

STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION

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GOVERNOR

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EUGENE A. CONTI, JR.  
SECRETARY

May 22, 2012

The Honorable Ray LaHood  
United States Department of Transportation  
1200 New Jersey Ave., SE  
Washington, DC 20590

Subject: Piedmont Improvement Program

Dear Secretary LaHood:

I would like to thank you for your support in developing high speed and improved passenger rail in the United States. The North Carolina Department of Transportation is hard at work delivering our FRA-funded Piedmont Improvement Program projects and we are grateful for the federal support. Your leadership in this and other modal areas has done much to advance mobility, increase flexibility of project funding, and allowed state and local units of government to make decisions about what transportation options are best to meet their own needs.

In regards to flexibility and local decisions, the purpose of this letter is to request that the US Department of Transportation revisit and revise the administrative guidance regarding the use of Congestion Mitigation and Air Quality (CMAQ) funding for operating intercity passenger rail service, more specifically eliminating the current three year restriction. Intercity passenger rail service inherently supports the primary purpose of the CMAQ program, which is to fund transportation projects that reduce air pollution emissions in areas designated by the Environmental Protection Agency as non-attainment or maintenance with respect to a National Ambient Air Quality Standard.

Current USDOT policy restricts or caps use of CMAQ funding to offset operating costs to a period of three years; however, the beneficial impacts of intercity passenger rail services are a proven and eligible tool in improving air quality. These projects not only meet initial program eligibility criteria, the emissions benefits sustain and increase over time as ridership grows.

In North Carolina, CMAQ funding is directed towards the operation of the Piedmont third or midday frequency, which began service in June 2010. Ridership and revenue projections for this service indicated approximately 45,000 passenger trips and \$756,000 in passenger related revenue for the first full year of service. Actual performance has exceeded this target by approximately 58 percent for ridership and 57 percent for revenue. For Federal Fiscal Year 2012, the Piedmont route is anticipated to produce approximately 150,000 total passenger trips and \$2.5 million in passenger related revenue. However, with the current three year restriction, this service is only eligible for CMAQ funding through mid-2013.

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As state funding is very limited, we may have no option but to suspend this service when the CMAQ funding eligibility runs out. The Department wishes to continue to direct CMAQ funding towards the midday Piedmont and the planned fourth and fifth frequencies made possible through the Piedmont Improvement Program.

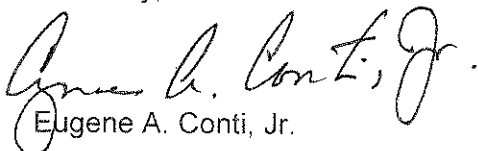
Eliminating the three year restriction would support the purpose of CMAQ while providing additional flexibility to states in programming CMAQ funds and supporting rail passenger service. Maintenance of air quality should not be limited to a fixed period of time as ongoing operations continue to generate and sustain CMAQ benefits. In addition, this action is totally consistent with President Obama's re-authorization proposal as outlined in the Administration's FY 2013 budget submission, and with stated goals of enhancing existing rail assets, development of a National High Performance Rail System, Livable Communities and Environmental Sustainability. Finally, this action will not increase debt or expenditure.

There is national support from AASHTO, the States for Passenger Rail Coalition, and the One Rail Coalition for removing the three year cap from USDOT policy because of the impending changes brought about by Passenger Rail Infrastructure Investment Act (PRIIA) Section 209. This provision will pass along to states increased operating and capital costs for state-supported corridor routes. There are 17 states impacted through Section 209.

State-sponsored intercity passenger trains continue to have the highest rate of ridership growth of any trains operated by Amtrak, and last year comprised 48 percent of all intercity passenger trips. As Congress shifts more responsibility to the states to plan, design, finance, construct, maintain, operate, and manage these services, it is essential that USDOT policy be changed so that the three-year cap is eliminated and states have the flexibility to use CMAQ funds for these ongoing purposes.

Thank you for your consideration of this issue and for your dedication to improving passenger rail service in the United States. Please advise if I may be of any assistance.

Sincerely,



Eugene A. Conti, Jr.

EAC/pw

cc: The Honorable John D. Porcari, Deputy Secretary of Transportation, USDOT  
The Honorable Joseph C. Szabo, Federal Railroad Administrator  
Kurt Steudle, P. E., President, AASHTO  
John Horsley, Executive Director, AASHTO  
Paula Hammond, Secretary, WSDOT and Chair, States for Passenger Rail Coalition  
Paul F. Morris, FASLA, Deputy Secretary for Transit