Growing New Prosperity: Making The Case For Rail Re-Authorization And Beyond

Jim Mathews / President and CEO
Rail Passengers Association
Washington, DC
Bottom-Line Up Front

• Trains **deliver value to served communities** six, seven or more times the dollars invested in the service
  • The “profit” goes to the communities, and the Nation, not Amtrak
  • Mississippi, Louisiana and Alabama are close to launching new Mobile-New Orleans service that will return least **$170.7 million** to the local economies every year for a roughly $5 million - $7 million annual operating investment

• The **important** conversation is tax-paying citizens collecting the “Return on Equity” for their federal dollars invested, rather than simple route profitability
  • Many examples of this **working today** – Amtrak Virginia service, the *Downeaster* in Maine, the *Hiawatha*, the *Empire Builder*...and many more!
Look beyond ridership to passenger utility

Myth: ‘Trains Only Make Sense In Big Cities’

Reality: When Available, Trains Are Heavily Used!

For more, go to http://www.railpassengers.org/ridership
Bottom-Line Up Front

• *Rail Passengers* is making the most aggressive **credible** case for return on taxpayers’ equity...and *Congress is listening*
  • Rail Passengers’ study on Southwest Chief: $180m annual benefit to KS, CO, NM
  • Rail Passengers’ study on ‘Baby Builder’ between CHI and MSP: $47m+ annual benefit
  • Rail Passengers’ study on Empire Builder end-to-end: $327m annual benefit

• Important to set the stage for **re-authorization** of the five-year Surface Transportation bill

• Also important as bipartisan consensus emerges on the need for a **large infrastructure bill**
The ‘FAST’ Act And What Comes Next: Reauthorization Sets Long-Term Policy

- **There is a good chance that this bill will not achieve final passage in 2020**
- However, passenger advocates need to articulate a clear set of principles and policies for the rail and transit titles and be able to incorporate them into our messaging around the must-pass FY 2020 Appropriations bill
- Whatever drafts are produced by the House and Senate will heavily influence the final product

2020 program tied to the surface-transportation re-authorization process
The NEXT FIVE YEARS

The ‘FAST’ Act And What Comes Next: Rail Passengers’ Blueprint Proposals

Rail Passengers’ Re-authorization Blueprint proposes initiatives in three broad areas

**Sustainable Service on National Network**
- Legally Enshrine Importance of National Network to U.S. transportation + Rural America
- As Amtrak loses credibility on service questions with Congress, Rail Passengers can move to fill the void
- Work with Amtrak to add state-supported service

**Fix Host/Operator Relationship**
- On-Time Performance and Fairness for Passengers
- Shared-Use Corridor Advisory Committee
- Creation of a Right of Way Acquisition Program
- Advance Right of Way Acquisition Authority

**Rebuilding the Fleet**
- Fund New Equipment through FY2020 appropriations
- Establish a stable funding mechanism to allow for critical investments in equipment
- Domestic Rail Equipment Manufacturing Incentivization

Visit [www.railpassengers.org/blueprint](http://www.railpassengers.org/blueprint) for proposal details and ways to get involved
We can’t let calls for future transformation distract from need for significant, immediate increase in passenger rail investment.

<table>
<thead>
<tr>
<th>Program</th>
<th>Passenger Rail Funding (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
<td>FY2022</td>
</tr>
<tr>
<td>Amtrak - National Network</td>
<td>$1,280.6</td>
</tr>
<tr>
<td>Amtrak - NEC</td>
<td>$715.0</td>
</tr>
<tr>
<td>Consolidated Rail Infrastructure &amp; Safety Grants</td>
<td>$1,968.0</td>
</tr>
<tr>
<td>Federal State Partnership for State of Good Repair</td>
<td>$1,312.2</td>
</tr>
<tr>
<td>Restoration &amp; Enhancement Grants</td>
<td>$262.4</td>
</tr>
<tr>
<td>Total</td>
<td>$5,538.2</td>
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</tbody>
</table>
Window for legislative action is short due to election, with a long to-do list for Congress:

- March 3 - Super Tuesday
- July 13 + Aug. 24 – Party Conventions
- Sept. 30 – FAST Act + FY2020 Budget Act expires
- Oct. 13 – Election recess begins

Two “Must-Pass” bills by October 1

- FY21 budget or Continuing Resolution (CR) – to avoid a government shutdown
- Replacement or short-term extension of Surface Transportation authorization – to avoid losing gas-tax revenue for highways and transit

**If the past predicts the future...:**

- Congress will close shop by June to focus on elections
- Expect short-term extensions
American Society of Civil Engineers estimates U.S. needs to invest $4.6 trillion by 2025 to bring our infrastructure into an acceptable state of repair.

- This doesn’t include cost of IMPROVING U.S. infrastructure.
Federal Infrastructure Outlook:
In D.C., It’s Always ‘Infrastructure Week’

- **Broad bipartisan agreement exists in Washington that an infrastructure plan is needed**
  - Senate Environment/Public Works released a highway reauthorization with a 27% increase over current spending levels
  - Transit and rail proposals coming this Fall
  - Both President Trump *and* Congressional Democrats outlined $2 trillion infrastructure goal in Spring 2019
  - All the leading Democratic Party presidential primary candidates have proposed infrastructure plans worth at least $1 trillion

- **With concern over a recession growing, infrastructure remains a politically popular source of economic stimulus**
QUESTIONS

• More questions? Reach out to narp@narprail.org
• 202-408-8362
• www.railpassengers.org
ADDENDUM Amtrak’s *Empire Builder*: A Great Example of the Payback on Rural Mobility in Montana
Greater Montana benefits

- $5.4 Million and 25 additional jobs from the effect of goods and services purchased as well as Amtrak employees paid in state
- $1.5 Million saved by avoiding highway incidents
- $26 Million saved in reduced highway maintenance from reducing vehicle-miles-traveled (VMTs) imposed on Montana infrastructure

$37 million annual benefit to Montana from Empire Builder service

Sources: Amtrak, U.S. DOT, Visitors’ Bureau data; Rail Passengers Association IMPLAN Model
Greater Montana benefits

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income ($)</th>
<th>Value Added ($)</th>
<th>Output ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>43</td>
<td>$3,831,810</td>
<td>$3,859,554</td>
<td>$73,174</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>0.11172451</td>
<td>$5,559</td>
<td>$9,370</td>
<td>$21,248</td>
</tr>
<tr>
<td>Induced Effect</td>
<td>24.1884285</td>
<td>$919,862</td>
<td>$1,593,978</td>
<td>$2,936,872</td>
</tr>
<tr>
<td>Total Effect</td>
<td>67.3</td>
<td>$4,757,230</td>
<td>$5,462,902</td>
<td>$3,031,294</td>
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</tbody>
</table>

• $5.4 Million and 25 additional jobs from the effect of goods and services purchased as well as Amtrak employees paid in state

• Effects include in-state purchases by Amtrak, non-federal taxes paid by employees, purchases made by resident employees

Sources: Amtrak, U.S. DOT, Visitors’ Bureau data; Rail Passengers Association IMPLAN Model
Greater Montana benefits

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income ($)</th>
<th>Value Added ($)</th>
<th>Output ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>37.762337</td>
<td>$884,658</td>
<td>$1,017,304</td>
<td>$1,921,826</td>
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<tr>
<td>Indirect Effect</td>
<td>4.62580898</td>
<td>$191,248</td>
<td>$335,312</td>
<td>$681,345</td>
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<tr>
<td>Induced Effect</td>
<td>6.78066566</td>
<td>$257,546</td>
<td>$446,639</td>
<td>$822,595</td>
</tr>
<tr>
<td><strong>Total Effect</strong></td>
<td><strong>49.17</strong></td>
<td><strong>$1,333,452</strong></td>
<td><strong>$1,799,255</strong></td>
<td><strong>$3,425,766</strong></td>
</tr>
</tbody>
</table>

- $3.4 Million impact from induced visitor spending unique to the *Empire Builder*
- Effects include spending on shopping, lodging, recreation, food and beverage and non-Amtrak ground transportation in the state by visitors, including sales taxes paid; resident employee spending

*Sources: Amtrak, U.S. DOT, Visitors’ Bureau data; Rail Passengers Association IMPLAN Model*
A Practical Look At What This Looks Like In A Montana Community: *Cut Bank*
Cut Bank-area federal taxpayers contribute roughly $12,500 to the operation of Amtrak’s Empire Builder service each year. It’s worth $379,000 annually to the community.

In 2018, 2,400 passengers alighted in Cut Bank (pop. 3,002), creating $379K in value for the community:

- **$17K** saved through avoided highway incidents
- **$309K** in avoided highway maintenance costs from passengers alighting in Cut Bank rather than driving to or from there
- **164,000** total vehicle-miles-traveled (VMTs) avoided

*Sources: IRS Annual Data Book; Rail Passengers Association IMPLAN Model*
$39K spent by just 40 induced out-of-town visitors: they spent $11K on ground transportation, nearly $10K on food and beverages, $7K on recreation and nearly $5K on shopping, supporting employment and the tax base in Cut Bank.

Empire Builder Cut Bank service is used by both visitors AND Montana residents.

<table>
<thead>
<tr>
<th>RIDERSHIP SHARE TO CUT BANK FROM INSIDE MONTANA</th>
<th>RIDERSHIP SHARE TO CUT BANK FROM OUTSIDE MONTANA</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Glacier Park</td>
<td>From Seattle, Wash.</td>
</tr>
<tr>
<td>51%</td>
<td>16%</td>
</tr>
<tr>
<td>From Whitefish</td>
<td>From Chicago, Ill.</td>
</tr>
<tr>
<td>30%</td>
<td>13%</td>
</tr>
<tr>
<td>From Havre</td>
<td>From Spokane, Wash.</td>
</tr>
<tr>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>From Wolf Point</td>
<td>From Portland, Ore.</td>
</tr>
<tr>
<td>3%</td>
<td>11%</td>
</tr>
<tr>
<td>From Shelby</td>
<td>From Williston, N.D.</td>
</tr>
<tr>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>From Other MT</td>
<td>From Other Outside</td>
</tr>
<tr>
<td>6%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Note: 20% of visitors would not have traveled w/out train

Sources: Visitors’ Bureau data; Rail Passengers Association IMPLAN Model
A Window Into:
Returns for the entire Empire Builder

WA: $49.7 million
OR: $18.2 million
ID: $2.3 million
MT: $36.7 million
ND: $30.3 million
MN: $121 million
WI: $20.6 million
IL: $50.3 million
TOTAL: $327 million