



Congressman Mica Roundtable

March 20, 2007

We appreciate your invitation to participate in this panel that will explore whether there is a role for high speed rail within America's surface transportation infrastructure programs.

DesertXpress is a private corporation that will build a new high speed Interstate Passenger Railroad between Las Vegas and Southern California. We will privately finance the construction and operation. While privately funded, DesertXpress will yield substantial public benefits. Therefore, we see DesertXpress as a unique example of a public-private partnership where the private sector provides the funds and accepts the risks, and the public sector provides expedited reviews and approvals, and allows shared use of existing public rights-of-way.

Based on our experience to date, we would like to make two points about surface transportation policy and the role of Congress. First, we believe there should be a new commitment to the idea of interstate passenger rail as a part of the surface transportation solution that will connect urban centers. Second, we believe you should use a clean sheet of paper in defining the role of innovative private sector initiatives in creating dynamic new public private partnerships that will take full advantage of the private sector's creativity and capabilities, while at the same time ensuring appropriate public sector review and regulation.

First, it is time for a new paradigm that includes new state-of-the-art freight and passenger rail lines as a part of the transportation solution for the 21st Century. As you know, for 50 years following the initiation of the interstate highway program, our federal surface transportation program has been highway oriented. Now that the interstate system is complete and continues to be rehabilitated and modernized, public transit has been brought into the game—and has played an increasingly important role. However, as we enter the 21st Century, it is becoming clear that the old program is running out of gas.

In this era of large public deficits, ongoing resistance to tax increases, the fiscal implications of the global war on terrorism, and concerns about the long term environmental impacts of the existing transportation network, we nonetheless cannot stand still on transportation infrastructure. But we cannot provide sufficient resources to maintain the current highway and transit networks using the old approaches, let alone meet the growing freight and passenger loads that will add congestion and pollution and drain our limited petroleum reserves.

It is time for a new program with new funding approaches and a new, broader vision regarding the roles of the public and private sectors. That new vision should embrace new private sector investments in both passenger and freight rail. Every time the Government analyzes transportation corridors of the future, freight and passenger rail options should be explored, the opportunity for shared use of existing transportation and utility rights of way should be examined, and the potential for private investment should be considered. This may well be the best way to expand transportation capacity with the greatest social benefits at the least cost – both financially and environmentally.





On DesertXpress, we are doing precisely that. Four years of comprehensive work from 2002 through 2005 demonstrated to us that the project is technically, environmentally, financially, and politically viable as a completely new, exclusive, grade-separated double track high speed passenger railway within the I-15 Corridor between Nevada and Southern California. We then entered into a collaborative working relationship with a broad spectrum of federal, state, and local agencies and community leaders to make it a reality on an expedited basis. We are well into the formal environmental impact statement process, with the Federal Railroad Administration as the Lead federal agency and the Surface Transportation Board, Bureau of Land Management, and Federal Highway Administration as Cooperating Agencies.

All costs are all being covered by our company, DesertXpress Enterprises. FRA's consultant team is analyzing the benefits that will spring from implementation of the project as a result of this collaborative public-private effort. From the comprehensive work already completed, we know that DesertXpress will attract a significant amount of traffic from I-15 to the train, thereby reducing emissions from cars and buses, and providing a safer and far more reliable mode of travel for the ever-growing demand for travel within this corridor (over 13 million people visited Las Vegas from Southern California last year alone, plus millions more Nevadans are using the corridor to visit and do business in Southern California). Also, the project helps relieve the overcrowded McCarran International Airport. Further, as a new, environmentally responsible transportation facility that has an ultimate people-carrying capacity equal to that of the existing Interstate 15 highway, we will help California avoid altogether or defer for many years the costs and impacts of widening over 150 miles of the freeway.

We are the first to point out that this high demand travel corridor across the Mojave Desert is quite unique as compared to other travel corridors in the United States. This makes the project economically viable from fares and advertising and corporate sponsorships alone without using any federal, state, and local tax dollars. Certainly, other high speed rail projects may have a different balance of public/private benefits, and thus might need a larger public role in planning, acquisition or investment. But, we would not be surprised if some aspects of the approach we are using with DesertXpress have relevance to other high speed rail corridors between urban centers that are currently in various stages of planning.

Specifically, as you develop the new program that will succeed SAFETEA-LU high speed rail that uses new lines built alongside existing roadways, with significant private participation and streamlined and expedited federal, state, and local reviews and approvals; we believe that you will find new, state-of-the-art passenger rail lines to be very viable alternatives that should be explored along every Corridor of the Future.

Second, we believe you should adopt policies that carefully help foster a new kind of public-private partnership. In defining PPPs we must reach beyond the current narrowly defined debate which centers on using private financing to replace public funding to build toll roads, and going beyond arguments about whether the public sector should provide some form of financial "backstop" for those undertakings. To us, the discussion should expand to include public participation that encourages and facilitates privately initiated rail projects by giving them a streamlined and focused process to help expedite the myriad of regulatory approvals. If each approval is left to the traditional, sequential bureaucratic approach, innovative high speed rail projects may never be built.

On DesertXpress, for example, we have proposed a special high level Working Group comprised of senior policy makers from the participating agencies to help us combine and facilitate approvals on





the multiple complex tracks of regulatory approvals, each of which otherwise must be pursued separately through the Federal Government, the State of California and the State of Nevada. The first track involves a focused approach on the environmental impact process. The second track focuses on the process for securing approvals for access and occupation of federal and state rights of way. We are pleased to report that this focused, project-specific Working Group approach is being well received by the various agency stakeholders.

Thus, if Congress creates a new high speed rail program, as a part of the public sector's responsibility in such collaborative public-private initiatives we believe it would be appropriate to create a streamlined environmental and right of way approval process. In considering this, by definition, high speed rail in a busy intercity corridor will yield significant public benefits, but we must recognize that the need to sufficiently analyze and mitigate environmental impacts consistent with the National Environmental Policy Act is real and can not be compromised. Equally important for projects planning to occupy an Interstate Highway Corridor and other public lands is ensuring the free and safe flow of highway traffic. That said, we believe the job can and must be done with enforceable deadlines and through a co-coordinated, streamlined effort among responsible state and federal agencies.

To that end, we are quite pleased with the cooperation from FRA and the other federal agencies, and the agencies in both states, with our efforts to stimulate an effective and efficient approval process. With their cooperation, the regulatory approval efforts are steadily progressing. Working with our partners in government, I believe we will be able to provide you with a model for public-private cooperation that can be applied nationally for other high speed rail projects.

In closing, we would like to invite you to join us on the inaugural run of DesertXpress, as the first modern-era privately funded high speed interstate passenger railroad in North America. Spanning nearly 200 miles, DesertXpress will originate in Las Vegas and terminate in Victorville, California, with future possible links to the California high speed rail network which is undergoing a separate environmental review and planning process. There are also other future potential mass transit links to our Southern California hub station, including Metrolink and the Caltrans bus feeder network, not to mention the proposed future maglev network in Southern California.

When we initiate service, scheduled for 2012, DesertXpress will utilize proven and reliable new European high speed rolling stock, a modern train control system, and very high quality new double tracks, all designed and constructed to enable speeds up to 150 mph. Working with our preferred supplier, Bombardier, we are nearing completion of our evaluation of two technology options. One is a diesel-electric multiple unit train with a top speed capability of 125 MPH, based on train sets operating in Britain today. The second, based on train sets currently operating in Sweden, is an all-electric multiple unit train with a top speed capability of 150 MPH.

Thank you for this opportunity to come before this committee and share our vision and experience with you. We compliment you all on your efforts to approach these important issues in an open, transparent and truly bi-partisan manner, and we pledge our continued cooperation and support. All aboard DesertXpress!

www.desertxpress.com

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