

States for Passenger Rail Coalition

**ANNUAL
REPORT
2014**

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States  *Passenger Rail Coalition*

The States for Passenger Rail Coalition's (SPRC) goal is to advocate for ongoing federal funding and support for intercity passenger rail initiatives on behalf of members; 23 state departments of transportation and 2 passenger rail authorities.



Mission

- Promote the research, development, implementation, operation, sustainability, and expansion of publicly supported intercity passenger rail services.
- Provide members with prompt, timely and accurate information regarding intercity passenger rail developments and federal funding.
- Raise our collective voice in support of a strong federal partnership to create a dedicated source of funding for capital investment in intercity passenger rail equipment, infrastructure, and facilities.

The Legislative Principles of the SPRC and the SPRC Bylaws were adopted on September 7, 2014 and are available on the SPRC website.

Membership

In 2014, the Coalition members were: California, Connecticut, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Texas, Vermont, Virginia, Washington, Wisconsin, Capitol Corridor Joint Powers Authority, and the Northern New England Passenger Rail Authority.

In 2014, the newly incorporated Coalition conducted bi-weekly member calls to share information, discuss issues and develop comments on current issues. SPRC also procured contract staff to support operations initiatives. Member states managed significant changes in intercity passenger rail operations: they implemented new cost sharing agreements with Amtrak, continued implementation of major capital projects, and sustained operations through a period of rapid growth in the number of freight trains operated by host railroads.

Political Context

2014 was a highly charged political year that prevented compromises needed to advance authorizing and appropriating legislation. The lack of a means of funding the national transportation program further contributed to the gridlock, as did complicated primaries and an election cycle dominated by local issues.

Three federal legislative actions stand out: GROW AMERICA, H.R. 5449 and the FY 2015 Omnibus Appropriations Act.

The Obama Administration introduced “The GROW AMERICA Act”, or Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America, a complex, multi-year, comprehensive legislative proposal. Rail, especially passenger rail, is a central piece of the proposed legislation. The Act would invest \$19 billion over four years to improve rail safety and invest in a National High-Performance Rail System. The Act also builds on current investments to vastly improve the system like Positive Train Control (PTC).

The core funding for rail is derived from changes to the federal tax code thus not placing states in competition for revenue derived from the regressive federal excise tax on motor fuels. Further, the funds would have “contract authority” thus allowing states and agencies to engage more effectively in larger, multi-year projects.

The GROW AMERICA Act is a significant contribution to the process; it remains an inspirational, interlocking set of goals, policies and practices that can be adopted in whole or part.

The House Transportation and Infrastructure Committee, based on its highly successful water legislative policy development process, adopted H.R. 5449 (“Passenger Rail Reform and Investment Act of 2014”) by voice vote.





It is expected that H.R. 5449 will be re-introduced in the 114th Congress.

Nowhere did the stalemate in Congress manifest itself more than in the area of appropriations. US DOT FY 2015 annual appropriations were included in a package of annual appropriations (H.R. 83 – FY 2015 Omnibus; Consolidated and Further Continuing Appropriations Act, on December 16 it became Public Law No. 113-235).

Highlights:

Rail R & D	\$39.1 million
Amtrak Operating	250 million
Amtrak Capital	1.140 billion
Debt	<175 million>
PRIIA Section 212	<5 million>
TIGER	\$500 million

Importantly, none of the TIGER funds can be used for planning.

The SPRC education and outreach effort aimed at providing \$500,000 for the ongoing implementation of the Section 209 Cost-sharing Policy failed despite the efforts of members and sister organizations.

Key provisions of H.R. 5449:

1. Focus on the Northeast Corridor and Amtrak's stewardship. Among the provisions is a proposal to allow Amtrak to retain revenues generated in the NEC for capital investments in the NEC rather than the current practice of migrating those revenues to the "national system."
2. Direct the Secretary to establish a State-Supported Route Advisory Committee along the lines suggested by SPRC. No funding is provided.
3. Revise alternate passenger rail service pilot program requirements.
4. Require the Surface Transportation Board, within 120 days after submission of a dispute between Amtrak and a rail carrier (or carriers), awarded the right to provide rail service over a route in which Amtrak is to grant access to its reservation system, stations, and facilities, to issue an order requiring Amtrak to provide such facilities and services to those carriers if certain criteria are met.
5. Direct Amtrak to develop a plan to eliminate the operating loss for food and beverage service on board its trains.
6. Direct Amtrak to request proposals from private sector persons or entities to utilize Amtrak-owned rights-of-way for telecommunications systems, energy distribution systems, and other appropriate activities. Authorizes Amtrak to enter into an agreement to implement any such proposal or proposals.
7. Require Amtrak to report to Congress on options to enhance development around Amtrak stations. Again, an area strongly supported by SPRC.
8. Amends the Railroad Revitalization and Regulatory Reform Act of 1976, as proposed by SPRC, to revise Railroad Rehabilitation and Improvement Financing program requirements.
 - a. Modifies application procedures for direct loans and loan guarantees for railroad improvement projects.
 - b. Requires the Secretary, in granting applications for such loans and guarantees, to give priority to projects for the installation of a positive train control.
9. Directs the Secretary to make direct loans and loan guarantees or capital improvement projects in the Northeast Corridor (NEC Fast Forward Program).
10. Prescribes requirements for the award of grants in excess of \$1 billion for mega-projects.
11. Directs the FRA to convene a working group to evaluate the restoration of intercity rail passenger service in the Gulf Coast region between New Orleans, Louisiana and Orlando, Florida.

Includes two other key SPRC Program Priorities:

- a. Directs the Secretary to begin a rulemaking to govern the federal review, permitting, and approval or disapproval of freight railroad and intercity and commuter rail passenger transportation infrastructure projects.
- b. Directs the Secretary to: (1) pursue program alternatives to promote a consistent approach in the treatment of railroad and rail-related properties for historic preservation review, and (2) develop mechanisms for streamlining compliance with specified requirements. Most regrettably, the overall funding (\$7.106 billion over 4 years) of the legislation is approximately the same as levels in PRIIA 2008. The Discretionary Capital Grants program is funded at \$300 million annually with the money split equally between the NEC and a combination of state supported routes and longer distance trains. This program funding is taken from General Funds and thus subject to annual appropriations.



SPRC 2014 Key Activities & Achievements

Membership Collaboration

With the goal of providing all members prompt, timely and accurate information regarding intercity passenger rail developments and federal funding, and to assist in implementing the new organizational structure of the SPRC established in 2013, SPRC issued a request for consultant services in January. A team of independent consultants (the Alliance) was retained in March. The team includes David Ewing, Steve Hewitt, Christina Caffo, and Pat Simmons. The Alliance established a structure for keeping and maintaining records including the development of meeting agendas and summaries and provided many other services to SPRC members including:

- Maintenance of a current SPRC member list and database.
- Distribution of relevant materials electronically, and by other means, to the collective membership.
- Responses to individual member requests for information.
- Assistance in developing and finalizing the SPRC Bylaws that were subsequently adopted by the membership.
- Transmission of forty informational media updates to members throughout the year including background material on key items of interest such as; long distance trains; On Time Performance; States as Railroads of Record; and information on H.R. 5449, the Passenger Rail Reform and Investment Act of 2014 were distributed and posted to the website.
- Coordinated and participated in bi-weekly coalition-wide conference calls throughout the year to bring the membership up-to-date on developments and to assign roles to individual states in the effort to achieve mutually agreed upon goals.

Three standing agenda items were included on all calls:

- o Section 209, cost allocation methodology for Amtrak-provided service;
 - o Section 212, goals and future cost allocation for the Northeast Corridor; and
 - o Section 305, development and maintenance of standardized specifications and the procurement of the next generation of intercity passenger rail equipment.
- Participated in monthly calls with the Executive Committee to carefully manage and direct contractor activities.
 - Coordinated and participated in a well-attended SPRC membership meeting in Denver, Colorado on September 7, 2014.



Outreach & Education

Efforts were made to carefully coordinate with other rail related organizations, including AASHTO's Standing Committee on Rail Transportation, Amtrak, the Federal Railroad Administration and OneRail. The Alliance represented SPRC at OneRail Coalition meetings. In addition:

- News items on recent intercity passenger rail developments were posted to the SPRC website.
- State Program pages were updated and posted on the SPRC website for Illinois, Iowa, Louisiana, Maine, Michigan, Minnesota, Nevada, North Carolina, and the Capitol Corridor Joint Powers Authority.
- An SPRC News Release, "States for Passenger Rail Coalition Comments on the Proposed Amtrak Budget", was issued on March 21, 2014.
- SPRC issued a Statement, "States for Passenger Rail Coalition Mourns Representative Jim Oberstar" on May 4, 2014.
- SPRC produced a one-pager entitled "Program Priorities" in May 2014.
- Patricia Quinn, Pat Simmons, David Ewing, and Shayne Gill (AASHTO) conducted a series of visits to Capitol Hill on June 25, 2014. The team visited with staff from Senate and House appropriators and authorizing committees. The visits concluded with a meeting with Congressman David Price. SPRC legislative Program Priorities and other materials were distributed during the visits. The team also met with Matt Kelly, majority staff person on the rail subcommittee of the Senate Commerce, Science and Transportation Committee.
- SPRC Executive Team members, Patricia Quinn, Paul Worley, Beth Nachreiner, along with Shayne Gill, Pat Simmons, and David Ewing, met with Ian Jefferies, Mike Martino and Jennifer MacDonald at AAR to open a dialog on rail issues of common interest on July 8, 2014.
- David Ewing gave a presentation on behalf of SPRC to the Southern Rail Commission on December 5, 2014. Members of the commission include Louisiana, Mississippi and Alabama.

Congressional and Other Correspondence

- SPRC submitted outside witness testimony to the House Appropriations Subcommittee on Transportation, Housing and Urban Development on March 26, 2014.
- SPRC submitted outside witness testimony to the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development on April 3, 2014.





- SPRC partnered with AASHTO to send a letter to the Amtrak President and Chairman requesting data and commenting on implementation of the Section 209 cost sharing agreements between states and Amtrak on April 8, 2014.
- SPRC submitted comments to the Chair and Ranking Member of the House Subcommittee on Appropriations regarding the report on Appropriations for the Department of Transportation, Housing and Urban Development and Related Agencies for FFY 2015 on May 23, 2014.
- SPRC submitted comments for the record on Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains on September 30, 2014.
- SPRC submitted a letter to the Chair and Ranking Member of the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies regarding a grant request to support ongoing Passenger Rail Investment and Improvement Act (PL 110-432), Section 209 Working Group on October 21, 2014.
- SPRC submitted a letter to the Chair and Ranking Member of the Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies regarding a grant request to support ongoing Passenger Rail Investment and Improvement Act (PL 110-432), Section 209 Working Group on October 21, 2014.

Other Activities

Section 209: Cost allocation methodology for Amtrak-provided service.

Significant progress was made in implementing Section 209 during 2014. SPRC members actively provided leadership roles in State Working Groups (SWG) and engaged all states that sponsor intercity passenger routes in discussions with Amtrak and the Federal Railroad Administration (FRA). In addition to regular SWG conference calls throughout the year, two in-person meetings were held in Washington, DC, monitored by the Surface Transportation Board and facilitated by the Federal Mediation and Arbitration Service (FMCS).

SPRC member state California chaired the Governance and Performance Standards Committee, Maine chaired the Operating Costs Committee, and Washington chaired the Equipment Capital Costs. The SWGs endeavored to ensure that a viable structure seating all partners was established, that a program of accurate and meaningful performance standards is included in all service contracts, that operating costs are accurate and properly allocated, and that capital planning and investments are transparent and timely.

Section 212: Goals and future cost allocation for the Northeast Corridor.

The Northeast Corridor Infrastructure and Operations Advisory Commission adopted the Interim Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy on December 17, 2014. SPRC member states Connecticut, Massachusetts, Maryland, Pennsylvania, and New York played critical roles in progressing adoption of the policy. SPRC members; Maine, Vermont, Virginia and North Carolina, who serve on the NEC Commission as non-voting members, also were active participants in the process.

Section 305: Development of specifications and procurement of the NGENC.

In 2014 the Section 305 Next Generation Corridor Equipment Pool Committee (NGEC) continued its transformation from developing specifications to document control management, as it advanced its first two multi-state procurements. The shift in emphasis has gone from developing paper to moving towards putting steel on wheels.

At its 4th Annual Meeting, held in February, 2014 in Washington, DC, the Committee elected its officers and Board of Directors to new two year terms of office and elected Eric Curtit, Missouri DOT, as its Chair, filling the seat previously held by retiring Chairman Bill Bronte, Caltrans.

The historic multi-state bi-level car procurement continued its progress towards final design approval and the beginning of the manufacturing process, while the equally historic multi-state diesel-electric locomotive procurement, began working through the process of intermediate design review.

The Document Management Control process continued to be utilized throughout the year with the NGENC Executive Board adopting revisions to many of the PRIIA technical specifications in compliance with the well-defined NGENC procedures.

The Executive Board held a mid-year meeting in Wilmington, Delaware, on October 24, 2014 and approved a number of intermediate organizational changes with an eye towards the creation of a long-term funding and structure plan for the NGENC of the future.

In an effort to more efficiently and economically maintain the current functions over this period of time, the Board combined the functions of the Administrative Task Force and the Finance Subcommittee into a new Finance and Administrative Subcommittee.

The Board defined core NGENC functions at the October meeting, and a path forward for carrying out those functions, within the current funding constraints, and adopted a revised budget. The Board also directed the newly formed Finance and Administrative Subcommittee to develop a Statement of Work for a no-cost grant agreement extension through September 30, 2017; and to review and update the NGENC Bylaws to more accurately reflect current practices and the changes implemented on October 24, 2014.





Lancaster County, PA, Eby Chiques Bridge; single span concrete I-beam bridge over Amtrak & Newcomer Road



A Boston bound Amtrak train crosses the Mystic River on the Western Route with the Boston skyline in the background.



Rail repair in Washington State.



Plattsburg NY station.



Adirondak Dome Car.



Night train, New York State.



Bridge girders are being set for the Peeler Road Bridge, one of 12 Piedmont Improvement Program grade separation projects in North Carolina.



Capitol Corridor Cafe service.



Member Activity & Achievements in 2014

Ridership and Revenue

Key metrics for the year were essentially flat with total ridership on state-sponsored routes declining by 0.6% and revenues growing by 1.8%. Despite a fragile economic recovery, weather related events, greatly reduced prices for gasoline and delays caused by operating during major construction projects, state-supported intercity passenger trains continued as a strong sector of the transportation industry.

- State-sponsored routes generated a total of 14,731,993 passengers comprising 48% of the national intercity passengers. These passengers generated \$486,572,424 in fares and states contributed a further \$280,000,000 in shared costs totaling 35% of Amtrak's revenues.
- Six state-sponsored routes set ridership records: New York's Adirondack, Albany-Niagara Falls-Toronto and Empire Service routes, Michigan's Blue Water, North Carolina's Piedmont, and Virginia's Washington-Lynchburg service.
- Through the 3rd quarter of the year, only 4 of 24 or 17% of state-sponsored trains were able to meet the national standard of 80% endpoint on time performance. Lead performers included the Capitol Corridor, Hiawatha, Pennsylvanian and Vermonter. Clearly poor on time performance was detrimental to both ridership and passenger revenues.

During the year state and agency leaders and marketers continued to focus on the travel behavior of two age cohort groups: millennials and senior citizens. Specific services and pricing policies and plans were developed to attract riders. Changes in technology - especially on board fare collection - and their concomitant impacts on data, became increasingly apparent and were incorporated into the planning and development process. Bicycle riders, especially at higher education sites, were also a focus of attention.

Project Delivery

Complex, often multi-state projects were delivered in partnership with the host railroads and federal partners. These projects included new track capacity to support operation of new and more reliable services, stations and grade crossing safety projects.

The multi-state bi-level car and the diesel-electric locomotive procurements continued their progress with the combined effort of SPRC members California, Illinois, Iowa, Maine, Missouri, New York, North Carolina, Oklahoma, Oregon, Washington and Wisconsin, the FRA and Amtrak.

Since the passage of ARRA in 2009 more than 99% of the \$10.1 billion appropriated for the High-Speed and Intercity Passenger Rail program

has been obligated, a portion of the investment in state-supported intercity passenger rail projects.

The OneRail Coalition organized a briefing on Capitol Hill designed to highlight a series of successful passenger and freight rail projects around the country that demonstrate the high Return on Investment (ROI) of public and private funding for rail projects. Among the projects recognized were the Capitol Corridor Joint Powers Authority's Capitol Corridor; Illinois' CREATE project; Maine's Downeaster service; North Carolina's upgrades to the Cary Depot; Pennsylvania's Keystone Corridor project; Texas' Tower 55 project; Illinois, Ohio and Virginia's Heartland Corridor; and Wisconsin's Hiawatha service.

Indiana Department of Transportation

The Indiana Department of Transportation (INDOT) issued a Request for Proposals (RFP) spring 2014 for the continued operation of the Hoosier State Passenger Rail Service that runs between Indianapolis, Indiana and Chicago, IL. In fall 2014, INDOT signed a non-binding letter of intent with Iowa Pacific to provide rolling stock, rolling stock maintenance, on board service and marketing. INDOT and its local partners, Beech Grove, Crawfordsville, Indianapolis, Lafayette, Rensselaer, Tippecanoe County and West Lafayette, are in negotiations with Amtrak and Iowa Pacific Holdings to continue the Hoosier State after April 1, 2015.

North Carolina Department of Transportation Alternative Fuel Use in Locomotives

In partnership with North Carolina State University's Environmental Engineering Department, the NCDOT Rail Division became the first in the nation to show that locomotives could be run on biodiesel fuel with no loss of performance. This creates a potentially valuable, money-saving and more environmentally friendly option as the cost of biodiesel fuel becomes more competitive with oil.

Piedmont Improvement Program – Duke Curve Realignment Project

This project reconstructed existing railroad tracks along the North Carolina Railroad Company corridor, south of the Linwood Railroad Yard and north of the Yadkin River in Davidson County. Passenger and freight rail will experience improved train speeds, capacity, reliability, and reduced travel times between Raleigh and Charlotte.





Thomasville to Lexington – Turner Road Rail Project

This project constructed a new highway bridge transferring Turner Road over the North Carolina Railroad Company rail line in Davidson County. As one of the busiest railroad corridors in North Carolina, this improvement will reduce the risk of automobile and train collisions, improving safety for automobile and rail passengers while reducing automobile and train traffic congestion. This project is part of a series of improvements to the railroad between Thomasville and Lexington that will increase capacity, efficiency, and safety.



Thomasville to Lexington – Upper Lake Road Rail Project

This project constructed a new highway bridge transferring Upper Lake Road over the North Carolina Railroad Company rail line in Davidson County. As one of the busiest railroad corridors in North Carolina, this improvement will reduce the risk of automobile and train collisions, improving safety for automobile and rail passengers while reducing automobile and train traffic congestion. This project is part of a series of improvements to the railroad between Thomasville and Lexington that will increase capacity, efficiency, and safety.



Bowers to Lake Double Track Project - Hamby Creek Railroad Bridge

Completed in December, this new double track bridge replaces an existing structure that is over 100 years old. The completion of this bridge allows track construction to begin on this 4-mile project.



Haydock to Junker Double Track Project – Saddle Creek Court

Opened to traffic in November within the Haydock to Junker double track project, this new roadway replaces the Shamrock Road access to area businesses and provides a much safer crossing of the railroad and access to NC 49.

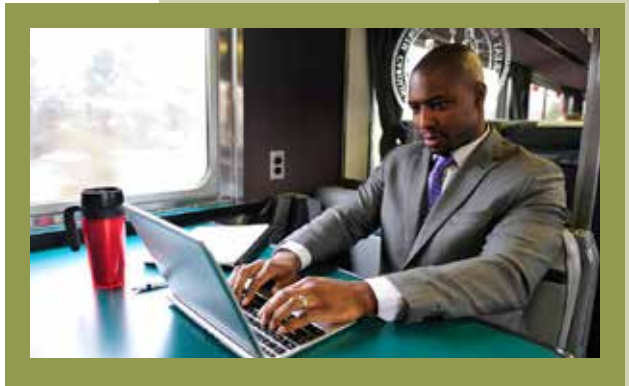
Rail Car Refurbishments

NCDOT Rail Division completed the restoration of two passenger cars: 400011 - a 56 seat coach and 400205 – a baggage/lounge car.



Wisconsin Department of Transportation Introduction of Wi-Fi service on the Hiawatha Service

Part of the rollout of Wi-Fi service on state-supported corridors in the Midwest. WisDOT contributed funds toward the capital costs to launch the service.



Completion of the Wisconsin Rail Plan 2030

WisDOT adopted the PRIIA-compliant state rail plan in early 2014. The planning process began several years ago and culminated in submission to FRA in March of 2014.



Groundbreaking on the Milwaukee Intermodal Station Train Concourse

Construction began in late 2014 on the train concourse at the Milwaukee Intermodal Station. The project includes a new roof structure with skylights, new ventilation systems, three ADA compliant platforms, construction of an overhead walkway to access platforms with elevators and escalators, reconstruction of tunnel access to platforms for emergencies, and ADA-compliant signage. The new train concourse will serve the Amtrak Hiawatha Service and the Amtrak Empire Builder.



Continuing and Emerging Challenges: Safety, Performance and Continued Capital Investment:

Safety remains the primary concern for authorities and state agencies. Market forces have led to a dramatic increase in energy transportation by rail. The economic returns are substantial, especially for Class II and III railroads. However, increased accident exposure and congestion are also direct results of increased freight traffic. Ridership has been adversely impacted by widespread and sustained poor on-time performance.

The SPRC submitted comments for the record on the Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains. The comments were directed to the impacts of reduced freight operating speeds on the on-time performance of intercity passenger trains, and the additional costs of operation to State sponsors and their customers.

The Supreme Court of the United States held oral arguments in the case of *US Department of Transportation V. Association of American Railroads*. The question presented: Section 207 of PRIIA requires that the Federal Railroad Administration (FRA) and Amtrak “jointly develop” the metrics and standards for Amtrak’s performance that will be used to determine whether the Surface Transportation Board (STB) will investigate a freight railroad (Section 213) for failing to provide the preference for Amtrak’s passenger trains that is required by 49 U.S.C. 24308(c). The question presented is whether Section 207 effects an unconstitutional delegation of legislative power to a private entity.

Pursuant to Section 213 of PRIIA Amtrak requested the STB to investigate whether preference had been provided to intercity passenger trains operated over portions of the Canadian National, Norfolk Southern and CSX Transportation. The STB cases continue to develop.

Further complicating the safety landscape is the 2015 deadline created by PRIIA for Positive Train Control (PTC) implementation. The capital and operating costs are very significant, these impacts are especially felt by Class II railroads that host state supported intercity passenger rail service.

The safety-on-time performance challenge was exacerbated by the need for capital investment to meet safety and capacity challenges. While Class I railroads made significant investments, the public sector continued to lack a long-term, dedicated source of funding to make capital investments.

SPRC Officers:

Chair:

Patricia Quinn, Northern New England Passenger Rail Authority

Vice Chair:

Jennifer Moczygemba, Texas Department of Transportation.
Jennifer stepped down in March. The position is vacant.

Treasurer:

Paul Worley, North Carolina Department of Transportation

Secretary:

Beth Nachreiner, Maryland Department of Transportation replaced Johnson Bridgwater.

SPRC wishes the following well on their retirement and/or new endeavors:

Johnson Bridgwater, Oklahoma Department of Transportation

Jennifer Moczygemba, Texas Department of Transportation

Ken Potts, Delaware Department of Transportation

Alan Ware, Texas Department of Transportation

Bob Zier, Indiana Department of Transportation

Memorium

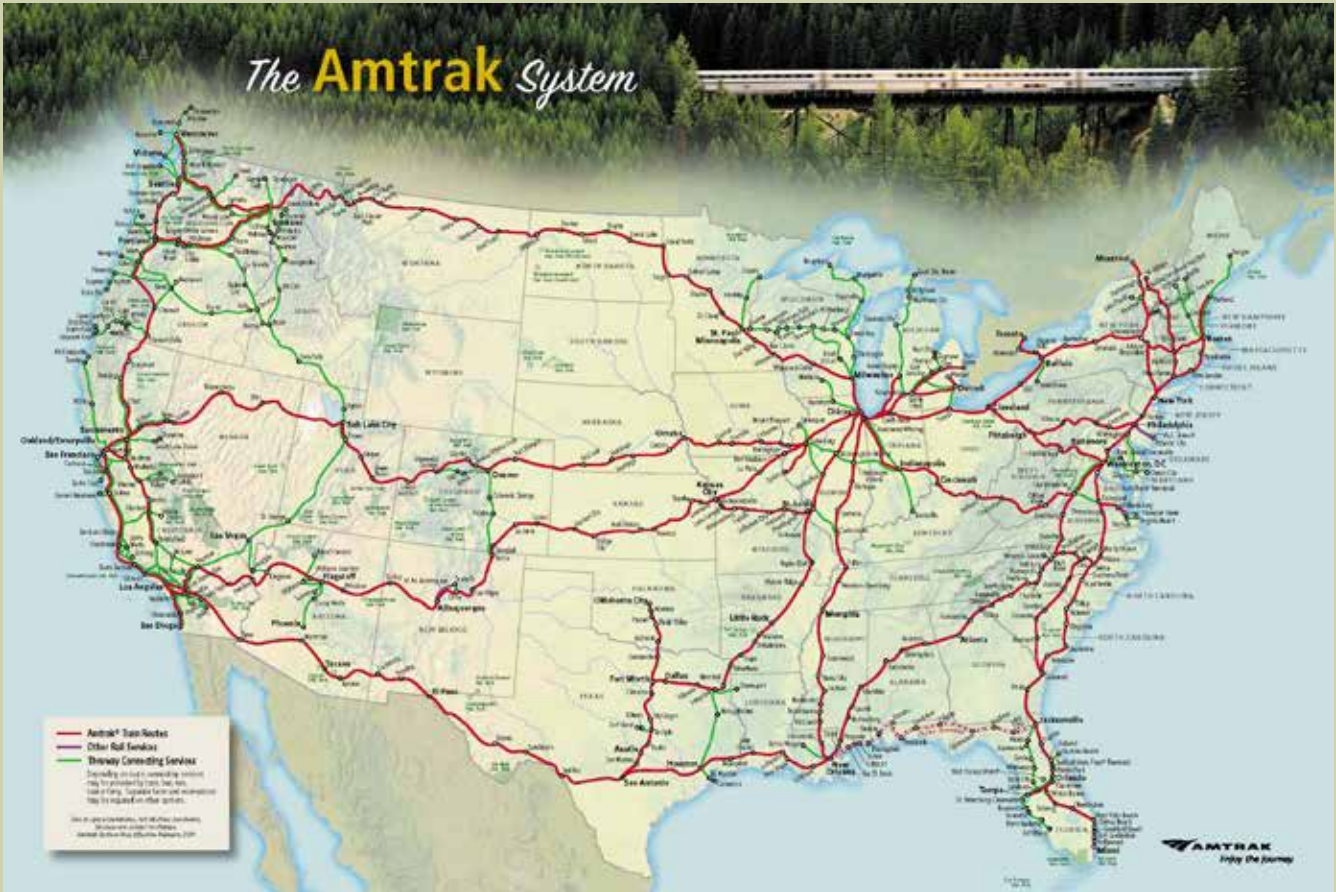
The SPRC would like to express our sadness for the loss of Ken Uznanski and Elaine King.

Ken Uznanski was formerly the Manager of the Washington State Department of Transportation Rail Office. In 2009 he left WSDOT and joined Amtrak as the Principal Officer for Corporate Policy and Development.

Elaine King was respected throughout the rail community and especially at the National Academy of Science's Transportation Research Board (TRB) where she continued to mentor and contribute to the rail transportation group following her retirement in 2010. Elaine was the first female program officer in the history of TRB.



The Amtrak System



States  4 Passenger Rail Coalition

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