529	406,499	366,291
Chicago-Grand Rapids, MI (*Pere Marquette* service)	4%	18%	103,246	111,716	104,819	101,932	96,471	87,767
Chicago-Port Huron, MI (*Blue Water* service)	8%	41%	132,851	136,538	127,642	123,823	111,630	94,398
Chicago-Carbondale, IL (*Illini /Saluki* services)	26%	129%	259,630	271,082	228,695	136,640	127,808	113,281
Chicago-Quincy, IL (*IL Zephyr /Carl Sandburg* services)	17%	86%	202,558	202,814	169,258	119,719	118,493	108,856
Chicago-Indianapolis (*Hoosier State* service)	15%	75%	31,384	31,774	26,347	20,096	20,191	17,934
*Ridership Totals	12%	62%	2,569,132	2,604,093	2,226,528	1,902,649	1,785,176	1,590,040

Ridership on Long-Distance Service Serving the Midwest

Route	*Average Annual Growth Rate (04 to 09)	*Total increase FY 04 to FY09	FY 09	FY 08	FY 07	FY 06	FY 05	FY 04
Cardinal [**Illinois;Indiana;Ohio**; Washington, D.C.; New York]	4%	22%	108,614	109,195	96,896	95,076	90,542	88,930
Empire Builder [**Illinois; Wisconsin; Minnesota; North Dakota**; Montana; Idaho; Washington/Oregon]	4%	18%	515,444	554,266	504,977	497,020	476,531	437,191
Capitol Limited [**Illinois; Indiana; Ohio**; Pennsylvania, Maryland, West Virginia, Washington, D.C.]	4%	19%	215,371	216,350	193,748	198,044	195,051	180,810
California Zephyr [**Illinois; Iowa; Nebraska**; Colorado; Utah; Nevada; California]	1%	3%	345,558	352,563	329,840	335,443	347,856	335,764
Southwest Chief [**Illinois; Iowa; Missouri; Kansas**; Colorado; New Mexico; Arizona; California]	2%	10%	318,025	331,143	316,668	300,416	295,515	290,003
City of New Orleans [**Illinois**; Kentucky; Tennessee; Mississippi; Louisiana]	1%	3%	196,659	197,394	180,473	175,237	183,237	190,017
Texas Eagle [**Illinois; Missouri**; Arkansas; Texas (3/week on to New Mexico; Arizona; California)]	2%	11%	260,467	251,518	218,321	232,654	239,276	234,619
Lake Shore Limited [**Illinois; Indiana; Ohio**; Pennsylvania; New York/ Massachusetts]	4%	20%	334,456	345,632	312,643	323,480	312,779	279,662
*Ridership Totals	3%	13%	2,294,594	2,358,061	2,153,566	2,157,370	2,140,787	2,036,996

Source: Amtrak September monthly performance reports
http://www.amtrak.com/servlet/ContentServer/Page/1241245669222/1237608345018
**ridership totals, average annual growth and total increase compiled by MIPRC*

Ms. Brown's Question #1: Some have criticized intercity passenger rail grants being awarded to projects where train service will be improved to speeds to 110 mph. However, in your testimony, you express support for this incremental approach. Can you please elaborate on why this approach is appropriate for the Midwest? How will the approach adopted by the Midwest benefit the traveling public and meet market demands? Do you see a need for the high speed bullet trains in the region?

Our region has invested significant resources over time to develop a realistic plan for passenger rail for our residents. As I said in my testimony, MIPRC strongly supports the incremental approach through the build-out of the MWRRI and the Ohio Hub, a network of 15 corridors at a cost of under $20 billion.

We believe that this approach is the most realistic, given the availability of resources. Studies have shown that this project is expected to yield social benefits that are about 1.8 times the cost of building the system. The system would be approximately 4,000 miles long and would cover the vast majority of residents in our region.

Some of the benefits were recently quantified by the Metropolitan Planning Council (MPC). The organization looked at the economic benefits that Illinois will see as a result of the $1.2 billion in federal funds that are slated to bring 110 mph service between Chicago and St. Louis. They found that tourism-related spending resulting from the 110 mph service will yield nearly $630 million in extra revenue within 10 years.

Job creation would bring additional benefits. One project alone (construction of a new railroad overpass at 63rd and State streets that was awarded $133 million) ". . . will generate more than 1,000 jobs; and increased tourism will create 4,200 jobs and $2.6 billion in wages," according to MarySue Barrett, president of MPC (op-ed, Crain's Chicago Business, 5/3/10).

Additionally, "[s]ome travelers will shift to trains from airplanes, buses and cars, reducing gas consumption by 9.3 million barrels and curbing emissions to save 0.12 million metric tons of CO2 from entering the atmosphere over 10 years — the equivalent of eliminating more than 500,000 automobile round-trips between Chicago and St. Louis," she said.

If fully implemented the system is likely to attract new riders as the travel times would be significantly reduced. For instance, it is expected that passengers would be able to travel from Chicago to St. Louis or Detroit in under 4 hours and from St. Louis to Kansas City in just over 4 hours.

Studies have also shown that this reduced travel time and increased reliability would make intercity passenger rail a competitive alternative to automobile and air travel.

The high speed bullet trains service would be more appropriate for very specific routes connecting very large population centers. We believe that such developments should be developed only after the network of passenger rail that we proposed has been completed. Such

proposals would require significant more resources and would cover a much smaller number of potential riders. As an example, a proposed Chicago/St. Louis very high speed corridor (up to 220 mph) alone would cost $12 billion to be built and would cover less than 400 miles.

Ms. Brown's Question #2: You included a lot of data in your written testimony. A number that stands to me is 35. That is $35 million dollars per mile in costs for trains with speeds over 110 miles per hour. Would relying only on such trains prevent real transportation benefits from reaching a lot of people in the Midwest?

Yes, relying only on such projects would reduce the number of miles that would likely be covered by passenger rail in the Midwest. The cost of building and maintaining such service is much higher than "conventional" (up to 110 mph) high-speed trains. Thus, such projects are appropriate only for very specific routes in densely populated areas. Additionally, the ticket price for this type of train would also be more expensive and could restrict some from using the service.

We believe that the incremental approach is the more realistic and cost efficient one. It would yield the greatest benefit to residents and would reach the most people in the Midwest region.

Mr. Mica's question #1: Your testimony paints a very optimistic picture of the benefits of an incremental approach to high-speed rail. Do you think there are any routes where IDOT should study rolling out true high-speed rail with 200 mph plus service?

Our state has combined forces with other states in the region; we have invested significant resources over time to develop a realistic plan for passenger rail in our state. The State of Illinois supports the MIPRC position and also supports the build out of the MWRRI and the Ohio Hub, a network of 15 corridors at a cost of under $20 billion that would serve the vast majority of residents in our state and region.

The consensus in Illinois is that by providing fast, frequent and reliable passenger rail service as contemplated in the application we submitted under the American Recovery and Reinvestment Act (ARRA) in the fall of 2009, we can build public support for the sustained and much larger investment that will be necessary to institute 220 mph service.

Once Illinois has gotten a solid start down that path toward improving our passenger rail system, we are prepared to start planning for very high speed passenger rail service. Our Department of Transportation has previously submitted a request for funding for planning for a 220 mph line between Chicago and St. Louis through ARRA and as far as I know, we will be resubmitting that request this fall. But nothing in that application should be taken to indicate that Illinois is less than 100% committed to our existing plan.

Mr. Mica's question #2: How do you expect cash-strapped states to come up with funds to pay the operating costs for these new services?

We think that passenger rail's success will depend on a dedicated source of revenue for continuing upgrading and expansion of the system.

Nevertheless, we think that the expansion of the system will yield increased demand and economies of scale that will allow the system's revenue to cover its operating costs. All the studies for the projects we support predict that about 20 years after the beginning of implementation – once the system is built, fully operational and has had time to mature – that they will yield positive operational results.

Until then, we expect that states will help pay for the operational costs of passenger rail, since it is a transportation option that is needed for our public. Illinois and thirteen other states have been paying for the operational costs of expanded passenger rail services for several years already, and have seen, through dramatic increases in ridership, that the public wants, needs and will utilize this transportation mode.

SPOKEN TESTIMONY FOR HOUSE T & I SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS

April 22, 2010

Kirk Steudle, Director and CEO
Michigan Department of Transportation

Madam Chair, Representatives, thank you for allowing me the opportunity to testify today on the topic of the high speed rail grants awarded under the American Recovery and Reinvestment Act.

My name is Kirk Steudle, and I am Director and Chief Executive Officer at the Michigan Department of Transportation.

These are exciting times for intercity passenger rail development in our country, and this is largely attributable to the support among policy makers at the federal level. So on behalf of the intercity passenger rail riders in Michigan, thank you for that support.

Amtrak initiated service in Michigan in May 1971 as part of its nationwide system. Service began in the Detroit – Chicago corridor, which was later extended to Pontiac. This corridor is one of the original federally-designated High-Speed Rail Corridors and includes the only segment of track outside the Northeast Corridor that has the technical ability to travel to 110 mph, and currently operates at 95 mph. Service from Port Huron to Chicago was initiated on September 15, 1974, and service on our third route between Grand Rapids and Chicago began on August 5, 1984. There are 22 stations in Michigan providing access to passenger train transportation along the three routes. Ridership on the three routes in Michigan has increased by 37% in the last 10 years, which is more than 5 times the growth in VMT in Michigan over the same period.

Michigan is one of thirteen states that contracts with Amtrak to operate trains that supplement the national Amtrak network by extending the reach of passenger rail services or increasing the frequencies on national routes – so we truly have partnered with Amtrak to provide the service.

Our partnership extends well beyond providing service in Michigan. Since 1996, MDOT has participated with eight other State DOTs (Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin) and Amtrak as

part of the Midwest Regional Rail Initiative (MWRRI) to develop an improved and expanded 3,000 mile passenger rail system in the Midwest. The work accomplished by this group included one of the most comprehensive service development plans in the nation and was a key component to the Midwest success in HSIPR funding.

Over 80% of the region's 60 million population lives within a one hour drive of any MWRRS rail station. With the addition of the planned feeder bus network, that raises the percentage of population served to 90%.

Nine of the top 50 metropolitan areas in the United States are located in MWRRI states with the Detroit metropolitan area (3,785,613) being ranked 11th. One study has ranked the Chicago-Detroit city pair as 11th among the top 50 city pairs in the nation. Michigan's high speed rail corridor (Chicago-Detroit/Pontiac) connects five of Michigan's metropolitan areas with Chicago, the nation's third largest metropolitan area (8,466,375), so you can imagine how important this corridor is to us.

It has been estimated that full build-out of the MWRRS will provide 6,700 new permanent jobs in Michigan and over $138 million of extra household income. This is very promising since the economic downturn has devastated Michigan's industry, business and labor force.

Chicago, which is the nation's third largest metropolitan area, is an important hub in the Midwest system, but its importance to the intercity passenger rail network extends well beyond the Midwest. All Amtrak east-west routes, with the exception of the route between southern California and Florida, go via Chicago. Routes emanating from Chicago extend toward Canada (Windsor, Toronto, Montreal), the Northeast Corridor, the South (New Orleans), the Southwest (Los Angeles), the West (San Francisco), and the Northwest (Portland, Seattle, Vancouver).

Midwest states were among the 37 states and the District of Columbia that submitted over 259 grant applications totaling $57 billion to compete for a slice of the $8 billion in high-speed rail program funding made possible in ARRA. The Midwest was selected to receive just over $2.6 billion. We are particularly excited by the $244 million that will be invested in the Chicago-Detroit/Pontiac High Speed Rail Corridor. This includes $40 million for 3 station projects in Michigan (Troy, Dearborn, Battle Creek), $71 million for infrastructure/capacity improvements in Indiana, and $133 million for a new Englewood flyover in Illinois. These improvements will help reduce travel

time between Chicago and Detroit from five and half hours to less than four hours, and mid-corridor trains will provide an early morning arrival in Chicago and Detroit.

While we would like to have received a larger share of funding in Michigan, we support FRA's investments in Indiana and Illinois as necessary to reduce congestion and improve service reliability for the entire Chicago-Detroit/Pontiac corridor. Michigan will request assistance from FRA to refine our applications and aggressively seek funding under FRA's second round of HSIPR opportunities.

MDOT has been encouraged with the collaborative effort FRA has employed in rolling out this unprecedented program. We would specifically commend Karen Rae, Paul Nissenbaum, Mark Yachmetz and FRA's Midwest team for the conduct of the HSIPR Program project selection process, especially for establishing and maintaining excellent lines of communication throughout the process.

Michigan and its selected intercity passenger rail station communities are enthused by the Fast Track feature of FRA's approach to implementing projects selected for the first round of funding.

MDOT has also been encouraged with FRA and Amtrak's efforts in the Positive train control by investing in the Incremental Train Control System on Chicago-Detroit/Pontiac High Speed Rail Corridor. This technology currently allows for intercity passenger rail service running at up to 95 mph between Kalamazoo and New Buffalo. Speeds on this segment are expected to be increased to 110 mph this year.

Amtrak was awarded ARRA funding to expand the Incremental Train Control System from New Buffalo to Porter, Indiana which completes positive train control coverage on approximately 100 miles of Amtrak ownership on the corridor where passenger trains can run up to 110 mph.

Amtrak and NS are currently working to complete a study of infrastructure improvements needed to expand Incremental Train Control System coverage east from Kalamazoo to Dearborn. With the addition of these improvements intercity passenger trains would have a continuous segment of the corridor from Porter, Indiana to Dearborn, Michigan where intercity passenger trains would reach 110 mph. This would include approximately 235 miles of the 304 mile Chicago-Detroit/Pontiac High Speed Rail Corridor

Intercity passenger rail ridership has increased far faster than vehicle travel despite the fact that travel times are a bit slower. The recent funding commitments Congress has made to improving intercity passenger rail infrastructure will not only allow the system to be expanded, but will also have travel times and reliability meet or exceed that of vehicle travel. Imagine what the future may hold for our transportation system and for personal mobility if we can sustain the level of investment in our intercity passenger rail system we are now experiencing.

Thank you for the opportunity to testify.

TALKING POINTS FOR DIRECTOR STEUDLE'S TESTIMONY BEFORE THE HOUSE OF REPRESENTATIVES T & I SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS

- Since 1996, MDOT has participated with eight other State DOTs (Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin) and Amtrak as part of the MWRRI to develop an improved and expanded 3,000 mile passenger rail system in the Midwest.

- The work accomplished by this group included one of the most comprehensive service development plans in the nation and was a key component to the Midwest success in HSIPR funding.

- Over 80% of the region's 60 million population lives within a one hour drive of any MWRRS rail station. With the addition of the planned feeder bus network, that raises the percentage of population served to 90%.

- Travel time between Chicago and Detroit will be reduced from 5 hours:30 minutes to under four hours and mid-corridor trains will provide an early morning arrival in Chicago and Detroit.

- Michigan's high speed rail corridor (Chicago-Detroit/Pontiac) connects five of Michigan's metropolitan areas with Chicago, the nation's third largest metropolitan area (8,466,375) and the Midwest hub of the nation's intercity passenger rail system.

    - All Amtrak east-west routes, with the exception of the route between southern California and Florida, go via Chicago.

    - Routes emanating from Chicago extend toward Canada (Windsor, Toronto, Montreal), the Northeast Corridor, the South (New Orleans), the Southwest (Los Angeles), the West (San Francisco), and the Northwest (Portland, Seattle, Vancouver).

    - One study has ranked the Chicago-Detroit city pair as 11th among the top 50 city pairs in the nation.

    - Nine of the top 50 metropolitan areas in the United States are located in MWRRI states with the Detroit metropolitan area (3,785,613) being ranked 11th.

- It has been estimated that full build out of the MWRRS will provide 6,700 new permanent jobs in Michigan and over $138 million of extra household income. Michigan is making every effort to maintain and create jobs in this economy which has devastated Michigan's industry, business and labor force..

- There has been enormous interest and excitement in the Federal Railroad Administration's (FRA's) High Speed Intercity Passenger Rail (HSIPR) Program in Michigan and throughout the nation.
    - 37 states and the District of Columbia submitted over 259 grant applications totaling $57 billion to compete for a slice of the $8 billion available

- The Midwest was selected to receive just over $2.6 billion

- The Chicago-Detroit/Pontiac High Speed Rail Corridor received $244 million
  1. $40 million for 3 station projects in Michigan (Troy, Dearborn, Battle Creek)
  2. $71 million for infrastructure/capacity improvements in Indiana
  3. $133 million for a new Englewood flyover in Illinois)

- While MDOT was disappointed by the level of investment in Michigan we recognize FRA's investments in Indiana and Illinois as needed improvements to reduce congestion and improve service reliability for the entire Chicago-Detroit/Pontiac corridor. Michigan will request assistance from FRA to refine existing applications to aggressively seek funding under FRA's second round of HSIPR opportunities.

- The Michigan Department of Transportation (MDOT) has been encouraged with the collaborative effort FRA has employed in rolling out this unprecedented program.

  - MDOT commends Karen Rae, Paul Nissenbaum, Mark Yachmetz and FRA's Midwest team for the conduct of the HSIPR Program project selection process, especially for establishing and maintaining excellent lines of communication throughout the process.

  - Michigan and its selected intercity passenger rail station communities are enthused by the Fast Track feature of FRA's approach to implementing projects selected for the first round of funding.

- MDOT has also been encouraged with FRA and Amtrak's efforts in the Positive train control by investing in the Incremental Train Control System (ITCS) on Chicago-Detroit/Pontiac High Speed Rail Corridor. This technology currently allows for intercity passenger rail revenue service running at up to 95 mph between Kalamazoo, Michigan and New Buffalo Michigan. Speeds on this segment are expected to be increased to 110 mph this year.

  - Amtrak was awarded ARRA funding to expand ITCS from New Buffalo, Michigan to Porter, Indiana which completes positive train control coverage on approximately 100 miles of Amtrak ownership on the corridor where passenger trains can run up to 110 mph.
  - Amtrak and NS are currently working to complete a study of infrastructure improvements needed to expand ITCS coverage east from Kalamazoo to Dearborn. With the addition of these improvements intercity passenger trains would have a continuous segment of the corridor from Porter, Indiana to Dearborn, Michigan where intercity passenger trains would reach 110 mph. This would include approximately 235 miles of the 304 mile Chicago-Detroit/Pontiac High Speed Rail Corridor

JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

May 21, 2010

The Honorable Corrine Brown, Chairwoman
U.S. House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Railroads, Pipelines,
and Hazardous Materials
Washington, D.C. 20515

Dear Ms. Brown:

Thank you for your letter of May 7, 2010, requesting responses to questions that have been raised as a result of my testimony at the field hearing before the Subcommittee on Railroads, Pipelines, and Hazardous Materials in Chicago, Illinois on April 20, 2010.

I am providing responses with this correspondence as instructed by e-mail to Jennifer Esposito (Jennifer.Esposito@mail.house.gov). I would like to thank you for the opportunity to comment on "High-Speed Rail Grants Awarded under the Recovery Act."

If you have any further questions or need additional information, please let me know.

Sincerely,

Kirk T. Steudle
Director

Enclosure

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The Honorable Corrine Brown
Subcommittee on Railroads, Pipelines, and Hazardous Materials
Responses to Questions for the Record
High-Speed Rail Chicago Field Hearing
April 20, 2010

Kirk T. Steudle, Director
Michigan Department of Transportation

Q1: Can Michigan please elaborate on our experience and communication with Federal Railroad Administration (FRA) in the application process?

RESPONSE: The Michigan Department of Transportation (MDOT) was greatly encouraged by the Federal Railroad Administration's (FRA's) efforts, including the face-to-face meetings and telephone conversations, as the applications were being prepared. The FRA was helpful in providing detailed explanations of what the review panels would be expecting and what the key elements would be for a successful application.

MDOT went into the application process with much confidence, based on the fact that Michigan was currently operating the most advanced high-speed intercity passenger corridor outside of the Northeast. Our Positive Train Control (PTC) system, the Incremental Train Control System (ITCS), is in revenue service at 95 mph over approximate 72 miles of the Amtrak owned portion of the corridor, and is expected to be increased to110 mph this year. MDOT's applications were focused to extend ITCS on the corridor, implement infrastructure improvements that would eliminate congestion with freight, increase capacity, and reduce travel times.

Our partnership with the Midwest Regional Rail Initiative (MWRRI) and the FRA in developing ITCS, was soundly based on the long term outlook for future passenger service and provided further documentation and background to support Michigan being a national leader and on the cutting edge of establishing true "high-speed" transportation. To put it bluntly, MDOT felt we were in the front of the pack and the American Recovery and Reinvestment Act of 2009 (ARRA) funding was the perfect opportunity (by providing the dollars) to take giant steps toward our goals.

So, when Michigan was not awarded funds for projects that would directly impact our high-speed projects, MDOT was disappointed. While we were grateful and appreciative of the funding we received to develop two new stations, refurbish another on the corridor, and for the congestion relief projects in Indiana and Illinois, our enthusiasm was dampened because our "impact" project applications went unfunded.

Is MDOT critical of the application process? First, MDOT wants to acknowledge the fact that we understand how overwhelmed the review teams were with the amount of applications received and the $103 billion in proposed projects. While our face-to-face communications with the FRA review team in Chicago were appreciated and helpful, we did come away with some

observations. Overall, we were confident that the team was qualified, but their lack of "hands-on" railroad experience left us with the impression that they were more focused on the process and intricacies of the applications, rather than the outcome of their decisions. And, this is somewhat understandable, given the fact that the FRA has not had to administer a grant program of much more than $30 million dollars at one time. We realize that they were under a strict timeline and not able to travel to each project location. To the review team's credit, their senior FRA advisor was, however, very knowledgeable on all related rail, signal, operations, and infrastructure matters.

We believe the FRA did their best in selecting applications to fund. MDOT felt we had submitted very detailed, accurate, and complete applications. MDOT, while disappointed in not being selected for the infrastructure projects within Michigan, understands the focus on funding projects on this corridor that relieve a very congested infrastructure through Indiana and Illinois.

Q2: What is Michigan doing at the State level to prepare for potential additional rounds of funding?

RESPONSE: MDOT's group is working closer with the FRA review team to fine tune their applications for potential funding. We have been submitting documentation for review and approval, especially the technical documents for environmental clearances and involving other MDOT personnel for their expertise and support. One of the most frustrating areas for MDOT has been the ability to obtain detailed feedback on the applications that were not successful to prepare for applications in the next round. FRA has indicated they need to focus resources on getting the 1st round of projects funded. There has been some MDOT/FRA scheduled conference calls, where information is exchanged, to continue our readiness for the round of funding.

MDOT is also involving our railroad partners and consultants further into the process, aggressively pushing for plan approvals, detailed estimates, signal designs, agreements, and required documentation to be reviewed and updated.

We have also been working with the FRA to initiate funding agreements on the three station project selections including Troy/Birmingham, Battle Creek, and Dearborn. The Battle Creek station project is one of the few projects classified as a "fast track" project. During this station project process, MDOT is continually learning what the FRA expects and how to most efficiently provide it. This cooperation is expected to progress all three of MDOT's ARRA projects to final design in 2010.

Rep. John Mica, Ranking Member
Committee on Transportation and Infrastructure
Responses to Questions for the Record
High-Speed Rail Chicago Field Hearing
April 20, 2010

Kirk T. Steudle, Director
Michigan Department of Transportation

Q1(A): Does Michigan think 4 hour train service from Chicago to Detroit will appeal to business travelers?

RESPONSE: Although the two projects mentioned are integral parts of the corridor's future for producing reliable and improved on time performance for existing service. To achieve four hour train service between Chicago and Detroit, additional investments in infrastructure, train control, grade crossings, and equipment will be required. However, a sub four-hour travel time will undoubtedly result in a major increase in business traveler use on this route.

When compared to air travel, rail does not require arriving one to two hours ahead of schedule due to security and check-ins. Travelers on 13 Michigan cities, including Detroit, Ann Arbor, Jackson, and Kalamazoo, can leave from the train station. No need to drive a considerable distance to access an airport fly into one of Chicago's airports. Rather by rail, you arrive at Chicago Union Station (CUS), without the hassle of getting into town from O'Hare or Midway airports. So, when you consider total travel time and cost of air versus rail, rail competes favorably with air.

When driving to Chicago, fuel consumption, high traffic volumes, construction zones, and parking costs, are less attractive than getting on a train, making telephone call, working on a computer, and being taken into the heart of Chicago.

Q1(B): Has Michigan DOT studied the possibility of bringing true high-speed to this corridor?

RESPONSE: Yes, Michigan is well aware of what providing true high-speed (200 mph +), comparable to Europe and Japan, and China, would entail. The cost of infrastructure, right-of-way, grade crossing separation and closures are beyond most state budgets. Consequently, a true high-speed system must be undertaken and financed on a national level.

Q2(A): What is Michigan's long-range goal for intercity passenger rail?

RESPONSE: MDOT's long range goal is to achieve the following:

(1) Improve reliability, increase speeds, reduce travel times, and increase frequencies on Michigan's Chicago Hub (Chicago-Detroit/Pontiac) High Speed Rail Corridor.

(2) Improve reliability and increase frequencies on Michigan's two state supported routes (Chicago-Grand Rapids) and (Chicago-Port Huron).
(3) Provide modern, comfortable, and attractive train equipment.
(4) Provide additional connecting bus services to and from station communities.

Q2(B): Will any of the three rail routes in your State ever achieve speeds higher than 110 miles per hour?

RESPONSE: Nothing is in Michigan's plans at the present time to provide speeds exceeding 110 mph. Timely 110 mph service would adequately service all of Michigan's rail corridors. Within the current rail right-of-ways in Michigan, it is not likely for train speeds to exceed 110 mph. Over 110 mph train travel means going to a different type of propulsion (most likely electric), passenger equipment, and infrastructure.

Q3: How will the implementation of Amtrak's Incremental Train Control System allow for greater passenger train speeds?

RESPONSE: While MDOT's ITCS system can accommodate train speeds higher then 110 mph, the existing rail beds and track curvatures would have to be improved to allow travel above 110 mph, along with power and passenger equipment that could exceed 110 mph.

What ITCS can do in the present, is allow for more trains to be run. ITCS increases the capacities of the current trackage due to its capabilities of running shorter headways without endangering passenger train movements because of it being a PTC system.

Q4: Will the freight railroad who owns the Chicago-Detroit tracks over which Amtrak runs its Wolverine service have to invest in a Positive Train Control technology that is compatible with Amtrak's Incremental Train Control System?

RESPONSE: Yes, in 2015, federal law will require all trains that carry passenger traffic or certain hazardous materials to install a PTC system in most circumstances. The Chicago-Detroit/Pontiac corridor ownership includes Amtrak from Porter, Indiana to Kalamazoo Michigan and three freight railroads (Norfolk Southern Railway, Canadian National, and Conrail Shared Assets Operations). Amtrak operates the Wolverine service (Chicago-Detroit/Pontiac) and portions of their Blue Water service (Chicago-Port Huron) over this corridor. Each segment of ownership is responsible to meet these requirements and will need to implement a PTC system. The PTC system used in each segment does not have to be the same system. It is then the responsibility of any other railroad that wishes to operate over a specific line to have a PTC system that is "interoperable" with the PTC train control system of the owning railroad. To MDOT's knowledge, only three PTC systems are federally approved and available.

Should the freight railroads decide on a different PTC system, MDOT has been assured that ITCS will be interoperable with whatever PTC system is installed by 2015.

FRA Administrator Joseph C. Szabo
Testimony before House Transportation and Infrastructure
Subcommittee on Railroads, Pipelines, and Hazardous Materials
Chicago, IL
April 20, 2010
9:30 AM

Thank you Chairwoman Brown, Chairman Oberstar and Ranking Member Mica for inviting me to update your committee on the President's program of investments in high-speed and intercity passenger rail service.

The last year has seen a dramatic change in our nation's view on transportation and specifically the growth and development of passenger rail systems throughout this country.

Less than two years ago, a Federal partner for the states to develop high-speed rail did not exist. Congress began to focus on the development of high-speed rail corridors with the passage of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). President Obama advocated for the $8 billion provided in the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the largest single national investment ever in passenger rail.

There are some that believe that only investments yielding 200 mph service will yield benefits. The facts show otherwise. The Federal Railroad Administration (FRA) views high-speed and intercity passenger rail service in the context of the transportation markets served and the needs of the passengers rather than as a race to see how fast a piece of equipment can move. FRA also believes that trip times between stops, rather than speed, is a critical factor in developing viable high speed rail corridors.

I visited Maine just a few weeks ago where the successful service from Boston to Portland operates at a maximum speed of 79 mph and where we have allocated High Speed Intercity Passenger Rail Program (HSIPR) funding to extend this service further to Brunswick, a coastal community adjusting to the loss of a major military facility.

The existing service has already demonstrated that reliable, on time service not only attracts passengers, it attracts commercial development in and around the stations. In Portland, Durham, New Hampshire and other stations along the line you can see the power of transit oriented development, in growth of business – and jobs – around the stations. The attraction of the expanded service we will fund can already be seen on the ground in Freeport and Brunswick – the two stops that will be part of the extended service. One station has been built and the other is in final design. These stations will link up to proposed new bus service and connect towns in the region, furthering the President's livable communities initiative. Since our announcement, vacant buildings have been bought and being renovated for new uses and other investments in commercial development in the vicinity of the stations is underway.

Just as important, this project will ultimately link northern New England to Boston and the rest of the Northeast Corridor. This is the kind of enthusiasm and smart planning that we see across the country.

We anticipated this type of reaction. It is for that reason that our Vision for High-Speed Rail in America published just over a year ago had a comprehensive vision for passenger rail ranging from stand alone tracks with trains running a speeds of 150 to 200 mph (Express High-Speed Rail); speeds in the 125-150 mph range (Regional High-Speed Rail); upgrades to existing railroads with speeds of 110 to 125 mph (Emerging High-Speed Rail); to significant improvements to traditional 79 mph service (Improved Intercity Passenger Rail). This means that there are opportunities to fund customized rail systems that work for different markets and regions. Regions will have the opportunity to seek funding for projects that meets their specific transportation needs. This is certainly not a one-size-fits-all endeavor. Those that have taken the time to experience rail service in Europe and Japan will recognize this in the successful passenger rail systems overseas that have also taken a similar comprehensive approach. This approach needs to include rigorous planning to ensure funds are focused on projects that maximize benefits to transportation networks and overall economic performance.

Support for this program was evident in the numerous applications received by the Department of Transportation (USDOT) following the President's announcement. 259 applications worth $57 billion came in for the $8 billion made available in the Recovery Act.

We received a variety of applications, varying tremendously in size and scope. We worked hard to quickly review these proposals, while ensuring that we allocated the Recovery Act funding to the projects posed to deliver the most benefits relative to their investment costs. Less than a year later the President announced that 31 states plus the District of Columbia will receive grants. This includes major investments in California and Florida, the only two states to apply for help standing up brand new Express High-Speed Rail systems. In rough terms approximately 45 percent of the funds will go for Express High-Speed Rail, 40 percent for Regional or Emerging High-Speed Rail and 15 percent for projects to benefit intercity passenger rail that can be under construction quickly.

Over time, our goal is for a number of regional routes to link cities and regions together, creating a seamless network that offers Americans a real transportation alternative. This will reduce congestion that everyone expects will grow worse in the coming decades.

For example, here in the Midwest, $1.1 billion will go toward improvements on the corridor between Chicago and St. Louis, which will allow passenger rail service to operate at speeds of up to 110 mph. These higher speeds, coupled with improvements resulting in increased on-time performance, will decrease travel time from Chicago to St. Louis to 4 hours -- 30 percent faster than current rail service, and 10 percent faster than driving between the two cities. Other enhancements to track and infrastructure will undoubtedly help Chicago's freight rail system as well.

We are also excited about the job creation prospects of our program. Buy America is about more than US assembly of foreign components – it is about developing the entire supply chain so it can be built in the USA. We know that American workers have the capacity to manufacture – not just assemble – materials, components and finished products that will be necessary to build the infrastructure and new rail cars that will be needed to run on these lines. Many companies

headquartered in the U.S. and companies with headquarters elsewhere have expressed their interest in participating in this new program.

To sustain the momentum and ensure that jobs can be created in the near term, we have also implemented a "Fast Track" program. We are already coordinating with states on those projects that are ready-to-go, and move them out quickly so construction can start this year. We hope to be announcing final grant agreements through this program in the coming weeks. By comparison, it took the Federal government three years to get the first dollar out the door when the national highway system was being developed.

We have seen real progress both in the states and among the transportation community in terms of getting this initiative off the ground. President Obama is committed to transparency. Long-serving USDOT staff say the HSIPR program is one of the most transparent in the Department's history.

We have worked hard to maintain strong relationships with states and stakeholders. Since the beginning of the application process we have held biweekly conference calls with state DOT CEOs, with dozens of participants on each call. We also organized eight regional meetings with state DOTs and other stakeholders. We held individual, in-person meetings with Governors and legislators from across the country. This unprecedented back and forth between states was tremendously helpful as we thought about how to make this program a success.

We have also forged strong partnerships with rail and transportation associations and stakeholder groups. In fact, the American Association of State Highway and Transportation Officials recently commended FRA's outreach efforts as well as our dedication to implement the Administration's ambitious agenda.

In short, we are upbeat and confident that this program will make important contributions to America's transportation landscape. We look forward to working with Congress to help make America's passenger rail system the best in world.

Thank you.

FRA Administrator Joseph C. Szabo
Questions for the Record from the April 20, 2010 House T&I Hearing on:
Field Hearing on High-Speed Rail Grants Awarded under the Recovery Act
House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials
Chicago, IL
April 20, 2010

Questions from the Majority:

QUESTION 1:

There has been strong criticism that the award of the Recovery Act grants for high-speed intercity passenger rail was not a transparent process. Can you please explain the process FRA used for evaluating the applications and selecting the grant awards? How does this process compare to the process utilized by FRA or DOT in evaluating applications and selecting grant recipients in other discretionary grant programs within the purview of FRA or DOT? In addition, please explain in detail what documentation FRA and DOT has been made available to date to the Committee on the evaluation and selection process.

ANSWER:

- On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (Recovery Act) into law, which included $8 billion for high-speed and intercity passenger rail. In addition to the $8 billion provided in the Recovery Act, the High-Speed Intercity Passenger Rail (HSIPR) Program also included approximately $92 million in FY 2009 and remaining FY 2008 funds appropriated under the existing State Grant Program (formally titled, Capital Assistance to States – Intercity Passenger Rail Service).
- The Federal Railroad Administration (FRA) received over 250 HSIPR grant applications, requesting nearly $58 billion in Federal funds. After eligibility evaluations, FRA advanced 206 projects to the technical evaluation phase of the HSIPR grant selection process. During the technical evaluation process, expert panelists reviewed and rated the applications. Following the technical evaluation, the Secretary, the FRA Administrator and senior Department of Transportation (DOT) officials reviewed the application technical evaluations against the selection criteria that were identified as essential to the success and sustainability of the program, as outlined in the HSIPR Interim Guidance (High-Speed Intercity Passenger Rail Program Interim Guidance, 74 Fed. Reg. 29900 (June 23, 2009), *available at* http://www.fra.dot.gov/Downloads/RRDev/fr_hsipr_guidance.pdf). The HSIPR Interim Guidance described the evaluation and selection process for the HSIPR Program.
- The Intake and Eligibility Process:
    - FRA conducted an initial review of applications to ensure that grantees had included required materials and had submitted applications in a timely manner (*see* HSIPR Interim Guidance Section 4). Following the intake process, FRA

reviewed the applications against applicant and project eligibility requirements contained in Section 3 of the HSIPR Interim Guidance. Applications that met all eligibility requirements were moved on to the technical evaluation process.
  - The intake and eligibility review resulted in 206 projects – over 80 percent of all applications – being advanced for technical evaluation.
- The Technical Evaluation Process:
  - FRA established technical evaluation panels to review and assess applications based on pre-established evaluation criteria identified in Section 5.1 of the HSIPR Interim Guidance. For Track 1, Track 3, and Track 4, FRA utilized 12 panels. Because Track 2 had far fewer applications, one panel was used. The panelists were all DOT employees with an understanding of passenger rail and included engineers, environmental specialists, transportation planners, and financial analysts. All panelists underwent comprehensive training to prepare for the technical evaluation. Furthermore, subject matter experts in a variety of disciplines were on hand throughout the entire evaluation process to answer questions from panelists.
  - During the technical evaluation process, each panelist separately assessed applications based on the Evaluation Criteria contained in the HSIPR Interim Guidance and assigned a rating of one through five, along with qualitative comments, for each of the applicable criteria (*see* HSIPR Interim Guidance Section 5). After every member of the panel evaluated a project, the panel met and discussed any issues or questions. Final comments and ratings were entered into the Application Review Model (ARM) and were normalized as needed. In this instance, normalized means a standard statistical approach (used in many grant evaluations) whereby the scores from panels that systematically apply higher or lower scores – other factors held constant – are adjusted to improve the consistency across panels. Ratings were then weighted in ARM to reflect the priorities outlined by track in the HSIPR Interim Guidance.
- The Selection Process: The selection team, which consisted of DOT and FRA senior leadership, reviewed the application technical evaluations against the Selection Criteria outlined in Section 5.2.2 of the HSIPR Interim Guidance. The selection process ensured that the collective results of the review process met four key priorities essential to the success of the program. These four Selection Criteria, described in Section 5.2.2 of the Interim Guidance, are:
  - Region/location (e.g., geography and economic conditions)
  - Innovation (e.g., technology and industrial/capacity development)
  - Partnerships (e.g., multi-State agreements)
  - Tracks and round timing (e.g., project costs and schedules)
- This application review process was developed to be consistent with OMB grant guidance circulars along with best practices from other federal agencies. It is also consistent with how other DOT discretionary competitive grants are evaluated.
- DOT has provided to the Committee, and posted on the DOT website, voluminous material related to the evaluation and selection of both HSIPR and the $1.5 billion Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Programs under the Recovery Act.

- For the HSIPR and TIGER Programs, DOT has provided the Secretary's decision memoranda along with the memoranda to the Secretary, from the FRA Administrator for the HSIPR Program and the Under Secretary for Transportation Policy for the TIGER Program, recommending which projects be selected, and why; a thorough description of the process by which projects were evaluated and selected; and a description of each of the 1,456 TIGER Grant applications as well as the 250 HSIPR applications. Please refer to http://www.dot.gov/recovery/ost/ for a full list of available information.

QUESTION 2:

Some have criticized the Administration for awarding grants to projects that are not "true" high-speed rail. What is your response to that? How many States applied for funding for that kind of rail service, and were those States awarded funding? If so, how much? Do you see benefits to the national passenger rail network in making incremental improvements to certain corridors? If so, what are the benefits of making these incremental improvements?

ANSWER:

- Nearly half of the available funding ($3.5 billion) was allocated to the two corridors that are proposing high-speed rail express operations in excess of 150 mph – California and Florida. These are in fact the only two corridors in the country contemplating such high speed operations which have completed the requisite NEPA process. Additionally, $3.5 billion was allocated to five additional corridors proposing new or substantially upgraded service of 79-110 mph with potential to increase beyond those speeds when additional funding is available. The balance (about $1 billion) went to projects to upgrade existing services and generate near-term results, including economic recovery benefits.
- It is important to note that door-to-door trip times, not operating speeds, are what most influence travel choices. In many corridors, modest capacity enhancements and rail congestion reduction measures can have significant cost-effective impacts on operating performance. Further, although many States have identified high speed rail as an option for addressing their transportation needs, high speed rail may not make sense in all corridor markets.
- Incremental improvements provide benefits to the national passenger rail network. Several states (notably California) have followed the model used in many countries in Europe and Asia of building high-speed rail service by starting with incremental improvements in conventional rail. These may involve basic 79 mph top speed operation with added frequencies, and then gradually improving average speed while adding service. Such an approach has proven effective in many places by helping build the market for intercity passenger rail while developing political support for further investment and ultimately building the foundation for developing high-speed service.
- It is important to match the level of investment with the likely system of performance, demand, revenues, operating costs, and public benefits in each corridor, so that the form of high-speed rail in each corridor can fit its proper function in the specific travel markets

that are served. In some corridors, that may mean trains operating at 150 mph or 220 mph, in others it may mean less than 110 mph service.

- There are benefits to the national rail network in making incremental improvements to certain corridors, as even incremental improvements will provide benefits to intercity passenger rail. For example, funding projects that increase the speed to 110 mph on the Chicago-St. Louis Corridor will reduce travel times by 30 percent.

QUESTION 3:

Section 502 of the Passenger Rail Investment and Improvement Act develops a process for incorporating the private sector in financing the planning and development of designated high-speed rail corridors. How did FRA implement Section 502? What is the status? Please describe the applications that the FRA received. Did any of those applications make a financial commitment to the development of high-speed rail in the U.S.?

ANSWER:

- PRIIA Section 502 required DOT to issue a Request for Proposals for public/private partnerships to create a high-speed intercity passenger rail system over previously designated corridors and/or the Northeast Corridor (NEC). Proposals were due to FRA by September 14, 2009.
- In response to the Request for Expressions of Interest (RFEI), FRA received 122 initial letters with names and contact information for potential participants, and eight actual proposals. None of the proposals made a binding financial commitment to the development of high-speed rail in the United States.
- FRA received no proposal for the NEC, despite the priority ascribed to it in the statute. Three proposals (from Vinci Concessions, Cintra Concesiones de Infraestructuras de Transporte, S.A., and Christopher M. Milne) lacked specificity and were deemed nonresponsive. The five responsive proposals pertained to four corridors, as follows:
    - From the California High-Speed Rail Authority (CHSRA), for the California Corridor;
    - From the Société Nationale des Chemins de Fer Français, French National Railways (SNCF), for four corridors:
        - California;
        - Chicago Hub Network;
        - Florida; and
        - Texas (Fort Worth–Dallas–Austin–San Antonio only)
- FRA staff conducted an initial review of the proposals and the matter is now under review within DOT. Further information is available on the docket (go to www.regulations.gov and checking the "View results by docket folder" checkbox under select document types and then searching for FRA-2008-0140).

- Thus far, no State has submitted an application that linked Section 502 proposals with HSIPR corridors; several corridors selected under HSIPR are seeking public-private partnerships, including financial participation from the private sector.

Questions from the Minority:

QUESTION 1:

I understand FRA's review and ranking process of the grant requests for high-speed rail projects was quite comprehensive. Why hasn't the Department released the detailed ratings of each application to the Committee or to the public? Do FRA's ratings correspond to the grant awards?

ANSWER:

- FRA's review and ranking process for the grant requests for high-speed rail projects were quite comprehensive and directly followed the process set forth in the HSIPR Interim Guidance. FRA established technical evaluation panels to review and assess applications based on the pre-established evaluation criteria identified in Section 5.1 of the HSIPR Interim Guidance. During the technical evaluation process, each panelist separately assessed applications based on the Evaluation Criteria and assigned a rating of one through five, along with qualitative comments, for each of the applicable criteria (*see* HSIPR Interim Guidance Section 5). These technical evaluation ratings only represent a portion of the overall selection process. As described in the HSIPR Interim Guidance, after the evaluation panel determined their score for each application, the applications were assessed by the selection team. This team, consisting of DOT and FRA senior leadership, reviewed the applications against the Selection Criteria outlined in Section 5.2.2 of the HSIPR Interim Guidance. The selection process ensured that the collective results of the review process met four key priorities essential to the success of the program. These four Selection Criteria, described in Section 5.2.2 of the HSIPR Interim Guidance, are:
    - Region/location (e.g., geography and economic conditions)
    - Innovation (e.g., technology and industrial/capacity development)
    - Partnerships (e.g., multi-State agreements)
    - Tracks and round timing (e.g., project costs and schedules)

- DOT has provided the Committee a great deal of information concerning the evaluation and selection of the HSIPR projects, including a comprehensive chart of the 259 HSIPR grant applications describing each project and the amount sought under each application, and identifying those applications which were further advanced for consideration by DOT senior leadership. DOT also provided a summary of the selection process and criteria, and the Secretary's decision memorandum. The decision memorandum includes as an attachment and adopts as a basis for the Secretary's decision a memorandum from the FRA Administrator with detailed recommendations on which projects should be selected and why. DOT has not released evaluative material or score sheets for individual applications prepared in confidence for decision makers by DOT personnel assigned to the evaluation teams. Protecting pre-decisional, deliberative records

improves the quality of an agency's decisions, because the prospect of release would inhibit open, frank exchanges about pending matters, This, in turn, would prevent decision makers from receiving thorough, candid advice about the relative merits of the HSIPR applications undermining the integrity of the decision making process.

QUESTION 2:

What has FRA done to study disruptions to freight service on shared track with faster Amtrak trains? Do you anticipate 110 mph Amtrak trains will make it more difficult for the freights to grow their capacity?

ANSWER:

- FRA does not anticipate 110 mph Amtrak trains will make it more difficult for the freights to grow in capacity. The fundamentals of transportation planning dictate that all services must be taken into account during the planning phase. FRA is committed to requiring that high speed rail systems are designed in such a way that they account for the transportation needs of all that share rights of way.
- As outlined in the HSIPR Interim Guidance, applicants were required to provide"[a]ssurances regarding the adequacy of infrastructure capacity to accommodate both existing and future freight and passenger operations."(*See* HSIPR Guidance Appendix 3.4.3)
- Further, FRA has issued corridor transportation guidance to this affect, *available at* http://www.fra.dot.gov/Pages/1240.shtml.

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