

TEXAS RAIL ADVOCATES: TEXAS STATE RAIL PLAN VISION

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Summary:

TEXAS RAIL ADVOCATES (TRA) is a non-profit organization devoted to support of rail transportation in Texas – freight *and* passenger.

TRA supports shared use of existing rights of way, with appropriate cost-sharing and mutual indemnification of user parties. TRA believes in a unified approach which integrates the needs of all participants – Class I's, short lines, rail districts, transit agencies, shippers, developers, landowners, political units, communities, and passengers. The goal is to attain a practical, economically sound, useful rail system which can serve the greatest number of users while reducing petroleum usage, pollution and highway congestion. TRA firmly believes that the Rail Division of the Texas Department of Transportation must be the lead agency in planning designing and implementing any future efforts that affect the movement of people and goods by rail throughout the state.

Background:

Historically, there has been surprisingly little interaction between the various stakeholders in good rail transportation in Texas. Different entities have advanced particular interests without regard to the realistic needs and concerns of other parties. Many have ignored the basic fact that operating railroads must earn their full costs, recover sunk capital, and cover the cost of new capital. Rail service is not a free good. Vast Federal funding has been sought without economic basis or consideration of alternatives which may be less glamorous but more effective.

Cost:

With respect to passenger services, whether high-speed rail in excess of 150 mph (HSR), higher-speed rail operating up to 90-110 mph (HrSR), regional or transit services and excursion trains, it must be recognized that the direct cash costs of operation often exceed cash fare collections. This presents a false and misleading picture that passenger services are “uneconomic” when in fact the total cost of transportation – including the hidden costs of road construction and maintenance, pollution, time loss due to congestion, impairment of the tax base by removing property from the tax rolls for road use, higher energy cost for highway transportation – is often dramatically higher than the rail mode. Rail costs are visible; highway costs are hidden in many ways. Proposals to charge highway users, especially for-profit truckers and commuters who cause peak demand, on a basis which would recover these costs, have been strongly rejected. As a result, realistic planning for expenditure to provide passenger services is required, and must be thought of as an *alternative* to spiraling energy and construction and other highway costs which will be incurred if rail is not made attractive and efficient, if it is not available.

Capacity:

With respect to freight services, it must be recognized that rail freight carriers do pay the full cash costs of capital, labor, materials, taxation, and management. The impressive – and growing – efficiency of the rail mode has led to the recapture of substantial volumes of business and a stabilization, or even increase, in modal market share. This takes trucks off the already overburdened highway system, reduces pollution, and is more energy efficient. In fact, volume growth in the rail industry has been so great that real capacity constraints have appeared at many locations. To cure these bottlenecks, massive capacity expansion is necessary and must be paid for. At the same time, the so-called short lines have demonstrated the ability to meet local shipper needs for service and responsiveness, with the result that on many Class Is, the business provided by or handled by the short lines connecting with them has grown at a faster rate than that which they handle directly.

State Rail Plan and Cooperation:

The Texas State Rail Plan, mandated by the Legislature in the last session, must embody and express all of these developments. It is notable that Texas (and many other southwestern States) did not participate significantly in the ARRA and TIGER grant programs. In public forum, officials of the Federal Railroad Administration (FRA) pointed to the lack of a “unified vision” in the various Texas grant applications, and the failure to coordinate and cooperate with neighboring States. This must be remedied. Other entities that have planned or are planning for HrSR or HSR in Texas must have those programs evaluated by the TxDOT Rail Division and, if proved to be practical, assimilated into the State Rail Plan.

TRA believes that the Rail Division should actively seek to develop cooperative projects with adjacent States. We believe the following actions should be advocated, some of which may require the action of the Texas Legislature and Governor:

PASSENGER SERVICE:

If Texans are to enjoy a reasonable level of long-haul, intercity corridor and regional rail services, the following steps are critical preconditions:

- TXDOT planning and the State Rail Plan must focus on what is attainable in a reasonable time frame at a reasonable cost, which implies *higher speed rail* – 90 to 110 mph -- rather than High Speed Rail – in excess of 150 mph range.
- The Texas Legislature must pass laws giving the owners and operators of passenger services reasonable protection from frivolous lawsuits. This generally would provide that agencies providing passenger services are providers of public services, and thus covered by the general doctrine of sovereign immunity from legal action. Suitable compensation, without the necessity of legal counsel, can be set for those injured or killed in connection with passenger rail services. This would parallel the successful and productive reform of the medical malpractice laws in Texas enacted several years ago.

- Passenger operators or their sponsors (frequently this means State subdivisions and/or Federal agencies) must agree and covenant to fund the replacement in kind of any capacity taken from the freight operators (usually called “slots”). This will include the construction of facilities designed to augment track capacity needed for passenger use.
- At the same time, freight railroads must covenant and pledge not to “gold plate” capacity substitution projects. In some (all too many) cases, some freight railroads have attempted to use the replacement of lost freight capacity as an excuse to radically expand their own ability to handle increased volume at public expense. The answers are found in reasonable studies by competent engineering and financial consultants, not in exaggerated lobbying claims about the alleged hurt suffered by freight carriers.

State and local bodies must be realistic about the costs of passenger services, and weigh those, in making public spending decisions, against the true cost of alternatives, meaning the construction and operation of highways, including all the hidden costs, such as energy usage, tax base loss, pollution and quality of life.

- Public authorities must commit to consistent, long-term funding for the costs of passenger operation. Operators cannot depend on the whim of the elected officials, up and down, over time.
- To the maximum extent possible, new or additional passenger services should be set up on lines and in facilities which already enjoy passenger traffic, rather than seizing new freight lines which will likely incur fierce resistance from freight operators.

Of equal importance is the need to agree with adjacent States, notably Oklahoma, Arkansas, and Louisiana, on projects of common interest. If Texas makes *joint* application for Federal funding with neighboring States, both for freight and passenger projects, the prospects for success are considerably higher.

It is our view that TXDOT should undertake the following initiatives, and actively work to sell them to the Legislature and Executive branch of the State government:

- Create interstate corridors which concentrate passenger on traffic flows between major population centers. Concentrate on the “I-35 Corridor”. This area, from Dallas Ft. Worth to Austin and San Antonio, includes over 50% of the population of the State, yet has but one – yes, only one – desperately slow train which renders ineffective service, but nevertheless has shown consistent gains in ridership and revenue.
- The most important improvement in this corridor is solving the Tower 55 bottleneck at Ft. Worth, which will also benefit freight service immensely. TXDOT should encourage Amtrak to reroute the Texas Eagle over the (former Rock Island/Oklahoma-Kansas-Texas) line used by the Trinity Railway Express, and support all necessary track and signal improvements to permit this as soon as practical.
- TXDOT should actively expand cooperation with Oklahoma (and later Kansas) to increase frequency and speed of the Heartland Flyer services between Oklahoma City and Fort Worth, and the extension of these services to Tulsa and ultimately Kansas City.

Oklahoma has a well documented, carefully researched, soundly engineered, plan for this extension, and preliminary work has been funded in Kansas. As a minimum, a second frequency should be added to the existing service, and both States should actively seek funding for the Tulsa – Oklahoma City corridor, and improvements to improve speed on the Ft. Worth – Oklahoma City line.

- Texas should take the lead, jointly with Arkansas, in expanding and improving Amtrak's already successful Texas Eagle services. This should include increasing frequency of service on the San Antonio – Austin - Ft. Worth/Dallas corridor as well as additional service to link East Texas cities now served with an extension to Shreveport, Louisiana.
- The critical east-west services from El Paso to San Antonio to Houston to New Orleans offered by the Sunset Limited must be enhanced and improved. Present transit time is unacceptably slow, and there is no true connection with the Texas Eagle. TXDOT should encourage the ongoing talks between Amtrak and Union Pacific to increase frequency to daily service instead of tri-weekly service and scheduling to permit a convenient connection.
- TXDOT must work to restore service on the other leg of the “Texas Triangle” – Dallas to College Station to Houston, which was discontinued by Amtrak in the late 90's. All of the steps set forth above should be integrated with this goal.

FREIGHT SERVICE

The explosive growth of freight volume, internationally as a result of NAFTA, and internally as a result of high growth rates in-State has resulted in skyrocketing delays and costs on the I-35 corridor. There is no room to build grandiose “highway corridors” around the core cities, nor funding to do so. The solution to the staggering increases in volume must be found in better use of, and expansion of rail freight capacity.

In addition, east-west volumes and Dallas-Houston-Beaumont traffic is also accelerating. The I-45 corridor. With developing inland ports, is not far behind the I-35 corridor in this respect. Given the real and critical funding constraints which TXDOT faces, enhancing rail capacity is the only reasonable answer.

At the same time, many parts of the State are increasingly underserved at the local level. The Class I railroads are understandably concentrating their resources on the main lines, the through corridors where they can maximize the efficiencies of scale. Local pick-up and delivery service is expensive, time consuming, and distracting to management. To improve these local services, it is critical to support the many short lines and rail districts which have started services in local areas.

The lines which they use, either by ownership, lease, or contract, are often ones on which the Class I carrier has consciously downgraded or deferred maintenance in light of prospective abandonment or disposal. The cumulative effect of such deferred maintenance is to create a

financial hurdle which the short line cannot reasonably overcome. Even if they keep up track standards to the level needed for current service, it is rare that they can generate enough cash flow to pay for extensive rehabilitation projects. Yet, overcoming this deferred maintenance is critical to maintenance and expansion of these local services over the long term.

To enhance the State's ability to meet these needs at the lowest cost, it is our view that:

- TXDOT should make release of the appropriated funds for the Rail Relocation and Improvement Fund passed by the Legislature last session its highest priority.
- It should set forth a clear and concise plan for the employment of these funds, as follows:
- The first priority should be to fund permanent solutions to the Tower 55 tangle, which has a major highway cost component as well as rail infrastructure construction.
- The second priority should be to fund directly, or support funding for short line and rail district rehabilitation. This will have a positive impact on shippers moving more goods from road to rail.
- The third priority should be to overcome the congestion at the Mexico border crossings, notably Laredo. This would involve support for the private sector initiative undertaken by the Kansas City Southern, and for future private sector initiatives which would make the use of other crossings, such as Eagle Pass, Presidio, and El Paso feasible. This would include funding at the State level for bypass routes to get heavy freight out of downtown areas.
- The fourth priority should be capacity enhancement on the Union Pacific line from El Paso to Houston and on to New Orleans for both freight and passenger use. This may be a hard sell.
- To the maximum extent possible, the Rail Plan should support separation of freight and passenger operations in congested areas, so that freight carriers can maintain access to rail-served industries without conflict with higher speed and regional services.
- TXDOT should actively support grade crossing closure, or where highway traffic volume warrants, grade separation. While some of the costs will be borne by rail carriers, it is more often than not the case that it is increased vehicular traffic which creates safety issues and unacceptable delay, so highway funds, as a matter of policy, should be dedicated to this objective.
- TXDOT should continue to monitor changes in volume of both freight and passenger traffic to plan ahead of, and identify, potential bottlenecks which will require funding to overcome.

Texas Rail Advocates stands ready to work with TXDOT and all local agencies to attain these goals.

TRA has established an annual Rail Conference, held in the early part of the year, to bring together the various parties having an interest in all aspects of rail transportation. We invite TXDOT and the Rail Division to actively participate and raise awareness of issues that affect both passenger and freight rail in the state.

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