

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 MWRI 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.

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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 (<i>Lincoln</i> service)	28%	138%	506,235	476,427	408,807	262,320	242,144	212,999
Kansas City-St. Louis (<i>Missouri River Runner</i> service)	4%	18%	150,870	151,690	116,517	119,257	136,701	128,084
Chicago-Milwaukee (<i>Hiawatha</i> service)	12%	60%	738,231	749,659	595,336	580,333	525,239	460,430
Chicago-Pontiac, MI (<i>Wolverine</i> service)	4%	21%	444,127	472,393	449,107	438,529	406,499	366,291
Chicago-Grand Rapids, MI (<i>Pere Marquette</i> service)	4%	18%	103,246	111,716	104,819	101,932	96,471	87,767
Chicago-Port Huron, MI (<i>Blue Water</i> service)	8%	41%	132,851	136,538	127,642	123,823	111,630	94,398
Chicago-Carbondale, IL (<i>Illini /Saluki</i> services)	26%	129%	259,630	271,082	228,695	136,640	127,808	113,281
Chicago-Quincy, IL (<i>IL Zephyr /Carl Sandburg</i> services)	17%	86%	202,558	202,814	169,258	119,719	118,493	108,856
Chicago-Indianapolis (<i>Hoosier State</i> 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
<i>Cardinal</i> [Illinois;Indiana;Ohio; Washington, D.C.; New York]	4%	22%	108,614	109,195	96,896	95,076	90,542	88,930
<i>Empire Builder</i> [Illinois; Wisconsin; Minnesota; North Dakota; Montana; Idaho; Washington/Oregon]	4%	18%	515,444	554,266	504,977	497,020	476,531	437,191
<i>Capitol Limited</i> [Illinois; Indiana; Ohio; Pennsylvania, Maryland, West Virginia, Washington, D.C.]	4%	19%	215,371	216,350	193,748	198,044	195,051	180,810
<i>California Zephyr</i> [Illinois; Iowa; Nebraska; Colorado; Utah; Nevada; California]	1%	3%	345,558	352,563	329,840	335,443	347,856	335,764
<i>Southwest Chief</i> [Illinois; Iowa; Missouri; Kansas; Colorado; New Mexico; Arizona; California]	2%	10%	318,025	331,143	316,668	300,416	295,515	290,003
<i>City of New Orleans</i> [Illinois; Kentucky; Tennessee; Mississippi; Louisiana]	1%	3%	196,659	197,394	180,473	175,237	183,237	190,017
<i>Texas Eagle</i> [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
<i>Lake Shore Limited</i> [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