

PREPARED TESTIMONY OF KENNETH ORSKI, EDITOR AND PUBLISHER OF INNOVATION NEWSBRIEFS, BEFORE A HEARING OF THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE ON "THE FEDERAL RAILROAD ADMINISTRATION'S HIGH SPEED AND INTERCITY PASSENGER RAIL PROGRAM: MISTAKES AND LESSONS LEARNED," DECEMBER 6, 2011.

Mr. Chairman, Members of the Committee,

Thank you for the opportunity to appear before you and testify about the Administration's High-Speed Intercity Passenger Rail Program.

My name is Kenneth Orski, and I am editor and publisher of Innovation NewsBriefs, a transportation newsletter currently in its 22<sup>nd</sup> year of publication. My 40-year career in transportation includes a stint as Associate Administrator of the Urban Mass Transportation Administration; a State Department assignment with responsibilities in the field of international cooperation in transportation, and more than three decades as head of a consulting firm advising federal, state and local governments on matters of transportation policy and practice.

Our newsletter broadly covers surface transportation and focuses on policy and legislative developments. As part of our coverage, we have closely followed the Administration's high-speed rail (HSR) program and over the past two years have published numerous commentaries dealing with various aspects of the program. For the record, I attach a list of these articles at the end of my testimony.

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Let me state at the outset that I do not question the merits or the need for intercity passenger rail service. Railroads have been an integral part of the nation's transportation system for a century and a half and they continue to play a vital role in the economy. Nor do I question the desirability of high-speed rail. Having personally experienced high-speed train travel in Europe and Japan I have come to appreciate the benefits of this technology and believe that we ought to pursue it in this country — thoughtfully, cost-effectively and in the proper places (or, as Chairman Mica would say, "where it makes sense.")

What I do question is the manner in which the Administration has gone about implementing its nine billion dollar rail initiative— or what the White House proudly calls "President Obama's bold vision for a national high-speed rail network." My criticism can be summarized under two headings: 1. Misleading representations; and 2. Lack of a focus in pursuing the high-speed objective.

### **Misleading Representations**

*The Administration's first misstep, in my judgment, has been to falsely represent its program as "high-speed rail," thus, conjuring up an image of bullet trains cruising at 200 mph, just as they do in Western Europe and the Far East. It further raised false expectations by claiming that "within 25 years 80 percent of Americans will have access to high-speed rail." In reality the Administration's high-speed rail program will do no such thing. A close examination of the grant announcements shows that, with one exception, the program consists of a collection of planning, engineering and construction grants that seek incremental improvements in existing facilities of Class One freight railroads in selected corridors used by Amtrak trains.*

While some of the projects funded with HSR dollars may result in modest increases in speed, frequency and reliability of Amtrak services, none of the awards, except for the California grant, will lead to

construction of new rail beds in dedicated rights-of-way. As any railroad operator will tell you, dedicated track reserved exclusively for passenger trains, is essential to the operation of true high-speed rail service— such as the service offered by the French TGV, the German ICE and the Japanese Shinkansen trains, that run at top speeds of 200 miles per hour and higher.

Lately, the Administration has toned down its rhetoric. It no longer claims that high-speed rail is “just around the corner” (Sec. LaHood’s own words of some time ago) but rather that the HSR grants are “laying the foundation for high-speed rail corridors.” But even that claim seems overblown. While track upgrades will allow Amtrak trains to reach top speeds of 110 mph in some cases, *average* speeds— which is a more accurate measure of performance and service quality, for it determines trip duration — will increase only modestly.

For example, while a \$1.1 billion program of track upgrades between Chicago and St. Louis will enable Amtrak trains to increase top speeds to 110 mph, average speeds between those two cities —slowed by the need of Amtrak trains to share track with freight traffic — will rise only 10 miles per hour, from 53 to 63 mph. The four-and-a-half hour trip time will be cut by a mere 48 minutes. In France, TGV trains between Paris and Lyon, cover approximately the same distance (290 miles) in a little under two hours, at an average speed of 150 mph. Yet, federal officials did not hesitate proclaiming the Chicago-St. Louis project as “historic” and hailing it as “one giant step closer to achieving high-speed passenger service.”

Had the Administration resisted the temptation to hype its rail initiative, had it candidly represented the HSR program for what it is — an effort to introduce useful but modest enhancements in existing intercity Amtrak services— it would have earned some plaudits for its good intentions to improve train travel. But by pretending to have launched a “high-speed renaissance,” when all evidence points to only small incremental improvements in speed and trip duration, the Administration has suffered a serious loss of credibility. Its pledge to “bring high-speed rail to 80 percent of Americans” is not taken seriously.

### **Lack of a focus**

*The Administration's second mistake, in my opinion, has been to fail to pursue its objective in a focused manner. Instead of identifying a corridor that would offer the best chance of successfully demonstrating the technology of high-speed rail, and concentrating resources on that project, the Administration has scattered its nine billion dollars on 145 projects in 32 states, and in all regions of the country. (A complete list can be found at [www.fra.dot.gov/rpd/HSIPR/ProjectFunding.aspx](http://www.fra.dot.gov/rpd/HSIPR/ProjectFunding.aspx)). Only a few of these awards (CA, IL, NC, WA, NEC) are of a sufficient scale to produce any appreciable service improvements. The remaining grants, many of them under ten million dollars, will support minor facility upgrades, preliminary engineering, and planning and environmental studies. Indeed, the program bears more resemblance to an attempt at revenue sharing than to a focused effort to pioneer a new transportation technology.*

Ironically, the Northeast corridor, where high-speed rail has the best chance of succeeding, has received scant attention. And yet, this corridor is probably the only one in the nation that has all the attributes necessary for effective and economical high-speed rail service.

*First.* The NE Corridor has no less than six city-pairs that are major population centers and travel generators (Boston-New York, New York-Philadelphia, NY/Philadelphia-Baltimore/Washington). *Second,* the distances between these cities are less than 300 miles which makes them neither too close nor too far from each other to successfully compete with car and air travel. *Third,* each of the cities has an extensive metropolitan-wide transit system that can carry travelers from the rail stations to their ultimate destinations. *Fourth,* the corridor suffers from high levels of highway and airspace congestion that makes rail service improvements a matter of some urgency. *And lastly,* it is the only rail corridor in the nation

where passenger trains do not have to share track — and thus do not come into conflict with— freight trains.

In sum, no other travel corridor in the nation offers better conditions for a successful implementation of high-speed rail service, or a more compelling case for moving forward with an ambitious investment program.

To its credit, the Administration has belatedly recognized the demonstration potential of the Northeast Corridor and decided to make up for its past neglect by awarding a \$450 million grant to Amtrak for track, signal and catenary improvements in a heavily used sections of the corridor, between New Brunswick and Trenton NJ. These improvements will allow top speeds of up to 160 mph and significantly boost average speeds between Philadelphia and New York. Another \$295 million grant will eliminate a major bottleneck and source of delay in rail traffic (the so-called Harold Interlocking in Queens, NY) between New York and Boston.

These grants are but a small beginning in what will hopefully become a redirected HSR program, with a focus on the Northeast corridor and consisting of a staged program of improvements which, progressively over the years, would raise *average* speeds between city pairs to 150 mph.

#### **The need to involve the private sector**

In view of the constraints on the federal budget, any such program will of necessity require a substantial participation of the private sector. The density of travel in the NE Corridor and its continued growth should, in principle, generate a sufficient stream of revenue to attract private financing and create opportunities for public-private partnerships.

However, this is still an untested hypothesis. We simply do not have enough experience with public-private partnerships in the passenger rail sector to make confident predictions about the response of the private investment community— its assessment of the risk, rewards and expected rate of return on investment in such an enterprise. Thus, I believe that an early step in the process should focus on thoroughly exploring the potential of private financing and ascertaining the private investors' interest in this venture— both domestically and internationally. Only such an exploration would provide the required confidence that the decision to proceed is based on a sound financial basis.

#### **The California decision**

One also could question the Administration's role in the controversial decision by the California Rail Authority to begin construction of the initial 130-mile operable segment of California's HSR system in the sparsely populated Central Valley between Merced and Bakersfield.

California legislature's Legislative Analysts's Office (LAO) questioned this decision and suggested several alternative segments in more populated areas (such as LA-Anaheim or SF-San Jose) that could generate more ridership and be of benefit even if the rest of the project does not get built. At LAO's urging, the Rail Authority asked the US DOT for more flexibility in deciding where to construct the initial segment.

However, the U.S. Department of Transportation turned a deaf ear to the request. As a senior DOT official stated at the time, once major construction is underway, the private sector will have "compelling reasons to invest in further construction," a judgment that proved to be overly optimistic (May 25, 2011 letter from Undersecretary Roy Kienitz to the California Rail Authority). The Administration's primary

motivation seems to have been a desire to get construction underway as quickly as possible and in a place that would offer the least local opposition. As such, it sealed the California Rail Authority's decision to proceed with a rail project that makes little economic or transportation sense.

Federal officials are fond of reminding us that construction of the interstate highway system also began "in the middle of nowhere" — in that particular case, in the middle of Kansas. But they ignore a fundamental difference between the two decisions: the interstate highway system was backed from the very start by a dedicated source of funds, thus ensuring that construction of the system would continue beyond the initial highway segment in the wheat fields of Kansas.

The California project has no such financial backing. Should money for the rest of the system never materialize— as is likely to happen— the state will be stuck with a rail segment unconnected to major urban areas and unable to generate sufficient ridership to operate without a significant state subsidy. The Central Valley rail line could literally become a "Train to Nowhere" — a white elephant and a monument to wasteful government spending.

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While the Administration's handling of the high-speed rail program has— understandably and justifiably— made Congress reluctant to support this initiative any further, I hope that under the Committee's leadership, and with the help of the NEC Advisory Commission, Amtrak and the several participating states, a reformulated high-speed rail initiative— focused on the NE Corridor and involving a public-private partnership— could begin taking shape.

One often hears these days that we, as a nation, have lost the will to think big— that we no longer have the ambition and imagination to mount "bold new endeavors" that capture the public imagination— the kind of motivation that caused our parents' and grandparents' generation to build the Hoover Dam and the Interstate Highway System. Launching a multi-year public-private venture to usher in true high-speed rail service in the Northeast Corridor, a project of truly national significance, offers us an opportunity to prove the skeptics wrong.

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**NewsBrief commentaries dealing with high-speed rail, 2010-2011**

**2010**

NewsBrief No. 12, June 16, 2010  
Is the High-Speed Rail Program at Risk?

NewsBrief No. 13, June 30, 2010  
The Rail Debate Intensifies

NewsBrief No. 14, July 5, 2010  
The Accidental Legacy of High-Speed Rail

NewsBrief No. 18, August 26, 2010  
Congratulations to FRA on a Sensible Decision

NewsBrief No. 26, November 1, 2010  
High-Speed Rail Debate Refuses to Quiet Down

NewsBrief No. 27, November 10, 2010  
The Federal High-Speed Rail Program: A Post-Election Reality Check

NewsBrief No. 29, December 1, 2010  
The Unraveling of the High-Speed Rail Program

**2011**

NewsBrief No. 1, January 5, 2011  
The Uncertain Future of the High-Speed Rail Program

NewsBrief No. 2, January 12, 2011  
Skepticism About High-Speed Rail is Growing

NewsBrief No. 5, February 8, 2011  
A \$53 Billion High-Speed Rail Program to Nowhere

NewsBrief No. 7, February 23, 2011  
Mainstream Media Opinion Turns Against the High-Speed Rail Program

NewsBrief No. 10, March 25, 2011  
The End of the Line: The High-Speed Rail Program Has Hit the Buffer  
of Fiscal Reality

NewsBrief No. 12, April 12, 2011  
A Requiem for "High-Speed Rail" : An Editorial Point of View

NewsBrief No. 13, April 25, 2011  
Fast Train to Nowhere

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NewsBrief No. 15, May 11, 2011  
Pragmatic Funding Decisions Mark the Final Round of Rail Grants

NewsBrief No. 16, May 31, 2011  
California's Bullet Train --- On the Road to Bankruptcy

NewsBrief No. 21, August 1, 2011  
Bullet Train to Nowhere

NewsBrief No. 27, October 3, 2011  
For High-Speed Rail It's the End of the Line

NewsBrief No. 31, November 13, 2011  
California's Bullet Train in the Court of Public Opinion

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
*Truth in Testimony Disclosure*

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Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: Kenneth Orski

(2) Other than yourself, name of entity you are representing:  
N/A

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES      If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

None

Kenneth Orski  
Signature

12/2/2011  
Date

**C. Kenneth Orski** is editor and publisher of *Innovation NewsBriefs*, an influential and widely read transportation newsletter, now in its 22nd year of publication. He has been professionally involved in transportation for over 40 years, both in the public and private sectors. He served as Associate Administrator in the United States Department of Transportation in the 1970s and, since leaving government, he has been counseling corporate and public sector clients on matters of transportation policy, and agencies in federal, state and local government. Earlier in his career he served as an officer in the United States Foreign Service with responsibilities for international transportation policy. Mr. Orski earned a bachelors degree from Harvard College and a J.D. degree from Harvard Law School. He resides with his wife in Potomac, MD