

June 2, 2011

Johnson Bridgwater
ODOT Rail Programs Division
200 N.E. 21st
Oklahoma City, OK 73105

RE: Statement Regarding Oklahoma Rail Interests.

Dear Mr. Bridgwater:

Thank you for the opportunity to contribute commentary regarding the ongoing state rail plan revision. Oklahoma Department of Transportation (ODOT) and federal officials have been presented with a difficult challenge, that of designing a more complex 21st Century transportation system in an environment of declining transportation revenue. As you are aware, Oklahoma must prove to federal officials that the state is sincere in its approach to address an evolving transportation paradigm. If unsuccessful in this effort, Oklahoma will continue to experience its status as a transportation donor state.

At no time has a State Rail Plan been more important for Oklahoma as fuel and transportation infrastructure costs rise. Oklahoma must from this point forward look to cost efficiencies rather than personal transportation convenience. For the first time in history personal transportation convenience, as provided by roads, highways, and interstates, has become secondary to cost and fuel efficiency. To be of value the State Rail Plan must be integrated into a multi-modal vision.

Sincerely,

<signature on file>

Evan Stair
Executive Director
Passenger Rail Oklahoma
517 Claremont
Norman, OK 73069
405.204.5801

1.0 INTRODUCTION. The following written submission fulfills a commentary request, from the Oklahoma Department of Transportation (ODOT). This document is intended to assist with completion of Oklahoma's *State Rail Plan* – a Federal Railroad Administration (FRA) requirement. Passenger Rail Oklahoma, a not-for-profit organization, represents the interests of the Oklahoma traveling public. Oklahoma's traveling public in this case is defined not only as its citizens, but also state visitors, and those who use Oklahoma transportation assets on a pass-through basis. The intent of this submission is to encourage greater state, regional, and federal cooperation to develop a lower cost and fuel efficient transportation system. A robust State Rail Plan must address more than intrastate needs as traffic flow and associated commerce does not stop at state borders. A robust state rail plan must seek methods to reduce fiscal burden, while delivering additional and modernized transportation options. It must look as critically at successes as it does at deficiencies.

2.0 FREIGHT RAIL. It is impossible to discuss state passenger rail transportation without also considering freight rail. For the foreseeable future these two modes will use the same infrastructure, especially in less population dense sections of the nation such as Oklahoma. The relationship can and must be mutually beneficial.

2.1 Mutual Benefit. The fierce independence shown by modern railroads evokes claims that passenger trains interfere with freight operations. Railroads claim that passenger rail upgrades provide only an additional "time slot" for each passenger train operation. Speed differential between freight and passenger trains is said to create additional interference. This unfortunate posturing has prevented increasingly necessary public rail infrastructure investment. Railroads avoid considering the possibility that public investment in passenger rail also improves their freight handling capabilities. Passenger rail critics avoid considering the possibility that rail investment encourages a modal shift from long distance trucking to long distance freight rail. This shift will become increasingly important as the nation deals with decaying road and bridge infrastructure and increasingly volatile energy costs. Rail represents a technologically superior mode of freight transportation. It is the difference between heavy weights loaded on the elasticity of steel and the fracture critical nature of concrete/ plastic nature of asphalt. The US needs to modally transport more freight by rail. Increasing rail capacity through passenger rail development is a way to accomplish this while providing a visible benefit to the public.

2.2 State Network Sale Prohibition. Oklahoma's roughly 870 miles of state owned rail infrastructure should be retained as state owned. Recently the state has sold infrastructure in southwest Oklahoma to the Wichita, Tillman, and Jackson^[1] shortline. It has also sold infrastructure to Montoff Corporation between Guthrie and Fairmont^[2] which will likely be abandoned. Rumors persist that the state will sell a Union Pacific operated segment of rail between the Kansas and Texas state lines that operates through Enid, El Reno, and Chickasha. ODOT should be legally required to provide state legislative transportation committees with economic impact studies of all proposed rail sales before disposing of state property. This must be measured not only in lost state lease revenue, but also through projected increased damage to state roads and bridges. ODOT must consider the possibility, no matter how unlikely, of rail abandonment by private corporations. When freight shipments are forced to road infrastructure damage increases substantially. The effects are felt by counties that must shoulder the load in an environment of diminishing transportation funds. It is important to consider that state rail ownership places infrastructure on a more solid fiscal and operational foundation. Most importantly, state financial support and ownership of rail infrastructure preserves state road and bridge assets.

2.3 State Multimodal Funding. ODOT and the legislature must begin looking at transportation challenges from a multi-modal perspective. The state transportation budget should be evaluated, across modes, through a comprehensive transportation cost allocation study. A risk-based evaluation of proposed state owned transportation projects across modes would aid transportation planners in selecting the proper mode to support for individual projects. In other words, the question must be asked, which mode is a better fit for this transportation challenge? Transportation projects should be based upon maximized regional economic growth and minimized transportation costs for the lifespan of a transportation asset. All too often, it seems the state has assumed road construction as the best solution to transportation challenges without modal study. How often is upgrading state rail or waterway infrastructure considered when facing transportation challenges? Questions must be asked while evaluating a transportation need:

- 2.3.1 Which mode, road, rail, aviation, or waterway would best solve this challenge?
- 2.3.2 What is the project lifespan cost differential between modal solutions?
- 2.3.3 What is the projected fuel cost for users operating on proposed infrastructure?
- 2.3.4 What federal match is available for each modal solution?
- 2.3.5 What is the present value of each modal solutions? (considering initial cost & maintenance)

3.0 PASSENGER RAIL. The following commentary recommends methods to improve a valuable, *but lazy*, state transportation asset/program. One must understand how passenger rail returned to Oklahoma and north Texas before grasping the need for change. With few exceptions the *Heartland Flyer* project and passenger rail, despite its popularity and success, is in general treated as undesired by state officials.

3.1 History. Amtrak's *Heartland Flyer* began operating June 14, 1999 between Oklahoma City and Fort Worth with intermediate stops in Norman, Purcell, Pauls Valley, Ardmore, and Gainesville, Texas. Twenty-three million dollars were secured by then U.S. Senator Don Nickles to reinstate passenger rail operations. Initial funding was derived through the federal Taxpayer Relief Act of 1997. Oklahoma began contributing \$2 million per year to the operation after initial funding exhausted in 2005. Texas began contributing \$2 million per year in 2006 to resolve a discontinuance threat. Other than this, little has changed in the twelve years since the *Heartland Flyer* began operations. Several points remain clear. Many of these points are a source of disappointment and frustration for Oklahoma and north Texas travelers and not all are as a result of ODOT actions/inactions:

- Roughly ¾ of the state remains un-served by Amtrak, including Tulsa.
- Ridership is growing, but would be dramatically stronger with expansion for a northern connection with the national passenger rail system.^[3]
- The Dallas/Fort Worth – Kansas City market remains un-served by passenger rail.
- Tepid legislative fiscal support exists for Oklahoma passenger rail operations/ assets in comparison with other transportation modes.
- Amtrak maintains the status quo rather than seeking to build its national network for greater efficiency.
- Oklahoma remains only one of a handful of states whose only passenger rail service is fully dependent upon on a state supplemental basis.
- The opportunity for investment, through a Public-Private Partnership PPP is unavailable based upon existing contracts between Amtrak and the state attitudes.
- As ridership grows, the need for a solution to crowded café car operations is necessary.

- At times, Amtrak equipment can be in short supply; however, the prospect of leasing supplemental equipment has been rejected by ODOT.

3.2 Challenge. Despite unexpected success, Oklahoma’s passenger rail program remains in its pilot-project state, twelve years following introduction. Its inefficiency is obvious when observing its stub end operation on Amtrak’s national map as shown in exhibit 1. The glaring gap between Oklahoma City and Kansas City not only represents an inconvenient route for many Oklahomans, but also Oklahoma visitors from the northern ¾ of the country. Opportunities, such as linking the Dallas/ Fort Worth Metroplex with the Kansas City Metropolitan statistical area are being missed. *The challenge is to fund expansion in order to capture greater efficiencies that will reduce operational cost per passenger.* Amtrak, the legislature, and ODOT must do better to encourage substantial growth. Otherwise, the program will never evolve beyond the novelty stage. Oklahoma and its visitors deserve and expect more.

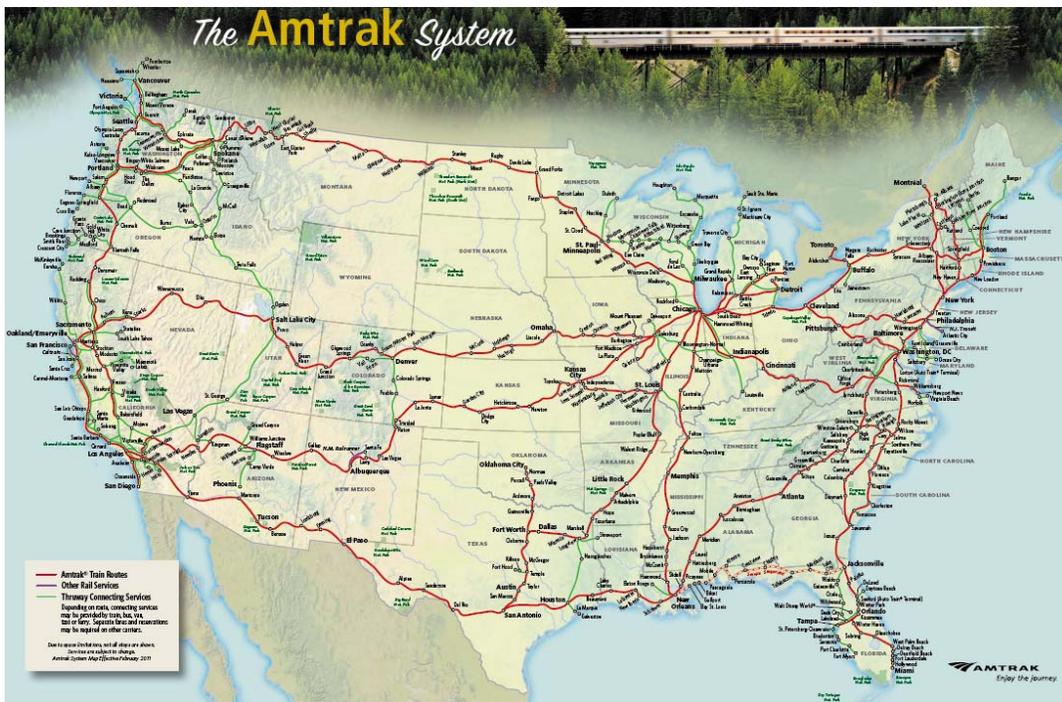


EXHIBIT 1: 2011 Amtrak National Map (Source www.Amtrak.com)

3.3 ODOT: Too Many Studies, Not Enough Development. Understanding the present plethora of federal capital study requirements, numerous regional studies have been performed over the past two decades as commissioned by ODOT. ODOT seems willing to study the passenger rail expansion process into oblivion. None of ODOT’s requested studies have rated serious consideration. Some studies have been performed by ODOT contractors, such as Carter Burgess engineering, rather than the expected operational provider, Amtrak. Consider that Carter Burgess is not an operational provider. Consider that Amtrak holds a monopoly position on passenger rail operations over Class I railroad infrastructure. Consider that Amtrak also requires internal studies to expand its system. This begs the question, “Why was Carter Burgess engineering selected over Amtrak to perform the studies requested in the 2000’s when Amtrak financial estimates would be more trusted?”

3.4 Aspirations too Grandiose, Study Process too Slow. ODOT's present aspirations are too grandiose. An *all-or-nothing*, 2009 High Speed Intercity Passenger Rail (HSIPR) grant request, totaling approximately \$2 billion out of an \$8 billion federal program, did not rate FRA review. This was not unexpected by our organization. Although there is evidence ODOT is now working more closely with the FRA, ODOT is continuing to use federal funding to study the same basic plan denied a technical review in 2009. At the same time incremental upgrades to existing infrastructure, ignored in Oklahoma, are being awarded in many peer states as shown in exhibit 2. Oklahoma's planning philosophy is not geared to warrant FRA consideration. Oklahoma's future planning should be based upon available federal funding. Unsuccessful Oklahoma applications should warrant a followup review asking the questions:

- What aspects of Oklahoma's HSIPR application(s) caused rejection(s)?
- What aspects of other states' applications warranted approvals?
- What must change for Oklahoma to be successful in future HSIPR rounds?

Most disturbing is Oklahoma's planning process. It is singular in nature (HSR between Oklahoma City and Tulsa) and not expected to complete before the end of 2013. Other states, such as North Carolina and Illinois are beating Oklahoma by developing multiple smaller plans with shorter planning timeframes. They are quickly becoming shovel-ready and are receiving significant federal capital HSIPR grants. Oklahoma's passenger rail need is now. The time for studying should be over.

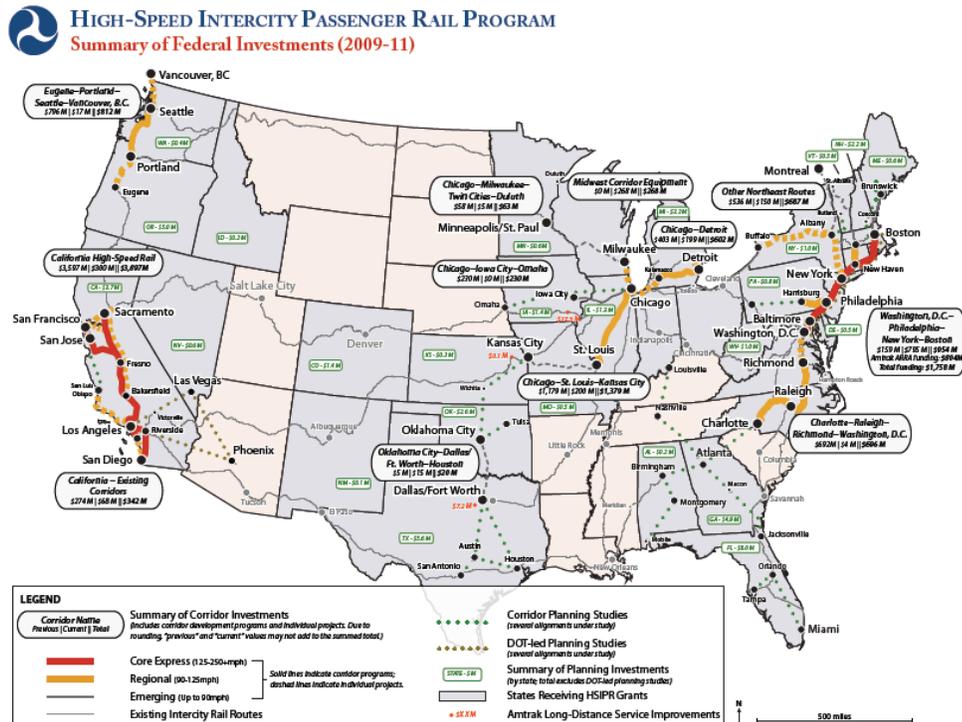


EXHIBIT 2. Federal HSIPR Program (source www.fra.dot.gov)

3.5 Oklahoma Legislative Involvement. Oklahoma's legislature is asleep with regard to passenger rail. Legislative vision is to be questioned. Oklahoma's legislature has not provided additional capital and operational funding for a more efficient and expanded

operation as proposed by ODOT over the past two decades. The legislature is to be questioned for not reaching across state borders, seeking regional solutions with its legislative peers in Texas, Kansas, and Missouri.

3.6 Amtrak as an Operational Stakeholder. Amtrak has not performed to minimal expectations. These expectations have also been too low. Amtrak is to be questioned as an operator for not providing incentive to bridge the obvious 200 mile northern system gap. Amtrak is to be questioned as a planning organization for not having studies on hand when requested; and for charging for requested studies. Further, Amtrak has still not completed its Oklahoma City – Tulsa study. The expected study release has been repeatedly delayed and has now been removed from Amtrak’s corporate documentation.^[4] No explanation has been provided regarding this removal and the lack of a study delivery. Whether this was an ODOT request or an Amtrak request is unknown.

4.0 RECOMMENDATIONS. This is a time of rapid national change. The stakes have never been higher for Oklahoma and the nation. It is apparent that state and federal transportation funding is becoming increasingly limited. Therefore funding must be appropriated and used wisely, as global competition becomes fiercer, for the good of the state and nation. Historical transportation funding models are broken, making future funding decisions extremely complex. Further, it is essential to add declining non-renewable energy reserves into any transportation development model. For all these reasons, the traveling public and transportation officials must recognize that efficiency now trumps convenience.

Passenger Rail Oklahoma understands that there will be no single solution to these challenges. However; we believe that expanded passenger and freight rail options will provide valuable and essential solutions to transportation challenges facing our state and nation. Passenger Rail Oklahoma provides these recommendations and encourages the FRA to review and suggest necessary changes before ODOT is awarded additional planning or capital funding through the HSIPR program.

4.1 Perform a Comprehensive Cost Allocation Study. It is essential that ODOT look at every transportation challenge as an opportunity to capture greater cost and energy efficiencies than is traditional. ODOT should perform a fast-paced, statewide multi-modal evaluation of all transportation assets, costs, and services beyond this State Rail Plan. This study should contain metrics to refine this plan on an annual basis. As it performs this process it should provide an eye to garnering more flexible transportation offerings and public-private investment. It should become a regional leader in multi-modal development. It is expected that freight and passenger rail offerings will capture a greater share of Oklahoma transportation planning and funding while reducing the overall state DOT budget need.

4.2 Oklahoma City – Tulsa. Passenger Rail Oklahoma supports ODOT’s attempt to secure a new **Regional* 150 mph High Speed Rail (HSR) connecting Oklahoma City and Tulsa. However; we are disappointed that ODOT has abandoned consideration of using state owned infrastructure between Oklahoma City and Sapulpa, OK for **Conventional* passenger rail development. Based upon ODOT’s own figures, the capital requirement for a 79-90 mph operation between Oklahoma City and Tulsa represents a magnitude-less federal contribution than that for the proposed and untried new HSR infrastructure. For this reason, the conventional option is more likely to garner federal capital funding and be implemented. ODOT’s claims that travelers will not use this slower speed route are contradictory to their statements regarding the success of the *Heartland Flyer* as the train is defined by the FRA as

a conventional operation. HSR and Conventional (local) routes would be mutually beneficial as the local routes would serve intermediate communities such as Chandler, Stroud, Bristow, and Sapulpa and the HSR operation would serve a larger regional purpose.

**FRA Definition*

4.3 Fort Worth – Oklahoma City – Wichita – Kansas City. Oklahoma's recent efforts to develop this 606 mile corridor have been disappointing. The majority of the work has been left to the Kansas Department of Transportation (KDOT). KDOT has completed a statewide effort to inform its citizens of project progress. ODOT has not provided public information regarding this important project. Oklahomans and north Texans have remained effectively in the dark with regard to information delivery and project input. The process has also been laborious with the KDOT performing a serial rather than simultaneous study process to complete its Service Development Plan (SDP) and National Environmental Policy Act (NEPA) studies. If all goes as planned, it seems the study process will complete in 2013 or 2014. Based upon Amtrak input this will mean the route will not see restored passenger rail before 2017. The FRA, ODOT, KDOT, TxDOT, and Amtrak must find ways to escalate this study/implementation process. Better communication across state lines and increased project involvement from ODOT and TxDOT is necessary to bring the project to a successful conclusion.

4.4 Tulsa Expansion. Passenger rail expansion to and through Tulsa is essential. An expansion of passenger rail through and north of Tulsa to Kansas City should be within ODOT's 10 year plan. An expansion of passenger rail through and northeast of Tulsa to St. Louis should also be a part of ODOT's 10 year plan. The intent must be aggressive. ODOT should partner with KDOT, the Missouri Department of Transportation (MoDOT), and potential host railroads to begin this work immediately.

4.4.1 Kansas City. Two potential routes exist between Tulsa and Kansas City. A BNSF Railway route, *through eastern Kansas*, and a Kansas City Southern Railway route, *through western Missouri*, constitute candidate routes possessing necessary infrastructure to support passenger rail expansion to Kansas City through Tulsa.

4.4.2 St. Louis. A BNSF Railway route, a portion of which has already been studied by Amtrak for the state of Missouri, exists between Tulsa and St. Louis. Oklahoma should foster a better relationship with Missouri as a state partner. Governor Jay Nixon of Missouri has stated intent to further develop passenger rail. Missouri is aggressively supporting incremental upgrades to its Kansas City – St. Louis infrastructure.

4.4.3 Missouri and Kansas. Interstate passenger rail planning and decisions have been driven to a state level by Congress. This has created a patchwork of institutional knowledge. Differing political wills drive progress. In this regard, significant differences exist between Kansas and Missouri. ODOT officials should reach out to develop every possible synergy with MoDOT while fostering a more strategic relationship with KDOT. Missouri's passenger rail program has reached a level of maturity not existent in Kansas. Politically and institutionally, Kansas is well behind Missouri with regard to passenger rail development. Oklahoma legislators and DOT officials should recognize these positions and work with the FRA to show regional passenger rail leadership. Such partnerships have resulted in the FRA showing favor for particular applications in past HSIPR rounds. The message? Oklahoma should not go-it alone.

4.5 Oklahoma City – Lawton/ Ft. Sill. Oklahoma’s transportation needs and population demographics have changed since the 1960’s when Lawton/ Ft. Sill last had passenger rail service. Connecting the state’s largest military installation with Oklahoma City, Will Rogers World airport, and Tinker Air Force Base can be accomplished by considering upgrades to an existing rail route. The potential of also connecting this route with Altus and Altus Air Force Base would also provide additional ridership and feeder value to state passenger rail development. Such could further insulate Oklahoma from Base Relocation and Closing (BRAC) danger. The potential of such a route should be studied as a part of a 10 year plan.

4.6 Tulsa – Dallas. Rarely considered for passenger rail operation is a BNSF Railway route between Sapulpa and Dallas. This route includes passenger rail support infrastructure and signaling. The potential of such a route should be studied as a part of a 10 year plan.

5.0 CONCLUSIONS. Oklahoma must develop its State Rail Plan such that it will dovetail effectively with a national plan. This requires participation with adjacent states, especially Missouri, Kansas, and Texas. The Federal Railroad Administration (FRA) has been assigned a daunting challenge to interlace these plans into what will likely become a revised comprehensive national plan in the coming years. Oklahoma must position itself to become a national leader in rail development. This involves more than study. It requires intelligent and purpose based action.

References:

[1] Federal Register, Surface Transportation Board, Wichita, Tillman & Jackson Railway Company-Acquisition Exemption-Oklahoma Department of Transportation

<http://www.federalregister.gov/articles/2010/12/30/2010-32933/wichita-tillman-and-jackson-railway-company-acquisition-exemption-oklahoma-department-of#footnote-1>

[2] Federal Register, Surface Transportation Board, Montoff Transportation Company, LLC-Acquisition Exemption-BNSF Railway Company

<http://www.federalregister.gov/articles/2010/03/05/2010-4745/montoff-transportation-company-llc-acquisition-exemption-bnsf-railway-company>

[3] Kansas Department of Transportation – Amtrak, Feasibility Report of Proposed Amtrak Service Kansas City, Missouri – Oklahoma City, Oklahoma to Fort Worth, Texas

http://www.ksdot.org/PDF_Files/FINAL-Amtrak-Study.pdf

[4] Amtrak Oklahoma State Fact Sheets FY-2007 – FY-2010, (see quote below)

http://www.amtrak.com/servlet/ContentServer?c=AM_Content_C&pagename=am%2FLayout&c_id=1241267288095

Quoting from the 2009 Amtrak Oklahoma State Fact Sheet “*Oklahoma Department of Transportation asked Amtrak to study the feasibility of establishing passenger rail service over a route from Oklahoma City to Tulsa. Kansas Department of Transportation (DOT) has asked Amtrak study the feasibility of establishing passenger rail service along all or part of a corridor between Kansas City, Missouri, and Oklahoma City, via several Kansas and Oklahoma communities. Once complete, Amtrak will provide the study results to Kansas DOT*”.