

Chair, **Patricia Quinn**, NNEPRA
Secretary, **Beth Nachreiner**, Maryland DOT
Treasurer, **Paul C. Worley**, North Carolina DOT

States for
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May 23, 2014

The Honorable Tom Latham Chair
US House Appropriations Subcommittee Transportation, Housing and Urban
Development Washington, DC 20515

The Honorable Ed Pastor Ranking Member
US House Appropriations Subcommittee Transportation, Housing and
Urban Development Washington, DC 20515

Dear Representatives Latham and Pastor:

The States for Passenger Rail Coalition, Inc. (SPRC) has carefully reviewed the Subcommittee on Appropriations' report making Appropriations for the Department of Transportation, Housing, Urban Development and Related Agencies for the fiscal year ending September 30, 2015, and we respectfully offer the following comments for consideration.

SPRC, Inc. is a 501c3 organization comprised of the rail divisions from over 20 State Departments of Transportation as well as passenger rail authorities. For more than 10 years we have worked to enhance the role of intercity passenger rail service throughout the nation. Amtrak and the States have a history of building successful partnerships to develop thriving intercity passenger rail services as a part of a growing national system, and thus, we strongly endorse and support continued federal funding for Amtrak.

- 1.) The Subcommittee received Amtrak's statement of profit/(losses) on its operations, and while we concur that the reporting of Amtrak services by line of business is more transparent and helpful, it is important to note that, even before the implementation of PRIIA Section 209 in FY13, the combination of passenger revenues and state payments covered more than 100% of the direct costs associated with the operation of State-sponsored trains even though the direct costs of operating State Corridors increased 15% between FY11 and FY13. Those costs, plus \$158 million in shared costs were covered by States. Overall, shared costs represent 40% of costs allocated to the States.

Food and Beverage Service is a passenger amenity which can provide financial benefits beyond that which are reflected in the profit and loss statement (i.e. more ridership, return business, higher fares, and business class revenues). That said, opportunities for efficiencies exist and State efforts to outsource food service on State Corridors should be enabled.

- 2.) The Subcommittee directed the GAO to conduct an assessment of best practices that can be used to reduce rail border crossing times and especially the blockage of street crossings on the U.S. side. We request that this direction be clarified to include both freight and passenger trains. Lengthy clearance times for international passenger rail service continues to be a detriment to reliable and timely cross-border operations.



- 3.) We have reviewed the Research Result Digest Number 1 of the National Cooperative Rail Research Program (NCRRP) dated May 2014. This report comprises a Strategic Plan and Research Agenda for the NCRRP should additional funds be made available. We urge you to support this strategic plan and endorse additional funding for the NCRRP.
- 4.) In previous legislation the Congress has acted to encourage development of competitive intercity passenger rail service operators. These actions have included elimination of the Amtrak monopoly, providing labor protection and encouragement of service demonstrations. At its inception, Amtrak was granted statutory access to host railroads for intercity passenger rail services at an incremental cost. Absent these authorities resident in the public arena (States, the Federal Railroad Administration, the Surface Transportation Board or elsewhere) there is little real world opportunity for a competitive service initiative with State-supported services.
- 5.) Among the more dramatic line item cost increases States have received from Amtrak for FY15 service operation are the capital equipment charges and the cost of insurance. Some of these costs have increased as much as 186%. We appreciate the Subcommittee's oversight of Amtrak's budget and we recommend that steps be taken to control extraordinary cost increases. We also recommend that the appropriate federal authority be tasked to examine the potential for a national liability insurance pool or group purchasing arrangement. Such an entity could help to address the rapid escalation in the cost of liability insurance for transit and intercity passenger rail operations.
- 6.) We appreciate the work of the Subcommittee to find funding for crossing safety improvements on rail lines traversed by hazardous materials and energy products. This issue is especially critical for communities and many of the lines move both freight and intercity passenger rail trains.

We are grateful for the work of the Subcommittee and its staff, and we thank you for the opportunity to share these comments.

Sincerely,

Patricia D. Quinn, Chair
States for Passenger Rail Coalition, Inc.

Cc: Mr. Joseph H. Boardman, President and CEO, National Railroad Passenger Corporation
The Honorable Joseph Szabo, Administrator, Federal Railroad Administration, USDOT
The Honorable Daniel R. Elliot, III, Chairman, Surface Transportation Board