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TESTIMONY OF

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ON BEHALF OF THE

American Association of State Highway and Transportation
Officials (AASHTO)

REGARDING

**An Update on the High Speed and Intercity
Passenger Rail Program: Mistakes Made and
Lessons Learned**

BEFORE THE

**Committee on Transportation and Infrastructure
of the United States House of Representatives**

ON

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American Association of State Highway and Transportation Officials

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Thank you, Chairman Mica and Ranking Member Rahall, for inviting me to participate in this important and timely hearing. The states are the ones responsible for delivering projects funded through the High-Speed and Intercity Passenger Rail (HSIPR) Program and we have an interesting and unique story to tell. Washington State is fortunate to have two members of our congressional delegation who serve on this distinguished panel – Representatives Rick Larsen and Jaime Herrera Beutler. They are tenacious advocates for our state’s transportation system and our interests are certainly well represented here in the “other” Washington.

I am here today wearing three hats – as the Transportation Secretary for Washington State, the Chair of AASHTO’s High-Speed and Intercity Passenger Rail Leadership Group, and as Chair of the States for Passenger Rail Coalition, a coalition of 34 states that work together to support the development and growth of intercity passenger rail service for America. The HSIPR Program has been a positive development for Washington State and for states across the country. In Washington it is helping us make significant improvements to our existing intercity passenger rail service to get to what I like to call “higher-speed” rail, while in other states it is building true high-speed rail.

The program provides many benefits for the nation and states, but like all new programs, there have been significant challenges and there is room for improvement. Today I’ll address four issues: 1) Washington’s experience with the HSIPR Program and the experience of my colleagues in other states; 2) thoughts on where the program has succeeded and where it can be improved; 3) the great relationship between Washington and our Class I freight railroad host; and 4) policy suggestions for reauthorization of the Passenger Rail Investment and Improvement Act (PRIIA) next year.

AMTRAK CASCADES SERVICE

First, I’d like to share some background on our passenger rail service in Washington. The Washington State Department of Transportation (WSDOT) oversees the management of the Amtrak Cascades intercity passenger rail service along the Pacific Northwest Rail Corridor, one of 11 federally-designated high-speed rail corridors in the U.S. The corridor is 467 miles long, stretching from Vancouver, British Columbia in Canada south through Seattle and Portland to Eugene, Oregon.

WSDOT and the Oregon Department of Transportation (ODOT) currently pay for the majority of the costs of the Amtrak Cascades and we will soon take over the full cost of this state-sponsored service. Amtrak is our partner and operator. We first partnered with Amtrak to offer the Cascades service between Seattle and Portland in 1994, nearly 20 years ago. That service has since expanded south to Eugene and north to Vancouver. We currently offer 11 daily trips – four daily round trips between Portland and Seattle; one daily round trip between Seattle and Vancouver, B.C., and one between Portland and Vancouver, B.C.; and daily service between Eugene and Seattle, via Portland. As of December 2011, Washington State has invested nearly \$478 million of its own funds in the service, for both capital projects (\$221 million) and operating costs (\$257 million). During that same time, Oregon has invested \$115.3 million of its funds in the service (\$42.6 million for planning and capital, and \$72.7 million for operations). In 1994 we served 180,209 passengers and our ridership has grown steadily since then – in 2011 we served nearly 850,000 passengers. Our farebox recovery has increased to nearly 66 percent.

PARTNERSHIPS AND A CORRIDOR APPROACH

Operating intercity passenger rail service requires many partnerships – we work with Oregon, British Columbia, Amtrak, three railroads, including BNSF, a train manufacturer, and international customs and border control agencies. These partnerships are managed through constant collaboration, service contracts and operating agreements. We are working with our partners to develop agreements to manage the service using a corridor approach, rather than each state or province managing its own segment.

Recognizing that passenger rail corridor development is a cooperative effort, this past spring WSDOT and ODOT entered into a Memorandum of Understanding (MOU) establishing the development of a Pacific Northwest Rail Corridor plan between the states. The plan will result in a documented process by which WSDOT and ODOT will work together. The Corridor Management Plan will be consistent with both state rail plans, and will serve as an element of the FRA-required Service Development Plan. We will continue to work with British Columbia to add them to the partnership. Managing the service using a corridor partnership approach has many advantages for planning and funding support that would not occur otherwise.

WASHINGTON’S EXPERIENCE WITH THE HSIPR PROGRAM AND JOBS SUPPORTED

While WSDOT has invested a substantial amount of state funds into our passenger rail service over the years, it wasn’t until creation of the HSIPR Program and its funding through the American Recovery and Reinvestment Act (Recovery Act) that we were able to begin to make the necessary capital improvements to significantly improve our service. WSDOT is investing nearly \$800 million in HSIPR funds with the goal of providing faster, more frequent Amtrak Cascades service with better schedule reliability. While some states are able to pursue true high-speed rail today, and that is the right choice for them, Washington will use our federal funds to take a more incremental approach to increase our service, speed and reliability, what is called “higher-speed rail.”

The HSIPR grant program has allowed us to begin to make critical improvements to the Washington segment of the Pacific Northwest Rail Corridor that wouldn’t have been possible without the federal funds. The projects include additional rail-line capacity and upgraded tracks, utilities, signals, passenger stations and advanced warning systems. WSDOT will also purchase eight locomotives and one new trainset. These projects, all scheduled to be complete by 2017, will result in two additional round trips, improved on-time performance for business and leisure travelers (88% on-time performance), and reduced travel time between Seattle and Portland (10 minutes).

FRA has approved 11 projects to begin design and/or construction (see the attached project list), and five federally-funded projects are under construction:

- Tacoma D to M Street – New Sounder commuter rail service to Lakewood, WA began October 8th (Complete).
- King Street Station Seismic Improvements – Scheduled for completion in May 2013 (Underway).
- Port of Vancouver Freight Access Improvements – Scheduled for completion in winter 2015 (Underway).

- Everett Storage Track – Track laying will be completed in December, with the tracks operational by the end of the year (Underway).
- Corridor Reliability South – Track replacement began in October 2012 (Underway).

Five more projects will begin construction in 2013 and more than \$55 million in construction spending is anticipated by the end of 2013. To date, WSDOT has received \$13.2 million in FRA reimbursements and expects reimbursements to increase significantly as more projects move into construction next year.

Additionally, WSDOT and FRA published the Environmental Assessment for the Point Defiance Bypass Project and completed the public review period in November. The Point Defiance Bypass is a capital rail project proposing to reroute trains from the BNSF Railway main line that runs along southern Puget Sound to an existing rail line along the west side of Interstate 5, and was included in the Obama Administration's "We Can't Wait" Initiative. Per that Initiative, FRA is expected to issue its environmental decision document by the end of 2012. A favorable decision would allow WSDOT to move forward with final design of the project by the end of 2014 and construction would begin in 2015. New service on the bypass would start in 2017.

WSDOT has worked with the Governor's Office of Financial Management Forecast Division to estimate the job impact associated with our high-speed rail program. *Calculations conclude these investments supports more than 2,300 direct, indirect or induced jobs over the life of the program.*

HSIPR PROGRAM EXPERIENCES OF OTHER STATES

States across the country are investing HSIPR dollars to both improve existing passenger rail service and move to high-speed service. I'd like to share a few examples of how states are investing these valuable dollars:

- In Michigan, they're investing over \$400 million from the HSIPR Program to refurbish or build new stations, provide a new connection track for passenger operations in West Detroit, and to purchase and improve a 135-mile segment of the Chicago Hub High-Speed Rail Corridor between Kalamazoo and Dearborn. The improvements between Kalamazoo and Dearborn in order to reach 110 mph passenger operations will complete nearly 80 percent of the route between Detroit and Chicago; this work will result in a 30-minute reduction in travel time, improved reliability and on-time performance. Currently, Amtrak's Wolverine and Blue Water services run on this line, and as you know, Michigan reached 110 mph speeds on Amtrak-owned track between Porter, IN and Kalamazoo, MI in February of this year. Investment in intercity passenger rail will provide economic benefits to Michigan citizens including increased job growth, increased property values, expanded labor markets, increased safety and reduced emissions. Improvements at rail stations are also crucial. Modernizing stations and rail travel in general will help business development and increase job growth.
- Vermont recently completed upgrades and repairs along 190 miles of track between St. Albans, Vermont and the Massachusetts border for Amtrak's Vermonter Service. It was one of the first major rail corridor projects completed with HSIPR funds, and invested \$52.7 million in federal funding that was matched with \$20 million from a private rail

partner. The improvements will result in increased speeds, reduced travel time, greater reliability, and an increased number of trains traveling each day. The Vermonter project also represents one segment of a well-coordinated, multi-state effort to improve and expand the use of rail, both passenger and freight, in the Northeast and is a precursor to restoring an international passenger rail connection that will facilitate trade and travel between the region and Montreal, Canada with direct access into the Northeast Corridor.

- Just last month, the Northern New England Passenger Rail Authority (NNEPRA) expanded its Downeaster Service northward by launching its new Brunswick to Freeport, Maine service. The project was made possible by \$38.3 million in HSIPR funding and required improvements to more than 30 miles of rail, owned primarily by Pan Am Railways between Portland and Brunswick, rehabilitation of 36 crossings and construction of two station platforms. The HSIPR Program has been a “game changer” in Maine and the new service is expected to add 36,500 more passengers each year.
- North Carolina is investing \$546.5 million in federal Recovery Act HSIPR funding, \$21 million in HSIPR funding from the appropriations process, and has obligated \$600 million for its Piedmont Improvement Program including these sources. In addition, efforts are under way to enter into a joint developer contract for the Charlotte Gateway Station project and \$60 million in Recovery Act, TIGER, state and local funds have been allocated for its Raleigh Union Station project. The Piedmont Improvement Project will improve the safety and efficiency of the rail system and includes approximately 12 highway overpasses and underpasses of the railroad, approximately 30 miles of railroad roadbed grading, structures projects, and railroad track and signal projects. There are also rail equipment improvements, passenger station improvements, and equipment maintenance facility improvements included in the program. Three current frequencies of the Piedmont and Carolinian passenger rail services now serve more than 450,000 passengers annually between Raleigh and Charlotte. When completed, the Piedmont Improvement Program will expand service along the Piedmont Corridor to five daily round trips.

HSIPR PROGRAM SUCCESSES AND ROOM FOR IMPROVEMENT

Washington’s experience with the HSIPR Program has consistently progressed and overall has been a positive experience. The program’s benefits are numerous, including job creation, economic benefits around station re-development, improvements to clean air by emissions reductions, and rail manufacturers increasing their production capacity and creating family-wage jobs here in the U.S. It’s helping states make rail an even safer, faster, and more efficient travel option. More states are working with Amtrak to improve the services they support and passengers are responding in record numbers. Amtrak reports record-breaking ridership nationally in 2012 and since fiscal year (FY) 2000, Amtrak ridership is up 49 percent. We’re seeing increases in revenue and growing farebox recovery.

While we are seeing many successes, with any new program there is room for improvement. It’s been a challenge for a safety agency to quickly become a grant-making agency, with very limited staff. *Let me be clear, FRA staff are dedicated and doing an admirable job standing up a new program.* I have the following suggestions for how the program can be improved.

Improve FRA Guidance

Washington's number one concern with the HSIPR Program has been the lack of guidance from FRA. Because this is such a new program, all of the necessary guidance has yet to be established and FRA staff is hamstrung by the lack of established procedures and seem unable to confidently tell us what information we need to provide them with. Instead we get caught up trading information that is off the mark. At WSDOT, we have named it the "bring me a rock; no, not that rock" syndrome. When asked to provide FRA with information for project agreements and other documents they can't give us specifics of what they want or need; instead they tell us no to what we give them until we hit upon the right information that seems to meet their needs. We have written process guidance for Washington's program for FRA's review and approval in an effort to keep projects moving forward.

Suggestion: Develop program delivery guidance.

Increase FRA Resources

Similar to the lack of guidance, FRA appears to lack the resources to be able to commit to and keep to a schedule. FRA has been unable to commit to schedules due to a lack of resources, which slows progress. Following the Presidential Directive, the "We Can't Wait" Initiative, FRA re-allocated resources to the Point Defiance Bypass Project Environmental Assessment, which reduced the project schedule by six months.

Suggestion: A stronger use of consultants may augment FRA staff workloads to provide effective scheduling and speed review times and approval processes.

Improve Coordination between Modal Agencies

There could be better coordination between FRA, FHWA and FTA, particularly on NEPA documents. For instance, there are times when FRA could significantly speed up the NEPA process by adopting another USDOT modal agency decision document. As an example, WSDOT has had that experience with our Point Defiance Bypass Project, where FHWA approved a Documented Categorical Exclusion (CE) in 2008 and when we were later awarded HSIPR funds in 2010, FRA notified us that it could not accept the Documented CE and that we must prepare an Environmental Assessment instead. If FRA had the ability to rely on another USDOT agency's decision for the same federal action, we believe the project would have been completed in tandem with the other corridor improvements coming on-line this year.

FRA recently proposed seven new CEs in a Federal Register notice, and we agree all seven are needed, but we encourage FRA to go further. We suggest FRA consider adding a provision that allows the agency to make use of other USDOT modal agency CE lists, and we would like to see FRA obtain similar authority to that of FHWA for the issuance of Documented CEs for activities that are not explicitly listed as categorically excluded. Finally, we would like to see FRA obtain the authority to adopt another USDOT modal agency decision document, including adopting Documented CEs.

Suggestion: Provide FRA the ability to rely on another USDOT agency's decision for the same federal action. Additionally, USDOT should continue to press for alignment between its modal agencies, so that each agency can take advantage of the expertise from its sister agencies. USDOT,

like many state DOTs across the country, is working to improve its “one DOT” approach within its modal divisions, and these changes would aid those efforts.

Buy America Waivers

The need for Buy America waivers in certain circumstances has also proved challenging. While rebuilding America’s rail manufacturing industry is a commendable goal, the reality is FRA’s lack of Buy America waivers has hindered our ability to deliver projects. As an example, earlier this year we worked with BNSF to submit a Buy America waiver for two small parts used to attach rail to concrete ties at a cost of \$6 each. These parts are only made in Germany and were necessary for our \$3.5 million Everett Rail Yard Project. Unfortunately the process to obtain the needed waiver took five months and required a justification of each individual part. While we ultimately obtained the waiver, FRA’s inconsistent guidance on the approval process almost delayed construction for a year as we nearly missed the construction season window for BNSF to schedule the track laying equipment.

Suggestion: Allow time to transition to 100 percent Buy America. In the meantime, provide states with consistent guidance from FRA on how to obtain necessary waivers.

Performance-Based Program

Finally, the HSIPR Program should be a performance-based program. FRA should be concerned that we meet our performance outcomes, per the service outcome agreements we have signed, not what type of rail tie clips we’re using. FRA’s interest in the minute detail of our projects means our schedules and deadlines often slip. All too often deadlines are missed because FRA staff want one last look at a document or submit additional edits to a document we thought was final. States build multi-million and billion dollar transportation projects every year and we know what we’re doing.

Suggestion: Allow states to manage the risk and deliver the projects we have committed to deliver.

RELATIONSHIP BETWEEN WSDOT AND BNSF

In addition to our partnership with FRA to deliver projects through the HSIPR Program, delivery of those projects wouldn’t be possible without our strong partnership with host railroad BNSF, as our service runs along their mainline. While I can’t speak for the experience of other states and their host freight railroads, we have found BNSF to be a valuable partner in helping us reach our goals for improved service, speed and reliability. BNSF has assembled a skilled team to deliver WSDOT’s projects, and has been flexible to meet the federal funding requirements. Through our construction and maintenance agreement with BNSF, we have committed to pay our share of the maintenance costs on their mainline for twenty years. This means BNSF is in no way required to subsidize passenger rail.

PRIIA REAUTHORIZATION SUGGESTIONS

Finally, as I mentioned in my introduction, this hearing is very timely. It is a great opportunity to discuss where the HSIPR Program has been and where it should go, particularly given the need to reauthorize PRIIA next year. Both the States for Passenger Rail Coalition and AASHTO

will be submitting formal suggestions for PRIIA reauthorization early next year, but I would like to mention a few policy proposals we plan to submit for your consideration.

- PRIIA reauthorization should continue the same level of funding as the level authorized for FY 2013 for the Capital Assistance for Intercity Passenger Rail Service (Section 301), Congestion Grants (Section 302) and High-Speed Rail Corridor (Section 501) programs.
- As the Congress considers providing additional dedicated capital investment for transportation, please include a dedicated source of capital funding for the HSIPR program. This would bring modal parity by providing dedicated revenue similar to what the federal government already provides for highways, transit and aviation.
- Make intercity passenger rail eligible for Transportation Development Credits (i.e. toll credits). We encourage you to expand the use of Transportation Development Credits to allow states to use the credits toward the non-federal share for the completion of intercity passenger rail projects. Current law allows states to utilize this funding tool for a variety of highway and transit projects. By allowing the use of Transportation Development Credits for intercity passenger rail projects, states will be provided the freedom and flexibility to stretch their transportation dollars further.
- Allow the use of Section 301 funds for operating costs during the transition required in PRIIA Section 209. This will allow states the time to obtain the state funding necessary to take over the full cost of state-supported Amtrak service, as called for in PRIIA.
- Provide intercity passenger rail with the same environmental and historic preservation regulations as other modes were provided in SAFETEA-LU and MAP-21.
- Direct FRA to accelerate the distribution of guidance for the HSIPR Program.

CONCLUSION

Thank you for the opportunity to share Washington's experience with this valuable program. Despite a fragile national economy, intercity passenger rail ridership continues to grow across America. As the retail price of motor fuel continues to rise without predictability, people are turning to rail to help meet their mobility needs. The challenges for states include delivering the projects, keeping the planning and environmental documentation efforts on track, agreeing to a new cost accounting regime with Amtrak (PRIIA Section 209), and bringing on line a new generation of equipment. These are things states are experienced at: we build strong infrastructure, plan, develop, and purchase capital goods. We will continue to work hard to maintain a strong working relationship with our freight hosts and partners.

The HSIPR Program is helping to create and save good-paying jobs as we work to modernize the nation's rail infrastructure and it is revitalizing rail manufacturing in America. These investments will help make intercity train services more frequent and reliable, providing more people better travel options. Lack of funding for the HSIPR Program in FY 2011 and FY 2012 put a pause button on the program and allowed FRA and states to get funding obligated and projects underway. The program should be funded again moving forward. As states construct

their projects, create jobs, and prove how successfully we can invest federal funds, we need Congress to continue to partner with us and provide additional funding so we have a long-term, predictable source of federal matching funds. HSIPR is an investment worth making. As a state official, I respect the budgetary challenges facing Congress. I believe that investments in intercity passenger rail will provide a positive rate of return for the nation both now and well into the future, and urge your support for continuing the HSIPR Program.

Cascades High Speed Rail Program



Project Name	Funding Amount	Current work phase	Begin construction	Open for service
Tacoma - D to M St. Connection	\$21.3 million	Construction	October 2010	October 2012
Tacoma – Point Defiance Bypass	\$89.1 million	Environmental	March 2015	June 2017
Vancouver – Rail Yard Bypass	\$28.5 million	Design	March 2013	July 2015
Kelso Martin’s Bluff – Toteff Siding	\$36.5 million	Design	April 2014	August 2015
Kelso Martin’s Bluff – New Siding	\$34.7 million	Design	April 2014	August 2017
Kelso Martin’s Bluff – Longview Jct.	\$123 million	Design	April 2014	August 2017
Everett - Storage Track	\$3.5 million	Construction	April 2012	December 2012
Corridor Reliability South	\$91.8 million	Construction	October 2011	September 2016
Advanced Wayside Signal System	\$60.1 million	Construction	November 2012	November 2015
King Street Station Tracks	\$50.4 million	Design	July 2014	May 2016
New Train Set	\$23.5 million	Procurement planning	November 2015	June 2017
Program Management	\$30 million	N/A	N/A	N/A
Corridor Reliability Upgrades North	\$57.3 million	Design	November 2013	May 2016
Vancouver – New Middle Lead	\$10 million	Design	March 2013	December 2014
Blaine Swift Customs Facility	\$5 million	Design	August 2013	October 2014
New Locomotives	\$46.7 million	Procurement planning	November 2015	June 2017
Corridor Reliability Supplemental Work	\$16.1 million	Design	June 2014	August 2016
Vancouver Port Access Rail Improvements	\$15 million	Construction	June 2012	November 2014
Mount Vernon Siding Extension	\$3.3 million	Design	July 2013	August 2014
Tukwila Station	\$7.9 million	Design	March 2013	March 2014
King Street Station Seismic Retrofit	\$16.7 million	Construction	March 2012	May 2013