

**GETTING ON THE RIGHT TRACK: NAVIGATING  
THE FUTURE OF INTERCITY PASSENGER RAIL  
IN AMERICA**

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(118-34)

**HEARING**

BEFORE THE

SUBCOMMITTEE ON RAILROADS, PIPELINES,  
AND HAZARDOUS MATERIALS

OF THE

COMMITTEE ON

TRANSPORTATION AND  
INFRASTRUCTURE

HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

NOVEMBER 29, 2023

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Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

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NOVEMBER 27, 2023

**SUMMARY OF SUBJECT MATTER**

TO: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials  
FROM: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials  
RE: Subcommittee Hearing on “*Getting on the Right Track: Navigating the Future of Intercity Passenger Rail in America*”

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I. PURPOSE

The Subcommittee on Railroads, Pipelines, and Hazardous Materials of the Committee on Transportation and Infrastructure will meet on Wednesday, November 29, 2023, at 11:00 a.m. ET in 2167 Rayburn House Office Building to receive testimony at a hearing entitled “*Getting on the Right Track: Navigating the Future of Intercity Passenger Rail in America*.” At the hearing, Members will receive testimony from Andy Daly, Senior Director of Passenger Operations at CSX; Stacey Mortensen, Executive Director of The San Joaquin Regional Rail Commission; Lee Ohanian, Senior Fellow at the Hoover Institution; and Mayor Kirk Watson of Austin, Texas. The witnesses will discuss issues and opportunities for United States intercity passenger rail, including opportunities for private sector competition, working with freight railroads to improve service, and how best to approach building new intercity passenger rail corridors, including high-speed rail.

II. FEDERAL FUNDING FOR INTERCITY PASSENGER RAIL

Congress authorizes and appropriates funding for Federal discretionary grant programs to support intercity passenger rail service, some of which are described below.

*CONSOLIDATED RAIL INFRASTRUCTURE AND SAFETY IMPROVEMENTS (CRISI) GRANT PROGRAM*

The Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program was initially authorized in the Fixing America’s Surface Transportation (FAST) Act in 2015 (P.L. 114–94) and reauthorized in the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117–58) in 2021.<sup>1</sup> CRISI’s purpose is to provide funding for freight and intercity rail projects including those that “improve railroad safety, efficiency, and reliability; mitigate congestion at both intercity passenger and freight rail chokepoints to support more efficient travel and goods movement . . . and lead to new or substantially improved Intercity Passenger Rail Transportation corridors.”<sup>2</sup> Eligible applicants include states (and the District of Columbia), Federally-

<sup>1</sup>49 U.S.C. § 22907.

<sup>2</sup>Notice of Funding Opportunity for the Consolidated Rail Infrastructure and Safety Improvements Program, 87 Fed. Reg. 54278 (Sept. 2, 2022), available at <https://www.federalregister.gov/>

Continued

recognized Indian tribes, public agencies, Amtrak or other rail carriers providing intercity passenger rail transportation, and Class II and Class III freight railroads.<sup>3</sup> The Federal cost share of a CRISI grant award cannot exceed 80 percent of the project cost, with the remaining funding comprising state/local government or private sector funding.

The IIJA funded CRISI at \$5 billion over five years and subsequent annual appropriations bills have also included funding for this program.<sup>4</sup> In September 2023, the Federal Railroad Administration (FRA) announced fiscal year (FY) 2022 CRISI awards totaling over \$1.4 billion for 70 projects, 10 of which fund intercity passenger rail projects.<sup>5</sup>

*FEDERAL-STATE PARTNERSHIP FOR INTERCITY PASSENGER RAIL GRANT PROGRAM*

Sections 22106 and 22307 of IIJA authorize the Federal-State Partnership for Intercity Passenger Rail (FSP) Grant Program.<sup>6</sup> This grant program was created specifically for intercity passenger rail and provides funding for capital projects that reduce the state of good repair backlog, improve service performance and improve existing or establish new intercity passenger rail service, including privately operated passenger rail service.<sup>7</sup> Eligible projects include projects to replace, rehabilitate, or repair infrastructure, equipment, or facilities used for providing intercity passenger rail service to bring assets into a state of good repair or to improve intercity passenger rail service performance; expand or establish new intercity passenger rail service; or for the planning, environmental review, and final design of an eligible project or group of projects.<sup>8</sup> Eligible recipients include: an individual or group of states, including the District of Columbia, an Interstate Compact, a public agency or publicly chartered authority established by one or more states, a political subdivision of a state, Amtrak, a Federally recognized Indian Tribe or any combination of these entities.<sup>9</sup>

Because the IIJA designated the majority of the advance appropriated funds for FSP for the Northeast Corridor and set out specific requirements for funding projects in this region, the Federal Railroad Administration (FRA) issued two separate notices of funding opportunity (NOFO) to break out the Northeast Corridor funding from National Network funding.<sup>10</sup> The FY 2023 FSP NOFO amounts for the Northeast Corridor and National network intercity passenger rail projects was \$9 billion and \$4.566 billion, respectively.<sup>11</sup> On November 6, 2023, FRA announced awards of roughly \$16.4 billion for the Northeast Corridor, including \$7.4 billion in phased funding agreements authorized and advance appropriated in the IIJA.<sup>12</sup> FRA expects to issue the FSP-National awards by the end of this year.<sup>13</sup> While the NEC funding is open to entities besides Amtrak, the majority of the Northeast Corridor is owned by Amtrak and 12 of the 25 selections were awarded to Amtrak.<sup>14</sup> Some states, freight railroads and commuter rail systems also receive benefits in conjunction with Amtrak.<sup>15</sup>

documents/2022/09/02/2022-19004/notice-of-funding-opportunity-for-the-consolidated-rail-infrastructure-and-safety-improvements.

<sup>3</sup> *Id.*

<sup>4</sup> 49 U.S.C. § 24911; see also BEN GOLDMAN, CONG. RSCH SERV. (IF11920) PASSENGER RAIL EXPANSION IN THE INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA), (last updated Feb. 10, 2022), available at <https://crsreports.congress.gov/product/pdf/IF/IF11920>.

<sup>5</sup> U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *Consolidated Rail Infrastructure Safety Improvements (CRISI) Program*, (last updated Oct. 2, 2023), available at <https://railroads.dot.gov/grants-loans/competitive-discretionary-grant-programs/consolidated-rail-infrastructure-and-safety-2>.

<sup>6</sup> U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *Federal-State Partnership for Intercity Passenger Rail Grant Program*, (last updated Nov. 6, 2023), available at <https://railroads.dot.gov/federal-state-partnership-intercity-passenger>.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Press Release, U.S. DEPT OF TRANSP., FED. RAILROAD ASSOCIATION, *President Biden Advances Vision for World Class Passenger Rail with \$16 Billion Investment in America's Busiest Corridor*, (Nov. 6, 2023), available at <https://railroads.dot.gov/sites/fra.dot.gov/files/2023-11/FRA%2011-23.pdf> [hereinafter World Class Passenger Rail].

<sup>13</sup> U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *Calendar of Upcoming FRA Publications*, available at [https://railroads.dot.gov/sites/fra.dot.gov/files/2023-10/CY%202023%20and%20CY%202024%20Discretionary%20Grant%20Calendar\\_\\_10.30.23.pdf](https://railroads.dot.gov/sites/fra.dot.gov/files/2023-10/CY%202023%20and%20CY%202024%20Discretionary%20Grant%20Calendar__10.30.23.pdf)

<sup>14</sup> World Class Passenger Rail, *supra* note 12.

<sup>15</sup> See U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *2022–2023 Federal-State Partnership for Intercity Passenger Rail Program for the Northeast Corridor (FSP-NEC) Selections: Project Summaries*, (Nov. 6, 2023), available at <https://railroads.dot.gov/sites/fra.dot.gov/files/2023-11/>



### RESTORATION AND ENHANCEMENT GRANTS

The Restoration and Enhancement Grant program was authorized in Section 11303 of the FAST Act.<sup>16</sup> IJA authorized \$50 million over five years for the program, which provides operating assistance grants to initiate, restore, or enhance intercity rail passenger transportation for up to six corridors.<sup>17</sup> Eligible entities include states or their political subdivisions, groups of states, interstate compacts, public agencies or publicly chartered authorities established by one or more states, Amtrak or other intercity passenger rail carriers, rail carriers in partnership with any eligible government entities, or a combination.<sup>18</sup> For FY 2018 through FY 2020, the Restoration and Enhancement grant program awarded over \$22.4 million.<sup>19</sup>

### III. ILLUSTRATIVE CORRIDOR DEVELOPMENT PROPOSALS

#### CSX AND PASSENGER RAIL

In December 2019, Virginia and CSX freight railroad reached an agreement to improve passenger and freight rail service in the Commonwealth.<sup>20</sup> The agreement represents a \$3.7 billion investment by Virginia and Amtrak in CSX that includes building a new bridge across the Potomac River with track for exclusive passenger rail use, acquiring over 380 miles of railroad right-of-way and over 200 miles of track, and making 37 miles of track improvements for passenger service.<sup>21</sup> Per the agreement, over ten years, Virginia Amtrak trains would double; Amtrak service between Washington, D.C. and Richmond would double; and Virginia Railway Express (VRE) service would increase by 75 percent in some areas.<sup>22</sup> The agreement, finalized in March 2021, benefits CSX, Amtrak, VRE, and Virginia, and will increase capacity for freight and passenger rail.<sup>23</sup>

In addition, one of the CRISI grants announced in September will go to restoring intercity passenger rail service primarily along CSX track in the Gulf Coast between New Orleans, Louisiana and Mobile, Alabama that has been without Amtrak service since Hurricane Katrina flooded stations and track in 2005.<sup>24</sup>

#### CALIFORNIA—SAN JOAQUIN CORRIDOR

The California State Transportation Agency (CalSTA) is the Nation's largest state transportation agency responsible for maritime, highway, transit, and rail systems planning, investment, and oversight.<sup>25</sup> California has three long-standing intercity passenger rail corridors currently led by joint powers authorities serving markets in the San Diego-Los Angeles area, San Joaquin Valley to Bakersfield, and Oakland to Sacramento.<sup>26</sup>

One of those joint powers authorities, the San Joaquin Regional Rail Commission (SJRR) is tasked with improving and implementing passenger rail service in the San Joaquin Valley.<sup>27</sup> The SJRR oversees the Altamont Corridor Express (ACE) commuter rail service and the state-supported San Joaquins intercity passenger rail

FY%2022-23%20FSP-NEC%20Program%20Selections%20-%20Project%20Summaries\_PDFa\_0.pdf

<sup>16</sup>The Fixing America's Surface Transportation Act, Pub. L. No. 114–94, 129 Stat. 1651.

<sup>17</sup>The Infrastructure Investment and Jobs Act, Pub. L. No. 117–58, Sec. 22105.

<sup>18</sup>U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *Restoration and Enhancement Grant Program*, (last updated Oct. 2, 2023), available at <https://railroads.dot.gov/grants-loans/competitive-discretionary-grant-programs/restoration-and-enhancement-grant-program>.

<sup>19</sup>*Id.*

<sup>20</sup>Press Release, VIRGINIA PASSENGER RAIL AUTHORITY, *Virginia and CSX Announce Landmark Rail Agreement*, (Dec. 19, 2019), available at <https://vapassengerrailauthority.org/virginia-and-csx-announce-landmark-rail-agreement/>.

<sup>21</sup>*Id.*

<sup>22</sup>*Id.*

<sup>23</sup>Maybeth Luczak, *Virginia, Amtrak, CSX Advance \$3.7B Rail Initiative*, RAILWAY AGE, (Mar. 30, 2021) available at <https://www.railwayage.com/passenger/virginia-amtrak-csx-advance-3-7b-rail-initiative/>.

<sup>24</sup>U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *Biden-Harris Administration Announces \$1.4 Billion in Infrastructure Funding for 70 Projects That Will Improve Rail Safety, Strengthen Supply Chains, and Add Passenger Rail Service* (Sept. 25, 2023), available at <https://railroads.dot.gov/about-fra/communications/newsroom/press-releases/biden-harris-administration-announces-14-billion-0>.

<sup>25</sup>CALSTA, *Home*, (last accessed Nov. 13, 2023), available at <https://calsta.ca.gov/>.

<sup>26</sup>CALSTA, *California State Rail Plan*, available at <https://dot.ca.gov/programs/rail-and-mass-transportation/california-state-rail-plan>.

<sup>27</sup>SAN JOAQUIN REGIONAL RAIL COMMISSION, *About Us*, available at <https://www.sjrrc.com/about/>.

service.<sup>28</sup> SJRRC partners with a private contractor to run ACE, and Amtrak to operate the San Joaquins service.<sup>29</sup>

The San Joaquins corridor runs 365 miles with 18 stations.<sup>30</sup> It represents Amtrak's fifth-busiest state supported route service.<sup>31</sup> In FY 2022, over 710,000 riders used the service.<sup>32</sup>

In October 2023, SJRRC announced plans to coordinate track upgrades and new station construction in collaboration with Union Pacific (UP) and the Burlington Northern-Santa Fe (BNSF) railroads to enhance operational performance and provide additional passenger service for both ACE and the San Joaquins services.<sup>33</sup>

#### CALIFORNIA HIGH-SPEED RAIL PROJECT

The proposed California High Speed Rail (CAHSR) project began in 2008 when California voters approved a bond issue to construct high speed passenger rail service between the cities of Los Angeles and San Francisco.<sup>34</sup> At the time, the project was estimated to cost \$33 billion and was to be completed in 2020.<sup>35</sup>

Regarding costs, the Congressional Research Service (CRS) notes that “few, if any, high-speed rail lines anywhere in the world have earned enough revenue to cover both their construction and operating costs, even where population density is far greater than anywhere in the United States.”<sup>36</sup> Much like the Federal investments made by the United States Government in highways, aviation, and transit, foreign governments have generally contributed to the cost of construction and in many cases the operating costs of high-speed rail as well.<sup>37</sup>

In March 2023, the California High-Speed Rail Authority's updated report estimated costs of up to \$128 billion and a start date of 2033.<sup>38</sup> In September 2023, the FRA announced an additional award of roughly \$202 million to the CAHSR project under the FY 2022 CRISI program to close seven at-grade crossings with BNSF.<sup>39</sup>

#### TEXAS TRIANGLE

The Texas Department of Transportation (TxDOT) submitted proposals to the FRA's Corridor ID Program in the Spring of 2023 to link the Texas Triangle of Dallas-Fort Worth, Houston, and San Antonio metropolitan areas with short-distance intercity passenger trains.<sup>40</sup> The Dallas-Fort Worth-Houston Corridor would connect the two biggest metropolitan areas in Texas, and the Houston-Dallas-Fort Worth-San Antonio region contains more than 18 million people and 77 percent of the

<sup>28</sup> *Amtrak Now and Into the Future: Hearing Before the Subcomm. on Railroads, Pipelines, and Hazardous Materials of the H. Comm. on Transp. and Infrastructure*, 116th Cong. (Nov. 13, 2019) (statement of Stacey Mortensen, Executive Director, San Joaquin Joint Powers Authority), available at <https://docs.house.gov/meetings/PW/PW14/20191113/110180/HHRG-116-PW14-Wstate-MortensenS-20191113.pdf>.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Getting on the Right Track: Navigating the Future of Intercity Passenger Rail in America: Hearing Before the Subcomm. on Railroads, Pipelines, and Hazardous Materials of the H. Comm. on Transp. and Infrastructure*, 118th Cong. (Nov. 29, 2023) (statement of Stacey Mortensen, Executive Director, San Joaquin Joint Powers Authority).

<sup>32</sup> AMTRAK, *Amtrak Route Ridership FY 22 vs. FY 21*, available at <https://media.amtrak.com/wp-content/uploads/2022/11/FY22-Year-End-Revenue-and-Ridership.pdf>.

<sup>33</sup> See PASSENGER TRANSPORT, SAN JOAQUIN REGIONAL RAIL COMMISSION PLANS BIG EXPANSION, (Oct. 9, 2023) (Pg. 43–44), available at <https://apta.ygslicbook.com/pubs/passenger-transport/2023/october-9-2023/live/index.html#p=43>.

<sup>34</sup> Ralph Vartabedian, A ‘low-cost’ plan for California bullet train brings \$800 million in overruns, big delays, LOS ANGELES TIMES, (Feb. 22, 2021), available at <https://www.latimes.com/california/story/2021-02-22/california-bullet-train-dragados-design-changes>.

<sup>35</sup> *Id.*

<sup>36</sup> DAVID RANDALL PETERMAN, WILLIAM J. MALLETT, & JOHN FRITTELLI, CONG. RSCH. SERV. (R42584) THE DEVELOPMENT OF HIGH SPEED RAIL IN THE UNITED STATES: ISSUES AND RECENT EVENTS, (Dec. 20, 2013), available at <https://crsreports.congress.gov/product/pdf/R/R42584>.

<sup>37</sup> *Id.*

<sup>38</sup> CALIFORNIA HIGH-SPEED RAIL AUTHORITY, *Project Report Update*, (2023), available at <https://hsr.ca.gov/wp-content/uploads/2023/03/2023-Project-Update-Report-FINAL-022823.pdf>.

<sup>39</sup> U.S. DEPT OF TRANSP., FED. RAILROAD ADMIN., *FY 2022 Consolidated Rail Infrastructure and Safety Improvement Program Selections: Project Summaries*, available at <https://railroads.dot.gov/elibrary/fy-2022-consolidated-rail-infrastructure-and-safety-improvement-program-selections-project>.

<sup>40</sup> TEXAS DEPT OF TRANSP., *Corridor Identification and Development Program*, available at <https://www.txdot.gov/business/grants-and-funding/grant-applications/corridor-identification-and-development-program.html> [hereinafter Corridor Identification].

state's economic output.<sup>41</sup> The San Antonio-Dallas-Fort Worth route would also connect with the state capitol in Austin and six of the eight largest cities in the Texas Triangle.<sup>42</sup> The Texas Triangle has been identified as part of the Amtrak Connects US proposal to expand passenger rail service.<sup>43</sup>

#### IV. WITNESS LIST

- Andy Daly, Senior Director of Passenger Operations, CSX Railroad
- Stacey Mortensen, Executive Director, San Joaquin Joint Powers Authority
- Lee Ohanian, Senior Fellow (adjunct), Hoover Institution
- Hon. Kirk Watson, Mayor, City of Austin, Texas

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<sup>41</sup>TEXAS DEP'T OF TRANSP., *Texas Triangle: Dallas-Fort Worth-Houston Intercity Passenger Rail Corridor*, available at <https://ftp.txdot.gov/pub/txdot-info/fed/texas-triangle-dallas-fort-worth-houston-intercity-passenger-rail-corridor.pdf> [hereinafter *Texas-Triangle*].

<sup>42</sup>Corridor Identification, *supra* note 40.

<sup>43</sup>*Texas-Triangle*, *supra* note 41.



# GETTING ON THE RIGHT TRACK: NAVIGATING THE FUTURE OF INTERCITY PASSENGER RAIL IN AMERICA

WEDNESDAY, NOVEMBER 29, 2023

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND  
HAZARDOUS MATERIALS,  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 11 a.m., in room 2167 Rayburn House Office Building, Hon. Troy E. Nehls (Chairman of the subcommittee) presiding.

Mr. NEHLS. The Subcommittee on Railroads, Pipelines, and Hazardous Materials will come to order.

I ask unanimous consent that the chairman be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

I also ask unanimous consent that the Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, if Members wish to insert a document into the record, please also email it to [DocumentsTI@mail.house.gov](mailto:DocumentsTI@mail.house.gov).

I now recognize myself for the purpose of an opening statement for 5 minutes.

## **OPENING STATEMENT OF HON. TROY E. NEHLS OF TEXAS, CHAIRMAN, SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS**

Mr. NEHLS. Today's hearing will discuss the state of intercity passenger rail with a focus on how to develop this mode in a way that is safe, efficient, cost effective, and that meets the demands of consumers. Investments and innovation in our rail infrastructure are essential to building a robust and competitive American transportation system. We must ensure that Federal policies and spending are balanced with a realistic analysis of consumer demand for passenger rail and best use of taxpayers' dollars.

There is no better example, not a better example of completely ignoring these important considerations, than the high-speed California rail project originally proposed to run between Los Angeles and San Francisco. The venture, once estimated to cost \$33 billion and to be completed in 2020, is now projected to cost over \$128 bil-

lion and counting, with an estimated completion date still over a decade away with no solid path forward.

The project has been plagued by a failure to account for actual costs and work associated with obtaining the land to build the track, eminent domain issues, environmental concerns, permitting redtape, and whether low consumer demand will require permanent and costly Government subsidies to operate the line.

While the California high-speed rail project shows the failures of poor planning and Government incompetence, there are promising opportunities to promote intercity passenger rail responsibly. Encouraging competition, removing these burdensome Government obstacles, focusing on areas of high demand, and involving the private sector have proven effective ways of managing intercity passenger rail, and today, we will hear from witnesses about those promising efforts.

I look forward to discussing both the challenges and the opportunities for intercity passenger rail, as well as how Congress can provide robust oversight and safeguard taxpayer dollars that support these projects.

I would like to thank all of our witnesses. Thank you all for being here today.

[Mr. Nehls' prepared statement follows:]

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**Prepared Statement of Hon. Troy E. Nehls, a Representative in Congress from the State of Texas, and Chairman, Subcommittee on Railroads, Pipelines, and Hazardous Materials**

Today's hearing will discuss the state of intercity passenger rail with a focus on how to develop this mode in a way that is safe, efficient, cost effective, and that meets the demands of consumers.

Investments and innovation in our rail infrastructure are essential to building a robust and competitive American transportation system.

We must ensure that federal policies and spending are balanced with a realistic analysis of consumer demand for passenger rail and best use of taxpayer dollars.

There is no better example of completely ignoring these important considerations than the disastrous California High-Speed Rail project originally proposed to run between Los Angeles and San Francisco.

The venture, once estimated to cost \$33 billion and be completed in 2020, is now projected to cost over \$128 billion and counting, with an estimated completion date still over a decade away and no solid path forward.

The project has been plagued by a failure to account for actual costs and work associated with obtaining land to build the track, eminent domain issues, environmental concerns, permitting red tape, and whether low consumer demand will require permanent and costly government subsidies to operate the line.

While the California High-Speed Rail project shows the failures of poor planning and government incompetence, there are promising opportunities to promote intercity passenger rail responsibly.

Encouraging competition, removing burdensome government obstacles, focusing on areas of high demand, and involving the private sector have proven effective ways of managing intercity passenger rail, and today we will hear from witnesses about those promising efforts.

I look forward to discussing both the challenges and the opportunities for intercity passenger rail, as well as how Congress can provide robust oversight and safeguard taxpayer dollars that support these projects.

Thank you to all our witnesses for being here today.

Mr. NEHLS. I will yield back the balance of my time, and I will now recognize our Ranking Member Payne for 5 minutes for an opening statement.

**OPENING STATEMENT OF HON. DONALD M. PAYNE, JR., OF  
NEW JERSEY, RANKING MEMBER, SUBCOMMITTEE ON RAIL-  
ROADS, PIPELINES, AND HAZARDOUS MATERIALS**

Mr. PAYNE. Good morning, and thank you, Chairman Nehls, Chairman Graves, Ranking Member Larsen, and our four witnesses for being with us today.

Intercity passenger rail is on the brink of transformation, thanks to the \$100 billion in funding for rail projects in the Bipartisan Infrastructure Law. Over \$4.6 billion is soon to be awarded across the Nation through FRA programs, including the Federal-State Partnership for Intercity Passenger Rail Grants and the eagerly awaited Corridor ID Program, with 92 proposals from 33 States under consideration. Announcements for awards are expected by yearend.

Earlier this month, the FRA awarded over \$16 billion in funding for projects along the Northeast Corridor, including funding for the Gateway Program. Almost \$4.5 billion of that funding would directly impact my constituents in New Jersey's 10th Congressional District. This influx of funding for intercity passenger rail projects would not be possible without the Bipartisan Infrastructure Law, which was passed by this Chamber and signed into law by President Biden this month 2 years ago. This funding is already enabling Amtrak and local governments to focus on sustainable, long-term projects rather than short-term patches.

While project funding is crucial, it's equally vital to secure operational and network maintenance funding. It was unfortunate to see a majority of my colleagues across the aisle either vote to cut funding to rail programs by 57 percent, or completely axe funding for Amtrak's national network as we considered the fiscal year 2024 Transportation, Housing and Urban Development appropriations bill earlier this month.

The bill was already flawed, with a 64-percent cut in funding to Amtrak, including a 35-percent cut to the national network and a staggering 92-percent—92-percent—cut to the Northeast Corridor. If these funding levels were adopted, Amtrak would likely significantly cut service across the national network, disconnecting passengers in both rural and urban communities who are reliant on Amtrak to go visit family, travel for work, or attend an event in another city.

The bill also eradicates funding for crucial programs like the Federal-State Partnership for Intercity Passenger Rail Grants, vital for capital improvements and establishing new routes.

And if those cuts weren't enough, the bill also had a 50-percent cut in funding to the Consolidated Rail Infrastructure and Safety Improvements Program, which is used to fund safety improvement projects for both intercity rail and freight rail projects. Fortunately, these drastic cuts were too severe to pass the House, allowing the Senate to pursue a more balanced bill aligned with the success of the Bipartisan Infrastructure Law.

Mr. Chairman, while I am glad to see your interest in intercity passenger rail, and I am thrilled that we have had multiple hearings on this issue this Congress, I want to note that today marks the 300th day since the Norfolk Southern derailment in East Palestine, Ohio, and this subcommittee has yet to have a hearing on

freight rail safety. We have had a representative from the CSX freight railroad in this room to talk about passenger rail, but not to talk about how a small town in Kentucky was evacuated last week due to a CSX derailment involving molten sulfur. Instead of being at home to celebrate Thanksgiving with family, these families were forced to spend part of their day in a middle school gymnasium.

There is a freight rail derailment practically every day in this country, and every day we go without addressing this issue here in Congress is another day communities across the country are at risk for a preventable catastrophe.

I look forward to hearing from our witnesses how the \$100 billion in funding for rail projects in the Bipartisan Infrastructure Law will benefit our Nation's communities.

And with that, I yield back.

[Mr. Payne's prepared statement follows:]

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**Prepared Statement of Hon. Donald M. Payne, Jr., a Representative in Congress from the State of New Jersey, and Ranking Member, Subcommittee on Railroads, Pipelines, and Hazardous Materials**

Good morning. Thank you, Chairman Nehls, Chairman Graves, Ranking Member Larsen, and our four witnesses for being with us today.

Intercity passenger rail is on the brink of transformation, thanks to the \$100 billion in funding for rail projects in the Bipartisan Infrastructure Law.

Over \$4.6 billion is soon to be awarded across the nation through FRA programs, including Federal-State Partnership for Intercity Passenger Rail Grants and the eagerly awaited Corridor ID program, with 92 proposals from 33 states under consideration, announcements for awards are expected by year-end.

Earlier this month, the FRA awarded over \$16 billion in funding for projects along the Northeast Corridor, including funding for the Gateway Program.

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The bill was already flawed, with a 64 percent cut in funding to Amtrak, including a 35 percent cut to the National Network and a staggering 92 percent cut to the Northeast Corridor.

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We have a representative from the CSX freight railroad in the room—to talk about passenger rail, but not to talk about how a small town in Kentucky was evacuated last week due to a CSX derailment involving molten sulfur. Instead of being at home to celebrate Thanksgiving with family, these families were forced to spend part of the day in a middle school gym.

There is a freight rail derailment practically every day in this country, and every day we go without addressing this issue here in Congress is another day communities across this country are at risk for a preventable catastrophic incident.

I look forward to hearing from our witnesses on how the \$100 billion in funding for rail projects in the Bipartisan Infrastructure Law will benefit our nation's communities.

I yield back.

Mr. NEHLS. Thank you, Ranking Member.

I would also like to welcome our witnesses and thank them for being here today.

And briefly I would like to take a moment to explain our lighting system for our witnesses. There are three lights in front of you: Green means go; yellow means that you are running out of time; and red means to conclude your remarks. I ask you to respect that.

I ask unanimous consent that the witnesses' full statements be included in the record.

Without objection, so ordered.

I also ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

And without objection, so ordered.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

As your written testimony has been made part of the record, the subcommittee asks that you limit your oral remarks to 5 minutes.

With that, Mr. Daly, you are recognized for 5 minutes for your testimony.

**TESTIMONY OF ANDY DALY, SENIOR DIRECTOR OF PASSENGER OPERATIONS, CSX TRANSPORTATION, INC.; STACEY MORTENSEN, EXECUTIVE DIRECTOR, SAN JOAQUIN JOINT POWERS AUTHORITY; LEE E. OHANIAN, PH.D., DISTINGUISHED PROFESSOR OF ECONOMICS, UCLA, AND SENIOR FELLOW, HOOVER INSTITUTION, STANFORD UNIVERSITY; AND HON. KIRK WATSON, MAYOR, CITY OF AUSTIN, TEXAS**

**TESTIMONY OF ANDY DALY, SENIOR DIRECTOR OF PASSENGER OPERATIONS, CSX TRANSPORTATION, INC.**

Mr. DALY. Yes, sir. Good morning, Chairman Nehls, Ranking Member Payne, and members of the rail subcommittee. Thank you for the opportunity to speak to you today.

I am Andy Daly, senior director of passenger operations at CSX and a fourth-generation railroader. I have been with CSX for 23 years. For the past 6 years, I have served as senior director of pas-

senger operations. As part of my duties, I serve as the point person for all performance and contractual relationships with our passenger operation partners across CSX's 20,000-mile network.

Like other Class I railroads, CSX operates almost exclusively on infrastructure we own, build, and maintain. About \$0.40 of every dollar earned in the railroad industry goes back to the upkeep of our railroads, making us one of the most capital intensive industries in the Nation. Despite this challenge, the American Society of Civil Engineers gives rail infrastructure the highest grade for our infrastructure conditions as compared to all other U.S. transportation modes. Over the last 5 years, CSX has invested \$10 billion into our network, with \$2.3 billion in 2023 alone.

When working with Amtrak or other passenger rail operators, CSX endeavors to create a safe, well-planned, cost effective, and transparent partnership. CSX runs 5.5 million train-miles on CSX per year, which is one-quarter of Amtrak's train-miles in the United States. On average, 60 Amtrak trains operate on our tracks daily. The volume of Amtrak trains, along with 159 trains operated by our commuter rail partners like VRE, MARC, and MBTA, make CSX among the most passenger-intensive freight railroads in the United States.

Thanks to the hard work of many at CSX, we achieved the best contract on-time performance in our history of hosting Amtrak in 2022. We closed out the year with 94.8 percent on-time performance, which was a 2-percent improvement over the prior year.

CSX looks at four pillars when discussing passenger rail expansion or new opportunities.

Number one, safety. The addition of new passenger service cannot impact the safety of our customers, employees, existing passenger commuter service, or surrounding communities.

Number two, capacity. There must be adequate capacity to meet our current and future customer needs.

Number three, compensation. CSX must be fairly compensated for the use of our infrastructure, as well as maintenance costs.

And four, liability. CSX cannot take on additional liability when additional passenger services are brought onto our network.

These four pillars are critical to the health of our Nation's supply chain and the safety of our communities. CSX's recent transaction with the Commonwealth of Virginia is an example of how strong adherence to these pillars can pave the way for introduction of enhanced passenger operations. The series of construction projects included in the transaction are currently underway between Washington and Richmond. This project is a result of a tremendous amount of effort by Virginia, CSX, and Amtrak, and will result in significant expansion of VRE and Amtrak services while also preserving our ability to meet current and future freight demand. Importantly, it shows the demand for both freight and passenger rail service can be respected and protected when the parties work together in an open and honest format.

In 2021, CSX acquired Pan Am Railroad, operated through New England. CSX is working with the Northern New England Passenger Rail Authority on several projects that will improve both the reliability and pave the way for an increase in Downeaster service. We are also in ongoing planning with the Massachusetts Depart-

ment of Transportation and pursuing a thoughtful way to expand passenger rail operations in the Commonwealth between Boston and Springfield.

On behalf of our president and CEO Joe Hinrichs and those of us in leadership at CSX, we want to emphasize with the members of the committee that our company initiative, called ONE CSX, prioritizes teamwork across all levels, all departments, and all locations. The transformative shift in our workplace culture is foundational to the way we work together; operate as one team; and where employees feel valued, included, appreciated, and are able to contribute to our business objectives to safely and reliably serve our customers. We are optimistic about our ability to partner with passenger rail operators where it makes sense and where we can plan ahead.

Thank you for the opportunity to speak to you today.

[Mr. Daly's prepared statement follows:]

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**Prepared Statement of Andy Daly, Senior Director of Passenger Operations, CSX Transportation, Inc.**

Good morning Chairman Nehls, Ranking Member Payne, and Members of the Rail Subcommittee. Thank you for the opportunity to speak with you today.

I am Andy Daly, Senior Director of Passenger Operations at CSX and a fourth generation railroader. I have been with CSX for 23 years. I hired on with the railroad straight out of college as a union employee working in Lima, Ohio. From there I entered into a front line management position as a Manager of Train Operations in Toledo, Ohio. After four years in Toledo, I moved to Chicago as a Director of Train Operations working in the dispatch center in Chicago. From there I went back in to the Field in Philadelphia, Pennsylvania as a Terminal Manager overseeing operations in three different yards, as well as line of road operations. After my time in Philadelphia, I returned to Chicago to run the dispatch center as a Superintendent of Train Operations, a position I held for seven years. This brings me to my current role that I have held for six years as the Senior Director of Passenger Operations. As part of my duties, I serve as the point person on all performance and contractual relationships for all of our passenger operations partners across CSX's 20,000 mile network.

CSX's rail network is an essential part of the nation's supply chain, spanning over 20,000 route miles, connecting to 70 ports, and serving nearly two-thirds of the population east of the Mississippi River in 26 states, the District of Columbia, and the Canadian provinces of Ontario and Quebec. With an annual payroll over \$2 billion, CSX has over 22,500 employees (including subsidiaries) of diverse backgrounds and skillsets. In 2022, CSX averaged moving one ton of freight 537 miles on a single gallon of fuel, which is 3–4 times more fuel-efficient than moving one ton of freight by truck.

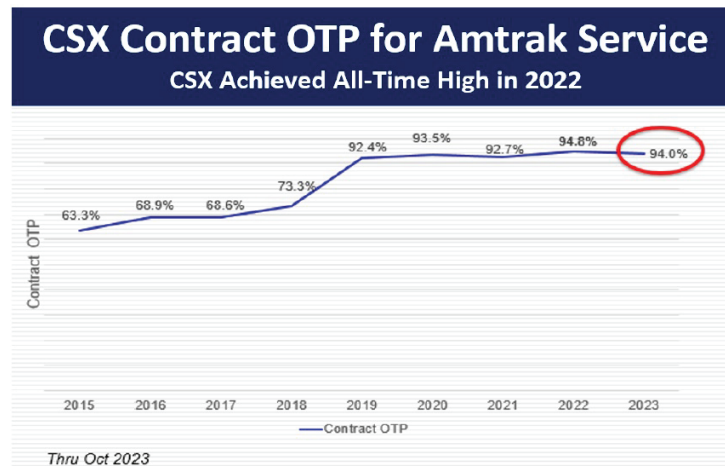
Like other Class 1 railroads, CSX operates almost exclusively on infrastructure we own, build, and maintain. About 40 cents of every dollar earned in the railroad industry goes back into the upkeep of our railroads, making us one of the most capital intensive industries in the nation. Despite this challenge, the American Society of Civil Engineers gives rail infrastructure the highest grade for our infrastructure conditions as compared to all other transportation modes. In 2023, CSX will have invested \$2.3 billion, with \$1.7 billion going to CSX bridges, track and signals. Over the last 5 years, CSX has invested almost \$10 billion into its infrastructure.

When working with Amtrak or other passenger rail operators, CSX endeavors to create a safe, well-planned, cost-effective, and transparent partnership. On average, we host a quarter of Amtrak's train miles in the United States. Amtrak runs 5.5 million train miles on CSX per year. On average, 59 Amtrak trains operate on our tracks daily. The volume of Amtrak trains, together with the 159 trains operating on CSX by commuter rail providers like VRE, MARC, and MBTA, makes us among the most passenger-intensive freight railroads in the United States. Thanks to the hard work of many at CSX, in 2022, CSX achieved its best Contract On-Time Performance in our history of hosting Amtrak service. We closed out the year with 94.8% on-time performance, which was a 2% improvement over the prior year.



Thanks to the hard work of many at CSX, we have good relations with each of these passenger rail partners and their various operators. We recognize Amtrak, at the direction of Congress, has focused on customer on-time performance (Customer OTP) to gauge the quality of customers' ridership experience on a service route level. Every Amtrak route that involves CSX operates on track used by at least one other railroad, and sometimes as many as five other railroads. CSX focuses on meeting its contractual on-time performance (Contract OTP) standards as it is a measure of CSX's individual performance as a host and is the negotiated service metric between CSX and Amtrak.

Today, CSX is providing record-breaking service to Amtrak. In 2022, CSX achieved its best Contract OTP in our history of hosting Amtrak service. We closed out the year with 94.8% Contract OTP, a 2% improvement over the prior year. This year (2023) is shaping up to be our second best year as Contract OTP is currently at 94.3%. Since 2019, CSX's Contract OTP has been above 90%, and CSX has been able to reduce Amtrak delays per 10,000 miles by 23% since 2018. The following graph illustrates CSX's success in improving Amtrak service quality on its network.



CSX looks at four pillars when discussing passenger rail expansion or new opportunities:

**Number 1—Safety:** The addition of new passenger service cannot impact the safety of the line for our customers, employees, existing passenger/commuter service, or surrounding communities.

**Number 2—Capacity:** There must be adequate capacity to meet our current and future customer needs.

*Number 3—Compensation:* CSX must be fairly compensated for the use of our infrastructure as well as maintenance costs.

*And Number 4—Liability:* CSX cannot take on additional liability when additional passenger service is brought onto our freight corridor.

These four pillars are critical to the health of our nation's supply chain and the safety of our communities. CSX's recent transaction with the Commonwealth of Virginia is an example of how strong adherence to these pillars can pave the way for the introduction of enhanced passenger operations. The series of construction projects included in the transaction are underway between Washington and Richmond. This project is the fruit of a tremendous amount of effort by Virginia, CSX and Amtrak and will result in a significant expansion of VRE and Amtrak services while also preserving our ability to meet current and future demand. Importantly, it shows that demand for both freight and passenger rail service can be respected and protected when the parties work together in an open and honest format that values the interests of all parties.

Traveling through the Washington region has its challenges. Currently there are 5.5 million Americans living and working in DC, Maryland, and Virginia (DMV) and the DMV region is expected to grow by another 1.5 million in the next two decades. Virginia has long sought transportation solutions to better move both freight and people, whether at the ports, on the highways, or over rail.

As part of its congestion planning, the Commonwealth began to support freight projects that would add capacity by increasing road clearances to allow double stack freight rail operations. When completed, the route allows for double stack trains versus more train frequency with single-stacked daily freight trains. At the same time, the number of VRE and Amtrak trains operating on the CSX I-95 line increased to 71 weekday trains. However, both VRE and Amtrak wanted to double that number in the near future, and of course, CSX desires to grow our freight traffic as well.

Freight rail, passenger rail, and governmental stakeholders found a solution to balance these various transportation priorities. In 2019, CSX signed a rail agreement selling Virginia 384 miles of CSX right-of-way and 223 miles of track in freight rail corridors paralleling I-95, I-64, and I-85. The Commonwealth purchased half of the CSX corridor between Washington, DC and Petersburg, VA and all of the CSX owned right-of-way between Petersburg and Ridgeway, NC, and agreed to build new capacity on the entire corridor. As Virginia officials testified last Congress before this Committee, this rail line purchase cost less than adding a lane to the highway. The plan currently being implemented will separate passenger and freight rail into parallel corridors, while preserving access for both during maintenance or other incidents that render a track temporarily inoperable. This way, freight and passenger rail operators can support one another and avoid frequent conflicts that can arise on shared-use track. The agreement also preserves freight access to CSX's customers—now and in the future—on either side of the corridor.

In 2020, Virginia created a new, independent state agency dedicated to managing and funding passenger rail services. Congress also acted, led by delegations from VA, DC, and MD, transferring NPS property rights to DC and VA needed for a new passenger rail bridge over the Potomac River. The corridor deal was announced in 2021, and through dedicated funding from Virginia, investments from Amtrak, and federal grants, the Commonwealth has begun projects to add capacity from DC to Richmond, including that new passenger rail bridge.

Another great example of CSX's four pillars serving both freight and passenger interests can be found in North Carolina. For the past decade, CSX has partnered with North Carolina to expand freight rail capacity in the state. We enhanced freight movements from Wilmington to Charlotte and along our I-95 corridor. The state has also worked with us on intermodal terminals in Charlotte and Rocky Mount. Those terminals helped provide inland port solutions for congestion at ports along the East Coast during recent supply chain challenges, as well as an intermodal solution for the growing Raleigh metropolitan region and Eastern North Carolina.

North Carolina has long expressed an interest in acquiring a portion of CSX's S-Line, north of Raleigh, to better connect passenger rail service in the state of North Carolina to Virginia and ultimately Washington, DC and points north. As part of CSX's Virginia transaction and to underscore the cooperative partnership with the state of North Carolina, Virginia acquired a portion of the S-Line in North Carolina. CSX has signed, non-binding letter of intent with NC DOT based on CSX's core passenger principles for NC DOT to purchase approximately 55 miles of the S-Line north of Raleigh. CSX has supported NC DOT's FY 2020 and FY 2021 CRISI applications, which were awarded to the state to aid in buying the corridor and to begin

preliminary engineering. NC DOT is currently working with the state legislature to provide sufficient liability protections and indemnification. We continue to work with NC DOT on ways to improve their passenger rail opportunities, while growing safe and efficient freight traffic.

One other example merits mentioning. In 2021, CSX acquired the Pan Am Railroad operated throughout New England. CSX is working with the New England Passenger Rail Authority on several projects that will improve both the reliability and pave the way for an increase in the Downeaster service. We are also in ongoing planning with the Massachusetts Department of Transportation and pursuing a thoughtful way to expand passenger rail operations in the Commonwealth between Boston and Springfield.

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On behalf of our President and CEO, Joe Hinrichs, and those of us in leadership at CSX, we want to emphasize with Members of the Committee that our company initiative called ONE CSX prioritizes teamwork across all levels, all departments and all locations. This transformative shift in our workplace culture is foundational to the way we work together—operating as one team where all employees feel valued, included, appreciated and able to contribute to our business objectives to safely and reliably serve our customers who touch every aspect of the public. We are optimistic about our ability to partner with those in passenger rail services where it makes sense and where we can plan ahead. Thank you again for the opportunity to speak to you today.

Mr. NEHLS. Thank you, Mr. Daly.

Ms. Mortensen, you are recognized for 5 minutes for your testimony.

**TESTIMONY OF STACEY MORTENSEN, EXECUTIVE DIRECTOR,  
SAN JOAQUIN JOINT POWERS AUTHORITY**

Ms. MORTENSEN. Thank you. Good morning, Chairman Nehls, Ranking Member Payne, and the members of this esteemed subcommittee. My name is Stacey Mortensen. I serve as the executive director of two different agencies. One oversees the San Joaquins intercity service operated by Amtrak. The other oversees the ACE commuter rail service to the bay area operated by Herzog Transit Services. Both of these are in the major northern California area.

Through this experience, I am asking you today to consider thinking about different angles and different ways of State-supported Amtrak services. In the new vision for passenger rail service that the chairman and vice chairman talked about, a one-size-fits-all approach is not going to work. So, let me begin first by thanking quickly several of our local representatives who take care of our service region: Congressmembers Duarte, DeSaulnier, and LaMalfa.

California funds three of the largest intercity passenger rail services operated by Amtrak. These three routes carried over 3.2 million riders last year post-COVID, and that accounted for about 40 percent of the Nation's State-supported trips.

Eleven years ago, California passed a bill giving one of our agencies the responsibility to protect and improve the service for the San Joaquin Corridor and the riders. It cost nearly \$100 million per year and covers almost 400 miles, and the service also includes connecting thruway bus, one of the biggest in the country, to give access to residents who aren't right near the rail line.

This service has proven critical to a very challenging demographic within the San Joaquin Corridor. Passenger household incomes are some of the lowest in the country, and yet a majority of

those passengers continued to ride during the COVID pandemic shutdown when trains were limited. It proved to us over time this was the only option these people had. And San Joaquins have recovered probably one of the best of all services under Amtrak operation.

Twenty-five years ago, I was also part of the startup of the ACE commuter rail service, and experienced more of a bootstrap method for getting rail service implemented using local and county revenues and a very competitive process. Herzog is our operator and has been our operator on that service for 25 years.

One of the few things that the San Joaquins and the ACE train have in common is we operate on the Class I freight railroads. We have learned over this time that, to be successful with these partners, we need to understand the freight business goals, we need to commit to funding capacity improvements that move both freight and passenger trains, and we need to learn to coexist. And I think that is important in this new vision for additional rail.

Our host rail lines, Union Pacific and BNSF, they have been consistent allies with us in our planning process for more service. But a key factor in maintaining those relationships has been another shared aspect between the two services, and that is collaborative governance. While each agency I represent has its own elected board with its own constituents, each governing board agrees to assume the roles that they are strongest at.

To avoid duplication, play to their strengths, streamline decisions, and respond quickly to changing conditions that we see, they delegate decisionmaking to each other, which is a little bit rare, but it makes the most sense. And I think the railroads appreciate this approach because it recognizes that accommodating passenger rail service on their lines can be difficult, and we work in good faith to accomplish those goals.

But at the national level, there are processes and legislation that can set back those hard-earned gains. Sometimes expansion efforts, especially nationalized, are plagued with long delivery times. Centralized decisionmaking often means those who are ready have to wait for those who are not. These national processes and changes to those processes are geared towards national expediency, which sometimes Congress does ask Amtrak to achieve, but it comes at the cost of protecting and improving the services for the passengers that rely on them. These people who truly pay for the service, they don't understand the labyrinths that we have to go through to make improvements and to add trains. They just want to get on board. They just want to take their trip.

We do, however, have a few bright spots. We have some new models emerging that I hope you take into account. They are through discussions with Amtrak, host railroads, FRA, and the State, and it figures out a way to right-size the roles. It plays to the strengths of each of the parties: Who can do what best, who can do what most efficiently, and who can reach down to the constituents who ride the trains and make sure their input is incorporated.

I am asking the members of this subcommittee to be supportive of a new and improved effort. I hope the advocacy will lead to the

option to customize appropriate paths forward for each unique situation or region, something that's a little impossible today.

Honestly, right-sizing today will allow us to get it right tomorrow. Thank you.

[Ms. Mortensen's prepared statement follows:]

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**Prepared Statement of Stacey Mortensen, Executive Director, San Joaquin Joint Powers Authority**

INTRODUCTION

Good morning, Chairman Nehls, Ranking Member Payne, and Members of this esteemed Subcommittee. My name is Stacey Mortensen and I am the Executive Director of the San Joaquin Joint Powers Authority (SJJPA), which oversees a state-supported Amtrak route known as the San Joaquins service. I also serve as Executive Director of the San Joaquin Regional Rail Commission (SJRRRC) which oversees the Altamont Corridor Express (ACE) commuter rail service. Both services run through California's Central Valley and into the metropolitan areas of Sacramento and the San Francisco Bay Area. Through these two roles, I have been fortunate to experience the ins and outs of passenger rail service from many different angles. Today, I am asking you to consider thinking about the state-supported Amtrak services in a different way going forward because in the new vision for expanded passenger rail throughout the country, one size does not fit all.

Let me first begin by thanking several of our local representatives on this Subcommittee. They are the information pipelines between our communities and the complex decision-making process at the national level. I had the pleasure of getting to know Congressman Duarte during his recent tour of our Stockton Rail Maintenance Facility. He continues to express his desire to fully understand the transportation issues in our region of California and be a thoughtful advocate in Congress. I would also like to express my appreciation of the tremendous leadership of Congressman DeSaulnier, who is our longtime, valued resource on all transportation issues affecting the greater San Francisco Bay Area. We are honored to have the opportunity to serve his constituents on both the ACE and San Joaquins services. Finally, although not a member of this Subcommittee, we would like to thank Congressman Harder, who has been a tremendous advocate for increased rail service around the greater Stockton area and continues to work with us on potential legislative solutions to ensure efficient and cost-effective passenger rail in the Central Valley.

California is home to the nation's largest state-supported intercity passenger rail network operated by Amtrak. The Pacific Surfliner, the Capitol Corridor, and the San Joaquins intercity services make up the top three highest ridership services in the United States outside of the Northeast Corridor. Even in the post-COVID environment that has crippled most transit and passenger rail services, these three routes carried over 3.2 million riders this last year, which accounts for nearly 40% of all state-supported passenger trips.<sup>1</sup> And by "state-supported," I must emphasize that this means our passengers and our state taxpayers fully cover the entire operating and capital costs for the service. We do not receive any annual federal funding.

California's intercity rail system connects the major populated areas of San Diego, Los Angeles, San Luis Obispo, Bakersfield, Stockton, Oakland, San Jose, and Sacramento. Additionally, our extensive thruway bus services provide connections to an additional 122 destinations throughout the state.

Over the last four decades, California has invested nearly \$8 billion in improving its intercity passenger rail network. Our state maintains a proven track record of planning, delivering, and expanding both passenger rail and freight rail projects. We owe much of our success to sustained advocacy in Sacramento and the consistent state funding support of our rail programs by our state legislature and state rail staff.

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<sup>1</sup>Amtrak FY22 Ridership. January 2023. <https://media.amtrak.com/wp-content/uploads/2022/11/FY22-Year-End-Revenue-and-Ridership.pdf>



## INTERCITY PASSENGER RAIL IN CALIFORNIA &amp; CIRCLE

In 2021, we consolidated the advocacy efforts for the Pacific Surfliner, Capitol Corridor, and San Joaquins to form California's Intercity Rail Corridor Linking Everyone (CIRCLE). This coalition focuses on uniting policymakers and partner agencies on the need to preserve the past passenger rail investment and continue strategic future investment throughout the state. These discussions continue to include strong partnerships with the Federal Railroad Administration, Amtrak, Class I railroads, and labor groups. We also encourage innovation and flexibility in service delivery as the expectations in California and throughout the nation clearly dictate that one size does not fit all. We look forward to being an ongoing resource to this Subcommittee.

While I am not here to testify specifically about the California High Speed Rail Authority (CHSRA), I know this topic is of great interest to the Subcommittee. I serve as a member of the Peer Review Group established by California Law AB 3034 and can discuss the findings and conclusions highlighted in the March 23, 2023 report that specifically impacts SJPPA's role as a provider of intercity passenger rail service in the Central Valley<sup>2</sup>.

## BACKGROUND ON SAN JOAQUINS

In 2012, the California legislature passed AB 1779 to protect and improve existing rail service throughout the San Joaquin Corridor. The corridor runs up the Central Valley from Bakersfield to Stockton and then splits to take riders to Sacramento or Oakland. The route spans 365 miles, includes 7 daily round trips (6 currently running post-pandemic), provides 18 stations, and has been entirely funded by the state for many years. Even when factoring in the state-supported routes within the Northeast Corridor, the San Joaquins are Amtrak's fifth-busiest service. The San Joaquins also include the most extensive connecting bus program in the country at \$20 million per year, which is as big or bigger than many of the other state-supported rail routes. During Fiscal Year (FY) 2019, the San Joaquins carried 1.1 million passengers and the state provided over \$50 million in subsidies. During the pandemic, the San Joaquins were reduced to 5 roundtrip trains, but had the highest ridership in the nation over many months. In this last Fiscal Year with 6 out of 7 roundtrips running at 85% of full service, ridership reached 850,000, or 79% of pre-COVID levels. This indicates that the San Joaquins have a strong elasticity despite other negative impacts in the larger environment. This is particularly worth exploring further because the San Joaquins riders have some of the lowest household incomes nationwide.

## BACKGROUND ON ALTAMONT CORRIDOR EXPRESS (ACE) SERVICE

I was part of the start-up of the ACE commuter rail program in 1998 and learned the 'boot strap' method of funding and delivering a passenger rail program through local revenues and competitive procurement. The ACE service provides 4 weekday trains in the peak period and runs over an 86-mile route between the Central Valley and Silicon Valley, with Herzog Transit Services as our operations and maintenance contractor. Pre-pandemic, ACE trains handled 6,500 daily passenger trips and over 1.5 million annual riders. However, as the ACE passengers are primarily peak period commuters, pandemic related remote work models have had a significant impact on ridership. Ridership is currently at 50% of pre-COVID levels but has been steadily increasing. The federal COVID relief transit operating funding passed by Congress in the CARES Act (P.L. 116-136), CRRSA (P.L. 116-260), and ARPA (P.L. 117-2) was a lifeline that kept trains running at minimum levels for essential workers—and we thank you for making that tough decision.

We are working closely with Central Valley, Sacramento, and Bay Area Economic Councils to monitor the evolution of the new hybrid work models and the changing commuting patterns. Flexibility in responding to these factors could make or break the success of future passenger rail services.

## CRITICAL COLLABORATION

The San Joaquins and ACE trains both operate on Class 1 railroads. To have a successful partnership for existing and expanded passenger rail service, a public agency must understand freight company business goals and commit to fund network capacity improvements that keep freight and passenger trains moving. Union

<sup>2</sup>California High-Speed Rail Peer Review Group Report. March 23, 2023. <https://www.cahsrpgr.com/wp-content/uploads/sites/15/2023/03/Final-to-legislature-3-23-2023.pdf>

Pacific and BNSF have been consistent allies in planning for our service expansion. A key factor in maintaining these relationships is the efficient governance models between the elected boards for ACE and San Joaquins services. Rather than duplicate the governance effort and create potentially competing interests, the two boards share one consolidated staff and one vision for providing passenger rail between the Central Valley, Sacramento, and Bay Area. Each board assumes the roles that play to their strengths. The San Joaquin Regional Rail Commission that oversees the ACE service focuses on ground game—day-to-day operations and maintenance, engineering and construction, negotiations with the host railroads, and rolling stock procurement. The San Joaquin Joint Powers Authority focuses on planning in the larger geographic area and communicating the opportunities and challenges to the state for overall rail network integration. This board is also responsible for negotiations with the state and the California High Speed Rail Authority to operate an interim service on the new high-speed infrastructure in the Central Valley. This shared governance model is a departure from the usual agency oversight and has saved time, money, and has streamlined the coordination effort between the numerous service partners. Such efficiencies will be required to advance new state and national passenger rail goals.

#### ONE SIZE DOES NOT FIT ALL

I want to share a few examples that show where a national approach to state-supported passenger rail programs can be flawed. Over the past few years, California and the current Federal Railroad Administration have committed unprecedented levels of funding to new and improved passenger rail service and the transition toward zero-emission trainsets. These visions have been percolating for a while, but with serious money on the table, there are serious expectations of simultaneous advancement in many corridors and across many fleets. And yet, the general intercity passenger rail environment has not been a place of speedy transition or evolution. Under the current framework, the dreams of more accessible rail service to more populations could take decades or stall altogether.

Timely innovation efforts in a highly regulated industry with a centralized national railroad will inevitably face numerous barriers. Recent service expansions and new service have been plagued with excessively long planning, negotiation, procurement, and delivery times. Centralized decision-making often means those who are ready have to wait for those who are not. Equipment procurements or modifications can be bogged down waiting for over two dozen parties (and their attorneys) to agree on excruciating details. When there are national processes in place, changes to those processes can be geared toward centralized expediency (which Congress has often pressured Amtrak to achieve) rather than protecting and improving the services for the passengers who rely upon them.

Last year, I was the sole state vote against the new State-Amtrak Intercity Passenger Rail Committee (SAIPRC) cost model required by the Infrastructure Investment and Jobs Act (IIJA). It is likely that I will once again vote against the upcoming standardized cost rate for service. This time, however, I may not be the only one. It is not about whether the costs are higher or lower under the model, but rather because the 2019 cost data, which is used as the baseline in the new cost allocation rate, were grossly inaccurate due to Amtrak's inability to provide clear back up for the inflated expenses. Again, the national interests were pushed forward to meet a deadline, but our San Joaquins service continues to suffer on account of these inaccurate cost allocations that cannot be explained. This significantly hampers our ability to sustain and grow the service.

Ironically, when a service change negatively impacts California, it does significant harm to the largest Amtrak cost center outside of the Northeast Corridor. The double irony for our San Joaquins service is that we receive no federal funding. Our state and our riders pay all the operations and maintenance costs, which are now nearing \$100 million per year. National decisions have crippled our service without justification, and yet, the established Passenger Rail Investment and Improvement Act of 2008 (PRIIA) framework sticks us with the check, and we are left with no other option but to foot the bill.

In fact, even when Amtrak acknowledges that there is a problem in this arena and attempts to make changes, as was noted in the January 2022 Amtrak OIG report, the vast majority of state partners continue to have lingering distrust with the

new national data. This further demonstrates that the one size fits all national approach set up by Section 209 of PRIIA is fundamentally broken.<sup>3</sup>

#### RIGHT SIZE—RIGHT PLACE

Another example where one size does not fit all relates to the state's desire for a more rapid deployment of zero emission technologies for trainsets. Demonstration programs are being developed for battery, hydrogen, and various hybrid solutions for rail applications. Rail corridors have different requirements based upon grades, curvature, station stops, and length of route. We are part of several different demonstration efforts for locomotive-hauled and multiple unit trainsets. These will require close coordination and nimble response to host railroad feedback in specific corridor-by-corridor discussions. Integration between the San Joaquins and ACE service with the interim high speed rail service will also be a complex process. We can appreciate the general benefits of a national, standardized fleet transition for emission reductions, but also know the pace of such an effort and the standardized outcome, much like the cost allocation formula, may not result in an outcome that is beneficial for the San Joaquin corridor.

California owns the fleet for the San Joaquins and Capitol Corridor in the northern part of the state. The state has resolute goals for fleet modernization, emissions reductions, and improved passenger experience. This cannot be accomplished in the expected timeframe through a national framework, particularly when there are so many plans for new services and expansion around the country. Each region in California may require different approaches depending on geography, demographics, and connections to other transportation options. The same is true for the state's equity objectives. Local and regional nuances will dictate the most effective and meaningful strategies. The creation of the three interregional Joint Powers Authorities (JPAs) was a concerted effort to drive oversight and decision-making down from the state level closer to communities and the passengers. True transformation will require flexibility and adaptability that the historic national model has not offered.

There are, however, a few bright spots. A new model is emerging from our discussions with Amtrak, host railroads, FRA, and the state. The parties are evaluating the rightsizing of national and state level efforts on the San Joaquins and assigning responsibilities that make sense. This extends the reach of each player and allows more progress to be accomplished toward state and national goals simultaneously. We have the expertise to focus on advancing our equipment strategies and Amtrak has the turnkey expertise to get the new services on the ground quickly.

California has detailed plans for unique rolling stock modification and rehabilitation of our state-owned fleet to reflect the regions and communities that are served. The interior mock-ups we have done with the state give passengers a connection to their rail service beyond the utility of connecting from "point A to point B." We want the journey to be as important as the destination, including the connecting bus trips, which currently feel like a lesser experience than the train trip. While California is also pursuing aggressive goals for electric and autonomous vehicles, the highway gridlock is predicted to worsen and moving people by train and connecting bus becomes increasingly important. Under the historical national maintenance model, these train equipment modifications would be difficult, if not impossible, to achieve. But, under a new strategic model with Amtrak and FRA, a more localized workforce effort would address these equipment needs, and the national workforce effort would focus on the impending expansion efforts throughout the nation.

In closing, having experienced both the failure of what I call the national one size fits all policy and the success managing regional service with a localized decision-making model, we have clearly seen what a path forward looks like for successful intercity passenger rail policy. This experience informs us that now is the right time and place to rectify the efforts to build passenger rail service that is demanded of us for the future and I ask that the members of this Subcommittee be supportive of this effort. I suspect that other services across the country have shared similar experiences. My hope is that our advocacy will lead to an outcome that will provide us all with the flexibility to rightsize and customize the appropriate path forward for each unique route, something that is impossible today. In short, rightsizing today will allow us to get it right tomorrow.

I look forward to answering any questions the Subcommittee may have about our program and experiences managing the two publicly funded passenger rail services.

<sup>3</sup> *Governance: Amtrak Has Begun to Address State Partners' Concerns About Shared Costs But Has More Work to do to Improve Relationships*. January 31, 2022. <https://amtrakoig.gov/audit-documents/audit-reports/governance-amtrak-has-begun-address-state-partners-concerns-about>

Mr. NEHLS. Thank you, Ms. Mortensen. I now recognize Dr. Ohanian.

Am I saying that correctly?

You are recognized for 5 minutes, sir.

**TESTIMONY OF LEE E. OHANIAN, PH.D., DISTINGUISHED PROFESSOR OF ECONOMICS, UCLA, AND SENIOR FELLOW, HOOVER INSTITUTION, STANFORD UNIVERSITY**

Mr. OHANIAN. Chair Nehls, Ranking Member Payne, committee members, thank you for inviting me to testify today. I am Lee Ohanian. I am a professor of economics at UCLA and a senior fellow at Stanford's Hoover Institution.

High-speed rail, which I will refer to as HSR, poses challenges regarding costs and project delays. My comments today will focus on addressing these problems, drawing on lessons from California's HSR experience. I will frame my testimony around four issues: one, understanding the large risks and uncertainties accompanying these projects; two, the value of third-party evaluations to provide independent assessments; three, reducing HSR construction costs; and four, the promise of private-sector HSR.

As a Californian, I wish I could tell you we have made significant HSR progress. We haven't. The project is extremely delayed, and its 2008 budget has increased by a factor of 4 to about \$128 billion. Some of this reflects mistakes in management and accountability, but it also reflects the failure to identify and mitigate the risks and uncertainties with projects of this size.

This failure dates back to 2008, when California's nonpartisan Legislative Analyst's Office reviewed California's HSR business plan and found it lacking in the following areas: failure to describe how funding would be secured; failure to describe how costs would be allocated, failure to provide a break-even point, failure to present the methods used to forecast ridership, failure to provide environmental review completion dates, and failure to describe how these and other risks would be mitigated.

Put differently, California HSR began its life with \$10 billion in voter-approved bond funding, but without a legitimate business plan. The legislative analysts were prescient, as the deficiencies that they identified have negatively impacted HSR from its beginning.

The California High-Speed Rail Authority should have focused on identifying risks and their mitigations and should have been more forthcoming about these issues. The project is now roughly 20 years behind schedule, and its budget has ballooned from about \$33 billion to about \$128 billion.

The lessons from California are clear: Projects should provide a comprehensive and detailed business plan that itemize all identifiable risks; that provide cost-effective, doable mitigations; and that build in a sizable cost buffer to address the unforeseen problems that frequently occur in such large capital investments.

Acknowledging risk also means using a higher discount rate for the purpose of cost-benefit analyses, which are the foundation of capital investment project evaluation. California's HSR benefit cost study uses a 7-percent discount rate. In my opinion, this discount

rate is too low, given the project's risky history and given our current interest rate environment.

The second recommendation is using third-party evaluations of HSR proposals. The State's Legislative Analyst's Office was not alone in identifying California's HSR deficiencies. Others include the Reason Foundation and the Cato Institute. Both expressed concerns about ridership forecasted levels and forecasted costs, both of which they viewed as unrealistic. These concerns were dismissed, however. If they had been heard, I suspect we could have managed HSR in California more effectively.

Third-party analyses are equally valuable today, as California builds a \$35 billion, 171-mile segment between Bakersfield and Merced in California's Central Valley. The California High-Speed Rail Authority projects this segment would reduce State driving only by about one-twentieth of 1 percent by 2030. These statistics raise concerns. Utilizing third-party assessments by disinterested experts would be valuable in evaluating the viability of California HSR and other projects.

California's high construction costs, now over \$200 million per mile, highlight the problem of U.S. railway costs more broadly. Some recent European HSR projects cost about half as much. Our high costs were acknowledged by Secretary Buttigieg 2 years ago, but the causes of our high costs remain unknown. Some evidence points to lengthy and costly environmental reviews that significantly delay U.S. projects. We need to prioritize bringing construction costs down so that our projects are economical and conserve Federal funding.

My fourth point is about building private-sector HSR. Brightline Holdings is set to build a 228-mile HSR route between southern California and Las Vegas. Despite being 50 miles longer than the State's Bakersfield-Merced segment, Brightline's projected \$12 billion cost represents a 64-percent savings compared to California HSR, and Brightline's expected completion is just 4 years away.

Private-sector HSR is incentivized to find routes where there is substantial demand, which is what we all want, and they are also incentivized to build efficiently, which is what we all want. This suggests significant potential for private-public HSR partnerships.

I hope this testimony is informative, and I look forward to your questions. Thank you.

[Mr. Ohanian's prepared statement follows:]

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**Prepared Statement of Lee E. Ohanian, Ph.D., Distinguished Professor of Economics, UCLA, and Senior Fellow, Hoover Institution, Stanford University**

CHALLENGES IN IMPLEMENTING HIGH SPEED RAIL:  
LESSONS FROM CALIFORNIA'S EXPERIENCE

Chair Graves, Chair Nehls, Ranking Member Larsen, Ranking Member Payne, and members of the Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials, thank you for inviting me to testify at the hearing "*Getting on the Right Track: Navigating the Future of Intercity Passenger Rail in America.*"

My testimony today will focus on our existing and potential future investments in *High-Speed Rail* (hereafter HSR). The goal of HSR is laudable: Provide an alternative transportation mode that offers a combination of transportation time, cost,

and convenience that is competitive with auto and air travel. However, implementing HSR has been challenging in the U.S. in terms of cost and construction delays, both of which reflect the large number of risks that can accompany large-scale projects. I will discuss these challenges with a focus on California's problematic experience with building an HSR system, an experience that provides key implications and cautionary evidence for other HSR investments.

#### CALIFORNIA'S PROBLEMS IN BUILDING HSR

California began the process of building HSR 30 years ago, with the creation of California Intercity High-Speed Rail Commission in 1993. This commission was replaced in 1996 by California's High-Speed Rail Authority (hereafter CHSRA), which continues to manage California's HSR project.

California's HSR project has little to show over this 30-year period. The project is significantly delayed, and its budget has increased to about four times its initial cost. Some of this is due to mistakes in planning, management, oversight, and accountability. But other factors reflect more endemic challenges in building HSR, including limitations in understanding the scope and size of the problems and risks that can arise in such a major infrastructure project.

While the magnitude of California's problems is perhaps unique, the nature and characteristics of these problems provide lessons for other HSR investments, which I will describe below.

#### *The Importance of Identifying and Accounting for Risk and Uncertainty*

California's HSR was plagued by significant problems from its inception. An early problem was inadequate planning. The CHSRA had 12 years to create a business plan before California voters approved a 2008 \$9.95 billion ballot initiative bond measure as seed money to begin the process of building an 800-mile system that would connect Los Angeles to San Francisco, and California's central valley to the coast, at a cost of about \$33 billion. Completion for the key route—San Francisco to Los Angeles—was expected around 2020.

The project's initial business plan was judged to be deficient by California's Legislative Analyst's Office<sup>1</sup>, a non-partisan state agency that advises the state legislature on implementing cost-effective and efficient budget policies. Their evaluation of the plan found that it did not present information on several key issues, including train capacity, forecasts of segment service levels, how funds would be secured, how costs would be distributed by system segment, an operating break-even point, what analytical methods were used to forecast ridership, expected completion dates for environmental reviews, and how risks would be mitigated.

The plan was legally required to have been delivered to the California Senate in September 2008, about two months prior to the state's general election. However, the plan was not provided until after the election. Had it been presented to state senators on time as legally required, then the project's planning deficiencies and omissions could have been identified and this information could have been provided to Californians before they voted on whether to approve bond funding. And that information may have been enough to change the outcome of the \$9.95 billion bond issue, which passed with 52.6 percent of the vote in the general election.

The omissions and deficiencies in the 2008 business plan are significant and unacceptable. But at the same time, one can imagine similar omissions/mistakes occurring with other HSR systems, particularly issues such as the failure to address the mitigation of risks. One reason is because there are so many risks involved with such a large project that it becomes nearly impossible to itemize and address them, including some that may simply be unknown.

This is not an excuse for CHSRA's failure to address the fundamental issue of risk mitigation. Rather, it is an acknowledgement that the substantial uncertainties and risks associated with such massive projects should be communicated to stakeholders, which in my opinion was not done by the CHSRA.

It now seems clear that such a large-scale project should not have been pursued. The first hint of this can be seen in the Legislative Analyst's report, which identified not just omissions in the original business plan, but a plan that realistically could not provide what was needed. The project was too big, with far too many uncertainties and risks to address, and with too many forecasts that may have been little more than assumptions.

An important lesson from California's experience is that the uncertainties and risks of a project need to be soberly confronted and built into how such a project is discounted regarding its present value evaluation. However, honestly acknowl-

<sup>1</sup> [https://lao.ca.gov/handouts/transportation/2010/2009\\_High\\_Speed\\_Rail\\_01\\_12\\_10.pdf](https://lao.ca.gov/handouts/transportation/2010/2009_High_Speed_Rail_01_12_10.pdf)

edging these risks and uncertainties will be resisted by those who are advocates of such projects, because once stakeholders understand the enormous uncertainties that accompany these investments, they may no longer be willing to commit resources to them.

Note that a reasonable acknowledgment of risks—which was omitted from California’s HSR business plan—may reverse the conclusion of standard benefit-cost analyses that use discount rates that are too low for such risky/uncertain projects. California’s HSR necessitates a higher present value discount rate, which in turn reduces the value of its benefits, because project benefits are not realized until well into the future, while the bulk of project costs are paid up front.

#### *The Importance of Third-Party Project Evaluations*

The evolution of California’s HSR in the last 15 years illustrates how projects of such size and scope can be significantly delayed and can substantially exceed their budgets. The significant concerns expressed by California’s Legislative Analyst’s Office roughly 15 years ago regarding risk mitigation, lack of funding sources, and lack of details about key aspects of the project, have proven to be remarkably prescient in understanding why California’s HSR is so delayed and why costs have increased so much. To date, not one train segment is close to completion, and the system’s delay is accompanied by a roughly four-fold increase in the system’s projected cost, which now likely exceeds \$120 billion, and which pencils out to over \$200 million per mile.

To put California’s HSR delays and cost increases in perspective, the projected cost of building a 171-mile segment between the towns of Bakersfield and Merced, the latter of which has a population of around 90,000 (California’s 86th largest city) exceeds the 2008 projected cost of the entire system. Moreover, the projected completion date for this first segment may extend to 2033, roughly 25 years after voters passed the \$9.95 billion bond issue.

A \$35 billion, single HSR route between Bakersfield and Merced would have been rejected by voters in 2008. Yet this is the status of California’s HSR today, with well over \$30 billion to be invested in a single route that is far from a priority transportation corridor within the state.

California’s HSR system did not break ground until 2016, eight years after the bond issue, and 20 years after the formation of CHSRA. Construction delays reflect delays in acquiring land, delays in environmental reviews, and several lawsuits. All these problems were explicitly or implicitly recognized by the Legislative Analyst’s Office in 2008. By the time construction had begun in 2016, the cost for the system had already doubled. Today, the cost has nearly quadrupled, and will almost certainly rise in the future.

Lack of funding, another key deficiency identified by the Legislative Analyst’s Office, has also turned out to be a major problem with California HSR. The original vision of the project marketed to Californians was that the system would attract considerable private funding, which in turn would help pay for the up-front capital costs. To date, there has been no private funding and there appears to be no current possibility of private funding.

The system’s funding deficiency is a key reason why California is building Bakerfield-Merced route first, a segment that is far from a priority route, because construction costs on that segment are relatively low. This route is flat, and thus construction does not have to deal with tunneling, building viaducts, and other high-cost features that are present on other routes, including the Los Angeles-San Francisco route, which includes the complication of considerable seismic issues.

This is the consequence of forcing a project when it should never have been initiated. And if there was any doubt about its viability when it was initiated, it could have been stopped long ago when it became apparent that it was not economically sensible. The forcing of HSR after bond approval has been in place since at least 2013, when a judge ruled that he would not validate the bond because the project did not have a valid financing plan, which was required under the bond measure. Michael Tennenbaum, the first chair of CHSRA noted just last year “I was totally naive when I took the job . . . I (ultimately) realized the system didn’t work. I just wasn’t smart enough. I don’t know how they can build it now<sup>2</sup>.”

The failure to develop a funding pathway for this project was a key error on the part of California’s political leaders, and a violation of voter trust. However, funding deficiencies, and the challenges associated with such deficiencies, could arise even for HSR projects that have funding pathways, but that may confront higher costs than planned. This important issue is connected to an honest assessment of risks and uncertainties that can delay a project or increase project cost.

<sup>2</sup> <https://www.nytimes.com/2022/10/09/us/california-high-speed-rail-politics.html>

Other third-party studies of California HSR expressed significant concerns about the project around the time of the bond issue, including an analysis performed by the Reason Foundation<sup>3</sup>. The *Reason* study identified a separate set of concerns to those raised by the Legislative Analyst's Office. These include overly optimistic ridership projections, underestimated cost projections, overestimated impact on greenhouse gas emissions, overstated average travel speeds, and overestimated profitability.

One of the most striking points made by the *Reason* study is the remarkably optimistic CHRSA assumptions regarding ridership intensity (passenger miles/route mile) for California HSR. Specifically, CHRSA assumed that ridership intensity would substantially exceed that in Japan and Europe, countries that make far greater use of rapid transit than the U.S., which have less auto ownership, and which have more densely populated cities. The ridership intensity forecast also exceeded that of Amtrak's Acela line, one of the highest speed lines in the country, by a factor of nearly 40. It is noteworthy that since the original business plan, CHSRA has scaled back projected ridership by about 25 percent.

Another key point in the *Reason* study was addressing the amount of greenhouse gas emission reductions resulting from California's HSR. The challenge with any argument made for a project based on greenhouse gas emissions must confront the fact that greenhouse gases are a global issue, with China now contributing about 30 percent of the global total. California contributes less than one percent of global emissions. There is virtually nothing that California on its own can feasibly do to move the carbon emissions needle. The *Reason* study calculated that if implemented, California HSR would reduce California carbon emissions by less than two percent. This means that California HSR would have a miniscule impact on climate change.

More broadly, the California economy has evolved in ways that could not have been predicted back in 2008, and these evolutions suggest that HSR may be considerably less important now. This includes the state's mandate that only electrical vehicles will be sold after 2034, that the state's population is shrinking, and the rising importance of remote work, which now accounts for about 30 percent of employees<sup>4</sup>.

Independent, third-party analyses are important, yet the *Reason* study and other analyses raising concerns about California's HSR were largely dismissed at the time. It is critical that qualified experts who express concerns about such projects be given due consideration.

#### *U.S. Rail Construction Costs Need to Be Reduced*

California's 2008 \$33 billion cost estimate for the entire state HSR project was far too low, but this cost estimate was used to attract voter and other political support for the project. The cost now is about four times as high as the original estimate. This is perhaps not surprising, because building rail transportation in the United States is extremely costly, and we should understand why this is the case so that projects can be built much more cost effectively. Secretary Buttigieg acknowledged the high cost of U.S. railroad construction, but offered no explanation, noting that the issue needed further study<sup>5</sup>. It is imperative we understand this cost discrepancy between the U.S. and other countries.

The U.S. railway cost record compared to that of other countries suggests that there is substantial room for improvement. We rank as the sixth most expensive country out of 58 countries in terms of railway infrastructure costs, measured per kilometer of distance. Moreover, the five countries that are more expensive than the U.S. build about 80 percent of their railway infrastructure using the very costly process of tunneling. In contrast, only about 37 percent of U.S. railways are constructed using tunneling. Moreover, many countries that use tunneling much more extensively than the U.S. have much lower costs than the U.S. This includes Spain, Portugal, Finland, and South Korea, all of which have railway construction costs that are on average 80 percent less than U.S. costs.

Comparing costs of specific projects between the U.S. and Europe drives home the importance of identifying what the U.S. can do better to build railway more efficiently. This includes New York's Second Avenue Subway, at \$2.6 billion per mile, San Francisco's Central Subway at \$920 million per mile, and Los Angeles's Purple Line at \$800 million per mile, which stand in sharp contrast to projects in Copenhagen, Paris, and Madrid with costs of \$323 million per mile, \$160 million per mile, and \$320 million per mile, respectively<sup>6</sup>.

<sup>3</sup> <https://reason.org/wp-content/uploads/2008/09/9633e4725acf8bc75c1c4929c43e4ac1.pdf>

<sup>4</sup> <https://www.bostonfed.org/-/media/Documents/events/2022/labor-markets/presentations/panel-is-remote-work-here-to-stay-davis.pdf>

<sup>5</sup> <https://www.vox.com/22534714/rail-roads-infrastructure-costs-america>

<sup>6</sup> Op. Cit.



*The Potential of Private Sector HSR Projects*

Private sector HSR projects may offer a substantial benefit, in conjunction as partners with the public sector. Brightline Holdings, Inc. is scheduled to begin building a 228-mile route between Southern California and Las Vegas, Nevada soon. Despite a route that is more than 50 miles longer than the State's HSR leg between Bakersfield and Merced, the projected cost of the Brightline route is about \$12 billion, representing a 64 percent savings compared to California HSR. The project is expected to be completed in early 2027, less than four years after breaking ground.

Key positives regarding private sector projects is that they are incentivized to find routes where there is substantial demand. This is important because Americans have generally been reluctant to take mass transit, despite decades of state, local, and federal subsidies for this transportation model. To put this in context, the Urban Institute notes that since 1970, the U.S. economy has added about 77 million workers, but during this same 50-year period, transit commuters have only increased by one million riders.<sup>7</sup> One projection by HSR proponents was that President Obama's 2009 national HSR project would have carried fewer than 0.5 percent of U.S. passenger miles.

This suggests that it is imperative to identify the routes that are truly valued by consumers and businesses, and no agency is better incentivized to do this than private operators. The private sector is similarly incentivized to build efficiently, at reasonable costs. This is evidenced by Brightline's 2/3 cost savings compared to California's HSR. This discussion suggests that private-public partnerships may be a very effective approach to strategically picking HSR where it is desired, and where it can be built efficiently.

*Conclusions*

Your committee provides important stewardship over our existing transportation networks and their future evolution. The goal of our future transportation investments is to provide cost-effective transportation enhancements that are highly valued by U.S. households and businesses alike, enhancements that will significantly reduce the costs of moving people and goods across our country and between our cities. These investments have historically played a key role in facilitating America's economic growth, investments ranging from the roads, turnpikes, railroads and canals of the 1800s, to the more recent interstate highway and airport investments.

Congress has a remarkable historical record in identifying fundamentally needed transportation infrastructure and facilitating the efficient construction of that infrastructure. Your record reflects the guiding principles of identifying investments that will deliver the greatest benefits, at reasonable costs. The investments cited here have changed the face of the American economy. It is unlikely, however, that HSR will have nearly the same impact as any of these earlier investments. Indeed, California's record in trying to create a statewide HSR system provides important evidence for what can go wrong.

This does not mean that HSR can't play an important role in targeted areas where high consumer and/or business demand exists for HSR, and where construction costs can be reduced to levels much lower than they are today. Partnering strategically with the private sector appears to offer the greatest promise in realizing the benefits of HSR, as the private sector is maximally incentivized to identify routes where HSR can make the greatest impact, and to create HSR in the most efficient way. Thank you for this opportunity to contribute to your important mission. I look forward to your questions.

Mr. NEHLS. Thank you, Doctor. I now recognize Austin Mayor Watson.

Thank you for being here from the great State of Texas. Welcome, welcome. You are recognized for 5 minutes, sir.

**TESTIMONY OF HON. KIRK WATSON, MAYOR, CITY OF AUSTIN,  
TEXAS**

Mr. WATSON. Thank you, Mr. Chairman. And thank you, Ranking Member and members of the subcommittee. As indicated, my name is Kirk Watson, and I am the mayor of Austin, Texas. And I want to thank you for the opportunity to testify here today and

<sup>7</sup> <https://www.urban.org/urban-wire/us-public-transit-has-struggled-retain-riders-over-past-half-century-reversing-trend-could-advance-equity-and-sustainability>

provide the perspective of a local elected official on this important issue.

My written testimony goes into significant detail about several items related to intercity passenger rail, including support for the significant investment made by the IIJA and Amtrak's plans for using that funding. So, I am going to focus my oral testimony on our local view and the value that could be obtained.

At the broadest level, I am eager to do anything I can to support improved intercity passenger rail in Texas. Texas and its cities are leading the Nation in growth, and we desperately need to improve multimodal mobility between our cities and metropolitan areas that are the bedrock of our State's thriving economy.

When Austin's tiny Amtrak station was built in 1947, Austin's population was just over 100,000. Today, our population is nearly 10 times that amount, making Austin the 10th largest city in America. Austin has been the fastest growing metropolitan area since 2010. The metropolitan area population now exceeds 2.4 million people. And of course, other Texas cities and metropolitan areas are experiencing similarly robust growth. Austin is planning a multibillion-dollar investment in our rapidly growing airport, in transit, and roadway improvements, and the Texas Department of Transportation and other Texas local governments are investing tens of billions of dollars more on highways, local roads, and transit.

However, the highways and airports connecting Texas cities simply can't keep up with the demands of our State's economy and the mobility needs of its people. And so, I am glad that Federal agencies and Amtrak and TxDOT and Texas cities and counties are looking to improve intercity passenger rail service in Texas and, more specifically, in what we call the Texas Triangle.

The three transportation corridors in Texas that are anchored by Dallas-Fort Worth, Houston, and San Antonio are often referred to as the Texas Triangle. The cities and metropolitan areas of the triangle are home to 21 million people, account for 70 percent of all Texans, and 74.2 percent of the Texas economy. It's experiencing rapid population growth, accounting for 88 percent of Texas' population growth between 2010 and 2020.

Austin is located along the western leg of the triangle that links San Antonio, Austin, Fort Worth, and Dallas. Those 4 cities along the 310-mile western leg are all, all 4 of them, among the 13 largest cities in the United States, with an additional 800,000 people living along that leg in the Waco and Killeen-Temple area. By contrast, only 2 of the 13 largest U.S. cities, New York City and Philadelphia, are located along the Boston-to-Washington Northeast Corridor.

I would argue that the Texas Triangle is the lowest hanging fruit in the Nation for improving intercity passenger rail service. Projections show that the developing passenger rail service in that triangle will produce robust ridership, with a relatively modest capital investment because of the population, the density of that population, the economy, and the demographics.

For example, the San Antonio to Dallas-Fort Worth corridor has all of the attributes that you would think would apply to the demand for passenger rail service: four major metropolitan areas with

rapidly growing populations, severe highway congestion, and travel distances that are really too short to fly and an often unpleasantly long drive.

Think about these numbers. Dallas-Fort Worth to San Antonio is 310 rail-miles; San Antonio to Houston is 210 rail-miles; Houston back up to Dallas-Fort Worth is 297 rail-miles. There is only one rail trip to Austin, Texas, from Dallas, and that is the Texas Eagle, and it takes 6½ hours, and that is if it's on time when it leaves. And believe it or not, there is even less passenger rail service on the other two legs of the triangle.

Developing the intercity passenger rail service for the Texas Triangle is going to require cooperation and financial support at all levels of Government: Federal, State, and local. And I am pleased that TxDOT and other Texas leaders are seizing that opportunity. I fully support TxDOT's recent application under the Federal Railroad Administration's Corridor Identification and Development Program to lay the groundwork for improved intercity passenger rail on the Texas Triangle.

Mr. Chairman, Ranking Member, thank you all very much for giving me the opportunity to talk about the value I think that could be obtained.

[Mr. Watson's prepared statement follows:]

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**Prepared Statement of Hon. Kirk Watson, Mayor, City of Austin, Texas**

INTRODUCTION

Chair Nehls, Ranking Member Payne, Chair Graves, Ranking Member Larsen, and Members of the Subcommittee, thank you for the opportunity to testify.

I am pleased that the Subcommittee is holding this hearing. It is certainly timely. We are now just over two years into the five years of surface transportation investments authorized and appropriated by the Infrastructure Investment and Jobs Act (IIJA), including record levels of federal investment in intercity passenger rail.

At the broadest level, I am eager to do anything I can to support improved intercity passenger rail in Texas. Texas and its cities are leading the nation in growth, and we desperately need to improve multimodal mobility between the cities and metropolitan areas that are the bedrock of our state's thriving economy.

When Austin's tiny Amtrak station was built in 1947, Austin's population was just over 100,000. Today, our population is nearly a million, making Austin the tenth largest city in the United States. Austin has been the fastest growing metropolitan area since 2010; its metropolitan area population now exceeds 2.4 million. Other Texas cities and metropolitan areas are experiencing similarly robust growth.

Austin is carrying out a multibillion-dollar investment in transportation infrastructure, including in our rapidly growing airport and, working with TxDOT and Texas local governments, we are investing tens of billions of dollars more in highways, local roads, and transit such as a voter approved rail system. However, at the end of the day, the laws of physics make it a simple fact that the highways and airports connecting Texas cities cannot keep up with the demands of our state's economy and the mobility needs of its people.

That is why I am glad federal agencies, Amtrak, TxDOT, and Texas cities and counties are looking to improve intercity passenger rail service in Texas, and more specifically on the Texas Triangle. These potential investments will provide an attractive and convenient option for travel between Texas cities. Just as or even more importantly, I firmly believe they will lay the foundation for future service expansion and improvements.

My testimony focuses on six primary topics:

- IIJA's intercity passenger rail investments;
- National and state plans for improving intercity passenger rail;
- The need to invest in a multimodal transportation system connecting the cities of the Texas Triangle;
- TxDOT and local government efforts to leverage items 2 and 3 above;

- The importance of intercity passenger rail on-time performance; and
- The impact of the pandemic on transportation, how we can adapt, and the lessons it provides.

#### IIJA INTERCITY PASSENGER RAIL INVESTMENTS

As this Subcommittee knows, the IIJA authorizes and appropriates record levels of federal investment in intercity passenger rail. IIJA authorizes \$137 billion for intercity passenger rail programs and provides advance fiscal years 2022–2026 appropriations of \$66 billion for those programs, a 140% increase over funding provided under the FAST Act. In addition, Congress has provided regular, annual appropriations for many of those programs, which I hope you will continue to do in the coming years. Investments in intercity passenger rail are also eligible under several of IIJA's other surface transportation grant programs. Altogether, these investments provide a window of opportunity for Amtrak, other intercity passenger rail providers, and state and local governments to improve intercity passenger rail in the coming years.

The \$66 billion that IIJA appropriates for rail is more than the total federal funding provided for Amtrak over the past 52 years. (For those people who are quick to point out Amtrak's faults but shy to offer solutions: at the end of the day, you get the transportation system you pay for, in terms of both mode share and quality.)

Of that \$66 billion, \$22 billion is for Amtrak to focus on improving and upgrading Amtrak's assets and \$44 billion will flow through Federal Railroad Administration discretionary grant programs.

The \$22 billion for Amtrak to modernize their assets (fleet, accessibility, infrastructure state of good repair, major stations) will:

- Modernize stations, enhancing the customer experience with improved design, technology, and connections to other transportation services,
- Replace and repair infrastructure such as bridges, tunnels, and facilities, many that are over a century old to better support Amtrak, commuter, and freight service,
- Buy new rolling stock to replace all of Amtrak's 20th Century equipment and accommodate improved and expanded service, including locomotives and passenger cars (which are also an investment in American-made equipment, and helping the country grow more well-paying jobs).

The \$66 billion will allow Amtrak, states, and local governments to make investments that will improve both intercity passenger rail and freight rail.

In short, Amtrak and the Federal Railroad Administration will be spending a lot of money on infrastructure improvements, facility improvements, and new rolling stock in the coming years. As the Mayor of Austin and a resident of the Texas Triangle, I want some of that money to be spent on Texas tracks and Texas stations, and I want some of those shiny new trains running in Texas and providing Texans with a much-needed and long-overdue mobility option.

#### NATIONAL & STATE PLANS FOR INTERCITY PASSENGER RAIL IMPROVEMENTS

So I am pleased that in the wake of the enactment of IIJA, there are exciting plans at the federal and state level to improve intercity passenger rail. As I look at these plans, I am not only convinced that our nation and Texas should make these investments, but that we cannot afford to miss this opportunity.

I am especially interested in the successful model implemented by states such as California, Illinois, Missouri, North Carolina, and Virginia to leverage federal, state, and local funds to improve intercity passenger rail service on corridors that are in the "sweet spot" for intercity passenger rail service. In general, those corridors serve densely populated areas and connect cities less than 500 miles apart.

Investments in corridors like these in the nation's most densely populated areas have the potential to:

- Create redundancy in regional transportation systems, relieving stress on overburdened airports and highways, and providing the traveling public with an alternative to flying or driving, especially for those people who are unable or simply prefer not to drive
- Meet latent and growing demand for intercity passenger rail travel, especially among the young adults and seniors who often prefer rail travel,
- Improve mobility,
- Reduce car crashes and the accompanying injuries and fatalities, and
- Increase energy efficiency and reduce carbon emissions.

Experience shows that investment in regional intercity passenger rail corridors pays dividends because they address the basic math and physics problem facing re-

gional mobility in the nation's megaregions, where airports and highways are struggling to meet current demand, much less future growth.

Compiling and combining quotes from several recent studies:

“While our infrastructure may be standing still, traffic has continued to grow. Travel on the nation’s Interstate highways is increasing at a rate nearly triple the rate that new lane capacity is being added. Between the turn of the century and 2016, total highway vehicle miles traveled (VMT) have increased more than 15%. That means the frustrating congestion drivers experience on urban interstates today, where 47% of highway miles are congested during peak periods, will become the norm between major cities as well. The increases are heavily concentrated in urban areas, where VMTs grew more than 33% between 2000 and 2016, further straining the transportation infrastructure at the point where capacity increases were most limited.<sup>1</sup> The Federal Highway Administration projects that vehicle miles traveled on U.S. highways will increase 22% above 2019 levels by 2037 an increase that will translate into greater emissions and higher costs to consumers—who will derive no corresponding benefit from sitting in traffic. While autonomous vehicles are on the horizon, they’re unlikely to have a material impact on highway congestion in a world where travel demand continues to grow, and additional road capacity is limited. Amtrak will continue to study and review this topic.

In the aviation sector, the picture of projected growth combined with static or falling capacity is very similar. The Federal Aviation Administration projects that the number of domestic airline passengers will grow 56% above 2019 levels by 2048.<sup>2</sup> However, although domestic air travel has been growing overall, the number of short-distance flights has fallen. There are fewer passengers and fewer flights in most short distance city pairs due to the unfavorable economics of short distance flights and the disproportionate impact of enhanced security screening and other delays on shorter trips.

A study by aircraft manufacturer Bombardier found that air passenger trips in city pairs separated by fewer than 500 miles fell 30% from 2000 to 2016. By contrast, when offered frequent, efficient rail service, travelers have shown they prefer it. During the 2000–2015 period, ridership on Amtrak’s state-supported short distance trains increased 70%. During 2019, Amtrak carried more than three times as many riders between Washington, DC, and New York City than all of the airlines combined, and Amtrak carried more riders between New York City and Boston than all of the airlines combined. Continued capacity constraints and delays are likely to accelerate this trend, resulting in less air service and higher fares in short-distance markets.”<sup>3</sup>

I am especially impressed with the investments that Virginia, North Carolina, and the states of the upper Midwest have made over the past 15 years to improve intercity passenger rail service along heavily traveled corridors that, like the Texas Triangle, have rapidly growing populations and congested interstate highways with no room to accommodate projected future growth.

Looking to Virginia, the investments started under a Republican Governor and continued by his Democratic and Republican successors to improve intercity passenger rail travel have paid big dividends. These investments extended the reach of the Northeast Corridor to additional cities, increased frequencies, and reduced travel times. As a result, ridership on state-supported corridors in Virginia has more than tripled over the past decade.<sup>4</sup> The same thing has happened in North Carolina: ridership on its Charlotte-to-Raleigh Piedmont route has increased nearly 350% in the past 15 years due to investments made during the administrations of both Republican and Democratic governors, and has broken ridership records in the past year.<sup>5</sup> Just as importantly, these state investments made with bipartisan support have attracted hundreds of millions of dollars in federal grants and laid the groundwork for additional investments that will further increase service and reliability and drive additional ridership and economic growth.

<sup>1</sup> [https://www.fhwa.dot.gov/policyinformation/travel\\_monitoring/22septvt/22septvt.pdf](https://www.fhwa.dot.gov/policyinformation/travel_monitoring/22septvt/22septvt.pdf)

<sup>2</sup> [https://www.faa.gov/sites/faa.gov/files/FY%202023-2043%20Full%20Forecast%20Document%20and%20Tables\\_0.pdf](https://www.faa.gov/sites/faa.gov/files/FY%202023-2043%20Full%20Forecast%20Document%20and%20Tables_0.pdf)

<sup>3</sup> <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-2021-Corridor-Vision-060121.pdf>

<sup>4</sup> <https://vapassengerrailauthority.org/transformingrail/>

<sup>5</sup> <https://www.ncdot.gov/news/press-releases/Pages/2023/2023-01-18-ncdot-ncbytrain-ridership.aspx>

My hope is that Texas can use these models to leverage IIJA to improve intercity passenger rail service between communities along the Texas Triangle.

Beyond domestic comparisons, looking to intercity passenger rail service between the major Texas cities and those of Germany or another Western European country further bolster the case for investment in the Texas Triangle and other similar corridors.

Across Europe, nearly \$1 trillion has been invested in rail since 2000 and Germany spends about 4 times as much as the US annually on intercity passenger rail. Again, at the end of the day, you get the transportation system you pay for, in terms of both mode share and quality.<sup>6</sup>

Germany is Europe's largest rail system in terms of annual passengers. While the nation is roughly half the size of Texas, and its population of 83 million is barely a quarter of the U.S. population, its total network size is equal to Amtrak's but with 5 times as many trips, 151 million in 2019.

- Germany has strategically developed high-speed segments to speed up certain city pair and international routes, while investing in what are called “conventional” routes—or trains that are typically moving at around 80–100 mph—to bring them up to 100 to 150 mph standards, achieving overall trip times competitive with driving and flying.

◦ Only 6% of Deutsche Bahn's network operates at speeds above 155 mph, yet the network serves as the primary mode of intercity travel for many because it is a comprehensive, integrated, and convenient travel network.

The example of Germany also easily counters perhaps the laziest and most poorly thought-out argument against improving intercity passenger rail in our nation: that we are too large and spread out for intercity passenger rail to be successful. As outlined in the comparison of Germany to Texas, that argument misses the point that 70% of Americans live in 11 ‘megaregions’ with dozens of city pairs that all have room for improved intercity passenger rail as part of a balanced, multimodal regional transportation system.<sup>7</sup>

Germany also illustrates that while investments in high-speed rail are important, especially in corridors that meet the criteria for it to succeed, investments in conventional-speed intercity passenger rail can also pay big economic, mobility, and quality-of-life dividends. In addition, they can be a steppingstone or building block toward high-speed rail while providing mobility improvements and economic benefits in the meantime.

While much of my testimony is focused on improving regional corridor service, I want to convey that I am fully supportive of Amtrak's long-distance network, and not just because it is the only service we now have in Austin (*only* for the time being I hope). I also support it because it helps bind our nation together and provides an invaluable transportation service to hundreds of small communities throughout our nation that, absent Amtrak long-distance service, would have no other non-automobile connection to the rest of the country. Meeting national goals such as improving mobility for smalltown America is one of the main reasons we have a federal government, and it is entirely appropriate for the federal government to support Amtrak's long-distance network. That is why Amtrak's long-distance service enjoys such strong support from local elected officials of all political stripes across the nation. I also strongly believe that investments in these megaregion corridors can complement and bolster the long-distance services that are so important to hundreds of communities throughout our nation.

#### THE TEXAS TRIANGLE

The three transportation corridors anchored by Dallas/Fort Worth, Houston and San Antonio are often referred to as the “Texas Triangle.”

The Texas Triangle certainly fits the bill for improved intercity passenger rail service. Indeed, I would argue that it is the lowest hanging fruit in the nation for improving intercity passenger rail service. That is why I am glad that federal agencies, Amtrak, and TxDOT are looking at intercity passenger rail investments in the Texas Triangle. They will provide an attractive and convenient option for travel between Texas cities. Just as importantly, I firmly believe it will lay the foundation for future service expansion and improvements.

<sup>6</sup>2000–2019 data from “Data Analysis: Trains remain underfunded in Europe,” *Investigate Europe*, 19 Nov 2021, <https://www.investigate-europe.eu/en/2021/despite-public-support-for-rail-trains-remain-underfunded-in-europe/>

<sup>7</sup><https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-2021-Corridor-Vision-060121.pdf>

Preliminary projections show that developing passenger rail service in the Texas Triangle will produce robust ridership in return for relatively modest capital investments. Given the population, population density, economy, and demographics of the Texas Triangle, that really should not come as a surprise. Even without such formal projections, the need for improved intercity passenger rail in the Texas Triangle is self-evident, and I would argue dire. The only political question is the question of political will. This should not be a partisan issue, and I hope that it will not be.

The Texas Triangle is home to 21 million people, 70% of all Texans, and is experiencing rapid population growth, accounting for 88% of Texas population growth between 2010 and 2020<sup>8</sup>. The region is expected to continue to grow rapidly in the coming years and decades.

- Austin (1 million people), Dallas (1.3 million people), Houston (2.3 million people), Fort Worth (956,709 people), and San Antonio (1.4 million people) are all among the 15 largest cities in the nation by population<sup>9</sup>.
- The Dallas-Fort Worth-Arlington Metropolitan Statistical Area (7.9 million people) and the Houston-Pasadena-The Woodlands Metropolitan Statistical Area (7.3 million people) are the 4th and 5th largest metropolitan areas in the nation, with the San Antonio-New Braunfels Metropolitan Statistical Area (2.6 million people) and the Austin-Round Rock-San Marcos Metropolitan Statistical Area (2.4 million people) ranked 24th and 27th.

All of these metropolitan areas are among the fastest growing metropolitan areas in the nation, accounting for the bulk of Texas' population growth. Indeed, the cities and metropolitan areas of the major Texas cities stand out among the nation's 175 metropolitan statistical areas for growth. Among metropolitan statistical areas, for the two-year period ending last year:

- The Austin-Round Rock-San Marcos Metropolitan Statistical Area grew by 6%, 16th fastest in the nation,
- The Dallas-Fort Worth-Arlington Metropolitan Statistical Area grew by 4%, the 50th fastest rate in the nation,
- The San Antonio-New Braunfels Metropolitan Statistical Area grew by 3.8%, the 53rd fastest rate in the nation, and
- The Houston-Pasadena-The Woodlands Metropolitan Statistical Area grew by 3%, the 71st fastest rate in the nation.

To provide more context for population growth in our state's larger regions, note that U.S. population growth during this two-year period was 0.7 percent.

Beyond its five 'top 13' cities and their metropolitan areas, the other cities and metropolitan areas located on the Texas Triangle make it an even more obvious choice for investments in improved intercity passenger rail. Indeed, in many states, those cities and their metropolitan areas would be their state's largest and most dominant. They all provide a strong population base for ridership along with institutions, such as universities, military bases, and health care facilities that would be natural trip generators for improved intercity passenger rail service.

In addition, all those metropolitan areas are also experiencing impressive population growth. For the two-year period ending last year:

- The Killeen-Temple Metropolitan Statistical Area (496,228) grew by 4.4%, the 39th fastest rate in the nation,
- The College Station-Bryan Metropolitan Statistical Area (277,824) grew by 3.5%, the 57th fastest rate in the nation, and
- The Waco Metropolitan Statistical Area (302,582) grew by 2.3%, the 92nd fastest rate in the nation.

The Texas Triangle is also one of the most economically dynamic and vibrant regions in the nation. Over the past decades, we have diversified and grown our economy and attracted new employers from throughout the nation and the world. According to The U.S. Conference of Mayors most recent *US Metro Economies* report<sup>10</sup>, Texas metropolitan areas account for 88.9% of the Texas economy. The cities and metropolitan areas of the Texas Triangle account for 74.2% of the Texas economy.

The icing on the cake of the argument for investing in improved intercity passenger rail service is that all this population and economic activity—again 70% of all Texans and 74.2% of the Texas economy—is concentrated along the three cor-

<sup>8</sup> <https://www.thefutureofcities.org/the-texas-triangle-an-emerging-metropolitan-model-in-the-lone-star-state/>

<sup>9</sup> All population figures are from the United States Census Bureau.

<sup>10</sup> <https://www.usmayors.org/2020/07/22/u-s-metro-economies2020-gmp-and-unemployment-forecast/>

ridors of the Texas Triangle that most experts agree are the ideal distance for intercity passenger rail.

Austin is located along the western leg of the Triangle that links San Antonio, Austin, Fort Worth and Dallas. Those four cities along the 310-mile western leg are all among the 13 largest cities in the United States, with an additional 800,000 people living along that leg in Waco and Killeen-Temple. By contrast, only two of the 13 largest U.S. cities—New York City and Philadelphia—are located along the Boston-to-Washington Northeast Corridor.

As noted above, one of the benefits of intercity passenger rail is its ability to connect a wide range of destinations. Improving intercity passenger rail service on the Texas Triangle will not just improve mobility between major cities, it will improve mobility for every town with a station. People traveling between Dallas and Houston or Austin and San Antonio will certainly benefit, but people traveling from College Station to Fort Worth, from Waco to Dallas, or from Temple to San Antonio will also benefit.

Austin's only interstate highway, Interstate 35 runs along the San Antonio to Dallas/Fort Worth Corridor. The portion of I-35 through Austin is one of the most congested highways in Texas. Austin-Bergstrom International Airport handled over 21 million passengers last year. That's nearly double the number in 1999, the year the airport opened. Each day, there are 80 airline flights along the San Antonio to Dallas/Fort Worth Corridor. Dallas-Fort Worth Airport, a less than 200-mile flight from Austin, is the most popular air destination from both the Austin and San Antonio airports. There aren't any flights between Austin and San Antonio because the distance is too short.

The San Antonio to Dallas/Fort Worth Corridor has all the attributes that drive demand for passenger rail service—four major metropolitan areas with large and rapidly growing populations, severe highway congestion, and travel distances that are too short to fly and an often unpleasantly long drive. The distance from Austin to Dallas is nearly identical to the distance from Washington to New York City. But while travelers between Washington and New York City can choose from 30 trains a day, including Acela that make the trip in less than three hours, there is only one train from Dallas to Austin, the Texas Eagle.

The Texas Eagle is a long-distance train that begins in Chicago and ends in San Antonio. It takes more than six and a half hours to travel the 230 miles from Dallas to Austin. That's if it's on time—the Texas Eagle, which travels over 1,300 miles on freight railroad lines before it gets to Austin, is often late. And although the Texas Eagle stops in downtown Austin just a few blocks from Sixth Street, the entertainment district that has made Austin the Live Music Capital of the World and draws millions of visitors a year, most Austin residents don't even know that there's a train serving their city. Last year, Austin's Amtrak station handled fewer than 33,000 passengers.

Believe it or not, there is even less passenger rail service on the other two legs of the Texas Triangle. From San Antonio to Houston, there is a single long-distance train that operates just three times a week. And between Houston and Dallas/Fort Worth, the fourth and fifth largest metropolitan areas in the United States, there is not any Amtrak service at all. (Train advocates will often post on social media that every flight between city pairs such as these is a policy failure. It may be easy to mock these statements as hyperbole, but a little reflection can only lead to the conclusion that they have a point.)

We can do better. Every other nation in the world approaching our GDP (and indeed many that are not even close to our GDP) has invested in their intercity passenger rail system, in many cases to the point that it is the preferred or even default method of traveling between cities that are less than 500 miles apart. Even in the United States, in the places where we have made half-hearted upgrades to legacy systems, most notably the Northeast Corridor, intercity passenger rail accounts for a major share of the intercity mode share, even though those investments lag well behind those of our peer nations.

For the more than thirty million residents of Texas, the nation's second largest state, they need and deserve more passenger rail service. Our population is now growing much faster than the rest of the country and is projected to continue at this pace. In fact, the population of the Austin Metropolitan Area is expected to nearly double by 2060. Texas's overcrowded highways and many of its airports are unable to handle current travel demand, let alone the enormous increases in travel that increased population will produce. Adding enough new highway lanes to accommodate all the people who will need to travel isn't even feasible, let alone desirable. There is no reason why Austin and the rest of Texas shouldn't have the benefits that passenger rail service provides in other regions of the country.



## TXDOT AND LOCAL GOVERNMENT EFFORTS

Developing the intercity passenger rail service for the Texas Triangle will require cooperation between and financial support from federal, state, and local governments. I do not doubt that our nation and our state have the resources to implement this plan. I just hope that we have the political will to do so.

On both fronts, I am pleased that the Texas Department of Transportation (TXDOT) and other Texas leaders have worked in a bipartisan and intergovernmental manner to seize the opportunity presented by IJA to lay the groundwork for improved intercity passenger rail service between Texas cities.

I fully support TXDOT's recent applications under the Federal Railroad Administration's Corridor Identification and Development (Corridor ID) Plan to lay the groundwork for improved intercity passenger rail on the Texas Triangle. In addition to TXDOT's efforts to leverage IJA's historic levels of investment in intercity passenger rail and Amtrak's vision for the Texas Triangle, I also appreciate their partnership with local governments on this issue. I look forward to continuing to work with the Federal Railroad Administration, Amtrak, and TXDOT in a bipartisan and intergovernmental manner to support intercity passenger rail investments that improve mobility and support our state's economy.

At the local level, Texas local elected officials have taken several steps to support Amtrak and TXDOT's vision for the Texas Triangle. In June, I had the opportunity to meet with Amtrak CEO Stephen Gardner and his team. Later this past summer, Travis County Judge Andy Brown and I gathered a bipartisan group of local elected leaders from along the Austin-San Antonio corridor to discuss Amtrak's thinking and gain input. We invited Texas County Judges, County Commissioners and other officials attending the Convention of the National Association of Counties that was held in Austin. Presentations were made, including by Amtrak.

## ON-TIME PERFORMANCE

I know that this Subcommittee has spent a considerable amount of time on the issue of the on-time performance of intercity passenger trains and how it can best be addressed by statute, by regulation, and by everyday operating practices, and that there has been robust debate on it. I am not an expert on this issue, but I would be remiss if I did not address it in my testimony.

At the most basic level, intercity passenger trains must demonstrate reliable on-time service to fully meet their potential as part of a multimodal regional transportation system. This is especially important in communities with infrequent service or trains that are scheduled to arrive and depart overnight.

Unfortunately, the Texas Eagle, the long-distance train that serves Austin, has what can only be described as dismal on-time performance. This situation is largely a product of forces beyond Amtrak's control. Outside of the Northeast Corridor, the on-time performance of Amtrak intercity passenger trains relies on the state of good repair and cooperation of freight railroad hosting those trains.

I appreciate the importance of our freight rail network to our economy. However, experience in other nations and indeed here in the United States shows that intercity passenger trains can run on time without unduly impacting freight operations. As Amtrak CEO Stephen Gardner told the nation's mayors at The U.S. Conference of Mayors Annual Meeting this past June, Amtrak's Empire Builder and Hiawatha services running on Canadian Pacific tracks boast enviable on-time service. As Mr. Gardner said to us:

"We have the largest rail network in the world, more than 50,000 miles more than the 2nd place network—China. We believe we can and should do more to with this incredible network so that it serves both people and freight better."

I support Amtrak's efforts to address on-time performance via existing statutes and regulations via proceedings at the Surface Transportation Board, and I encourage this Subcommittee to similarly support Amtrak on-time performance. The good news is that the investments unleashed by IJA have the potential to improve the reliability and efficiency of both passenger and freight rail if we do them correctly.

I would conclude this section by noting that even with only one train per day in each direction that almost always runs behind schedule, ridership at Austin's Amtrak station increased by 11.19% in FY 2023 over FY 2022. Imagine our ridership numbers if we had several trains per day that ran on time.

THE IMPACT OF THE PANDEMIC ON TRANSPORTATION, HOW WE CAN ADAPT, AND THE LESSONS IT PROVIDES

This is perhaps the trickiest part of my testimony because I am not sure that I or any person has fully absorbed the impacts of the pandemic on transportation, nor fully developed a plan to address the lessons it provided.

However, one clear lesson is the need for redundancy and resilience in all our systems, including transportation.

Another lesson is to remain focused on the long-term and not let current headlines, especially alarmist ones, lead to rash decisions. Two years ago, we were told that cities are dead, downtowns especially so, and that the nation's white collar work force had permanently decamped to the exurbs, the mountains, and the beach, never again to be seen in cities and metropolitan areas. Well, it turns out that cities and downtowns are pretty resilient places, and that foot traffic and activity is has come back strong. That said, a lot of this new activity is not necessarily focused on office workers, many of whom will likely continue to work remotely, at least a few days a week.

In cities, that means we may have to continue to refocus our transportation system away from rush hour to more multimodal streets that better accommodate residents and intra-neighborhood travel, and, given the increase in remote shopping, better accommodate delivery vehicles. Regionally, it almost certainly means that there will be increased demand for regional intercity travel.

As outlined above, pandemic or not, the Texas Triangle is primed for increased and improved regional intercity passenger rail service. The seeming permanence of remote work, at least for some days of the week, likely means even more demand for increased and improved regional intercity passenger rail service. I envy those regions in our nation that already have a strong baseline from which to increase and improve regional intercity passenger rail service and am eager for my region to catch up.

Returning to earlier statements about math, physics, and comparison to Europe, our economy is making demands on our regional mobility system that are driven by population growth, economic growth, and demographic changes. At the end of the day, we cannot expand our airport capacity soon enough. We all witnessed our overburdened airports last week. It led the news coverage in nearly every market. It is easy to make fun of breathless media coverage of Thanksgiving travel woes, but there is no question that there was plenty of agony there this Thanksgiving holiday, with more to come.

But intercity rail is an option in the near term, with significant potential to add new travel capacity at less cost. As stated above, there is strong latent demand for it, and it is an untapped resource.

Let me illustrate this untapped capacity.

Austin is one of the fastest growing cities and metropolitan areas in the nation, driven by several factors but mostly due to our emergence as one of the nation's top technology centers. I looked at comparable technology areas in Europe for a comparison. The Amsterdam Metropolitan Area is nearly identical in population to the Austin region. Amsterdam's Central station serves nearly 200,000 passengers daily on 22 domestic routes and 8 international ones, with hundreds of daily trains. And, it is not even the busiest station in Holland.

Austin will certainly never be Amsterdam, nor Texas the Netherlands, but it is also true that we have the potential to serve many more people in Texas with expanded intercity passenger rail offerings to meet their travel needs.

CONCLUSION

The rural Texas of myth and popular imagination is a Texas I love. It is a core part of our history, culture, and identity. However, the Texas of 2023 is an urban and suburban state with a diverse, modern economy centered on the Texas Triangle. As an elected official, I am duty bound to focus on the mobility needs of the real-world Texas of 2023 and beyond.

That is why I am pleased that IIJA provides historic levels of investment in intercity passenger rail, that federal agencies, TXDOT, and Amtrak are looking at investments in the Texas Triangle, that the Federal Railroad Administration is moving forward with its Corridor ID Program, and that state and local officials in Texas are working together to leverage both to finally bring increased and improved intercity passenger rail to the Texas Triangle. If we can work in a bipartisan, intergovernmental manner and succeed, we will provide immediate benefits to Texans and the Texas economy. Just as or even more importantly, I firmly believe it will lay the foundation for future service expansion and improvements that will allow our

state and its cities and metropolitan areas to be one of the most dynamic and successful places in the nation and the world.

In closing, I would be remiss if in addition to thanking the Subcommittee, I did not thank USDOT and the Federal Railroad Administration, Amtrak, TXDOT, other Texas state and local officials, and Texas Rail Advocates and other citizens working in support of improved intercity passenger rail service in Texas.

Thank you again for this opportunity to testify and for your attention to and work on this important issue.

Mr. NEHLS. Thank you, Mayor Watson. Thank you all, all four, for your testimony.

I ask unanimous consent to enter into the record a statement from Ian Jefferies, president and CEO of the Association of American Railroads, dated November 29, 2023.

Without objection, so ordered.

[The information follows:]

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**Statement of Ian Jefferies, President and Chief Executive Officer, Association of American Railroads, Submitted for the Record by Hon. Troy E. Nehls**

INTRODUCTION

On behalf of the members of the Association of American Railroads (AAR), thank you for the opportunity to submit this statement for the record.

AAR's freight railroad members, which include the six major U.S. Class I railroads plus several regional railroads and short line railroad holding companies, account for approximately 85 percent of the line-haul mileage, 93 percent of the employees, and 98 percent of the revenues of all freight railroads in the United States.

The U.S. freight rail system is the best in the world. America's freight railroads—the overwhelming majority of which are privately owned—operate almost exclusively on infrastructure they own, build, maintain, and pay for themselves. Over the last 15 years, freight railroads have invested, on average, more than \$24 billion of their own capital each year into improving and maintaining their networks. To put this in perspective, that is \$1 billion more than the historic investments Congress made in rail and multimodal programs in the Infrastructure Investment and Jobs Act (IIJA). America's manufacturers, retailers, miners, farmers, and others all rely on America's best-in-the-world freight railroads to succeed in the intensely competitive global marketplace.

Amtrak is also a member of AAR, as are several commuter railroads that account for more than 70 percent of U.S. commuter rail trips. Passenger railroads play a key role in alleviating highway and airport congestion, decreasing dependence on foreign oil, reducing pollution, and enhancing mobility.

America can, and should, have a safe, efficient passenger rail network *and* a safe, productive freight rail system. Mutual success for passenger and freight railroads requires cooperation between stakeholders and recognition of the challenges that railroads face. Policymakers should continue to balance the country's need to move both people and goods safely and efficiently.

FREIGHT AND PASSENGER RAIL PARTNERSHIPS: DECADES IN THE MAKING

Well into the 20th century, railroads were the primary means to transport people and freight throughout the United States. However, by the late 1950s, the dramatic expansion of America's highway system and the development of commercial aviation meant private railroads were losing \$750 million annually (around \$5.9 billion in today's dollars) on passenger service.<sup>1</sup> At the time, a noted transportation scholar wrote, "[I]t is no exaggeration to say that by 1958 railroad passenger service had demonstrated itself to be the most uneconomic activity ever carried on by private

<sup>1</sup> Interstate Commerce Commission, "Railroad Passenger Train Deficit, Report Proposed by Howard Hosmer, Hearing Examiner, Assisted by Robert A. Berrien, Fred A. Christoph, and Raymond C. Smith, attorney advisers," Docket No. 31954, 1958.

firms for a prolonged period.”<sup>2</sup> These massive losses continued for many years largely because government regulators made it extremely difficult for railroads to discontinue unprofitable passenger rail service. The losses drained a rail system that was also facing unrelenting pressure on its freight side from subsidized trucks and barges.

In 1970, Congress passed, and President Richard Nixon signed into law, the Rail Passenger Service Act (RPSA), which created Amtrak. The RPSA was a response to the real possibility that the United States would soon have no intercity rail passenger service at all and a recognition that financial losses from rail passenger service were a serious threat to the viability of freight railroading.

Given the huge financial drain of passenger rail, railroads generally welcomed the opportunity to exit the business and provided the backbone of the newly-formed Amtrak system. Freight railroads initially helped capitalize Amtrak by providing cash, equipment, and services; these payments to Amtrak totaled around \$1.2 billion in today’s dollars. Freight railroads were also required to provide preference to Amtrak service on their lines. That requirement exists to this day. In turn, Amtrak was required to pay only incremental costs when operating on a host railroad’s tracks, with no requirement to support capital investment for improving and expanding infrastructure capacity.<sup>3</sup> Amtrak’s low track usage fees remain a major indirect subsidy provided by freight railroads to Amtrak.

Freight railroads still provide the infrastructure for most passenger rail. Amtrak owns around 623 route-miles (primarily in the Northeast) and operates, maintains, and dispatches another 229 route-miles in Michigan and New York. The vast majority of Amtrak’s remaining 21,400-mile system operates on tracks owned and maintained by freight railroads. More than 70 percent of the miles traveled by Amtrak trains are on tracks owned by others, primarily freight railroads.

In addition, approximately half of the nation’s commuter rail systems also operate at least partially on tracks owned by freight railroads, and most of the higher speed and intercity passenger rail projects under consideration nationwide rely on freight railroad-owned facilities.

Commuter railroads do not enjoy the same automatic preferential treatment and automatic access to freight rail tracks as Amtrak. Before operating on freight-owned property, commuter railroads must reach a voluntary agreement with the host freight railroad governing the relationship, including hours of operation, access and number of trains. These partnerships have led to significant growth in commuter rail, which increased from around six commuter rail systems 40 years ago to close to 30 systems today.

#### PRINCIPLES TO GUIDE PASSENGER RAIL OPERATIONS ON FREIGHT-OWNED CORRIDORS

While each project involving passenger and freight railroads should be evaluated on a case-by-case basis, certain overarching principles must be followed to ensure both the long-term success of passenger rail and a healthy freight rail system that shippers all over the country can rely on every day.

First and foremost, safety must be a priority. Railroads are an extremely safe way to move people and freight. Freight railroads invest in advanced technologies, employee training, effective operational strategies, and community engagement to maximize the safety of their networks. These investments have led to a safety record of which the railroads are proud. The train accident rate in 2022 was down 23 percent from 2000, and the employee injury rate was down 47 percent. Passenger rail projects must likewise be designed and executed around safety as the first priority.

Second, current and future capacity needs of both freight and passenger railroads must be properly protected. Today, freight railroads carry far more freight on far fewer miles of track than they did when Amtrak was created. This volume growth is the result of significant investments—on average more than \$24 billion per year over the last 15 years—freight railroads have made in their networks. Despite these massive investments, rail capacity is not unlimited. In fact, in some places, it is tightly constrained. Plans to expand passenger railroad use within freight rail corridors must be balanced with the need to provide safe, reliable, and cost-effective freight service to present and future customers.

To ensure this balance, host freight railroads must be part of the planning process for new or expanded passenger services from the very beginning. This principle is

<sup>2</sup>George W. Hilton, *The Transportation Act of 1958*, Indiana University Press, 1969, p. 13.

<sup>3</sup>Provisions in agreements between Amtrak and freight railroads (discussed below) pertaining to financial incentives related to performance can also count as being compensatory to the host freight railroad.

especially important when considering programs to plan new intercity passenger rail corridors, like the Corridor Identification and Development Program (CIDP) created by the IIJA. Congress recognized the importance of including freight railroads in the process and stipulated that consultation with host railroads be considered when awarding grants under CIDP. In subsequent notifications about the program, however, the Federal Railroad Administration (FRA) did not include consultation with host railroads in its initial plans. Thankfully, through productive conversations with the FRA, freight railroads expect to be more involved in the planning and development of these new corridors going forward, ensuring that the program works for freight and passenger railroads and the communities they serve.

Third, proper funding is necessary, especially as Amtrak looks to improve or expand service offerings. The process of expanding existing passenger service, or improving existing passenger service reliability, is complex and requires detailed planning and significant additional infrastructure capacity investment. Freight railroads should not be expected to bear the costs of building and maintaining new infrastructure upgrades necessary to accommodate additional passenger trains.

Nor is it reasonable to expect Amtrak to plan, build, and maintain a network that provides optimal transportation mobility and connectivity when it faces excessive uncertainty regarding its funding from one year to the next. The IIJA includes \$66 billion in rail funding, the vast majority of which is for passenger rail and Amtrak. This funding will go a long way to ensuring Amtrak can operate safely and effectively. It is crucial that this funding be spent where it has the biggest positive impact. Freight railroads are committed to working with Amtrak, state agencies, government officials, and others to meet that goal.

Fourth, all parties must recognize that the preference given to Amtrak's trains over freight trains does not mean delays to Amtrak trains will never happen. Just as traveling in an HOV highway lane does not guarantee a motorist will not experience traffic, Amtrak could experience delays due to weather, unexpectedly high freight volumes, or other issues that are unavoidable and beyond the freight railroad's reasonable control.

This is not an exhaustive list of principles that should be applied to passenger rail projects. For example, liability and tax issues will also come into play. However, as policymakers and stakeholders consider the expansion and improvement of passenger rail service on freight rail-owned infrastructure, these are the top priorities and issues that must be kept in mind.

#### ON-TIME PERFORMANCE (OTP) METRICS

Since its creation, Amtrak and freight railroads have worked together to establish and implement the rules and procedures governing how passenger and freight railroads interact. Most of these rules and procedures are spelled out in formal bilateral operating agreements negotiated between Amtrak and its host railroads. These agreements often provide incentives and penalties for freight railroads to help ensure Amtrak trains meet specified on-time targets. Operating agreements that came into force years ago may be outdated and, in some cases, no longer appropriate.

More specifically, some Amtrak long distance train schedules have not been properly adjusted in response to the tremendous growth in the U.S. economy and related freight volumes and other changes in the railroad operating environment over the past decades. Outdated schedules that do not properly account for changed conditions (e.g., seasonality, necessary track work, and ridership patterns or needs) can result in misleading performance measurements or unrealistic expectations for on-time performance.

AAR has long been a participant in the FRA's efforts to develop appropriate metrics and standards for measuring Amtrak's performance. This cooperative process was specifically envisioned in FRA's November 2020 final rule on metrics and minimum standards for measuring the performance and service quality of intercity passenger train operations. The rule established a customer OTP metric and customer OTP standard, which are measured against published train schedules. The rule also recognized that Amtrak's current schedules are not aligned with the new metric or standard. FRA stated that, historically, Amtrak's published train schedules have not been designed with a customer OTP metric in mind, and that alignment may require additional time as schedules will need to be adjusted.

While many schedules have since been aligned with the new customer OTP metric, for those that are not, it is crucial that Amtrak, host railroads, and other key stakeholders work in good faith to design schedules that are realistic and achievable and resolve differences to meet the shared goal of timely service based on achievable schedules. The Surface Transportation Board (STB) likewise has a role to play in investigating disputes over the on-time performance of passenger rail service. It is

imperative that schedules be properly aligned with the metric prior to the initiation of an STB investigation, as “accurate schedules are an essential element” in assessing on-time performance matters.<sup>4</sup>

Keeping Amtrak, commuter, and freight trains running on time is tremendously complex. When Amtrak was created, freight railroads had significant excess capacity. Since then, most of this excess capacity has disappeared, and the freight rail industry has invested over \$780 billion of its own money to maintain and add new capacity in response to market needs. While additional capital investments may be necessary to add passenger capacity, improving on-time performance will also require appropriate Amtrak schedules. Freight railroads and Amtrak, working together, are in the best position to determine how these operating agreements should be structured and evolve over time.

The day-to-day reality of safely operating and maintaining freight railroads’ nearly 140,000-mile network can also impact OTP. For example, freight railroads temporarily reduce operating speeds on stretches of track when conditions, such as maintenance activities or adverse weather events, call for it. These “slow orders” are imperative for safety and can delay trains of all types, including Amtrak trains. Similarly, necessary track and signal maintenance may result in unavoidable, short-term delays for freight and passenger trains but improves service reliability and enhances safety in the long term. The application of OTP standards should not make it more difficult or expensive for freight railroads to perform necessary maintenance or take appropriate steps to ensure the safety of crews and communities where they operate.

A one-size-fits-all solution will not work on a network as complex and as crucial as our nation’s rail system. Host railroads and Amtrak must undertake periodic reviews of reasonable and realistic schedules and of meaningful OTP metrics while complying with private, bilateral contracts that consider the unique circumstances of particular routes.

#### CONCLUSION

Having safe, effective passenger railroads alongside safe, productive freight railroads remains our shared goal. Freight railroads look forward to working with policymakers and other stakeholders to achieve it. I am confident that, together, freight railroads and Amtrak can work together in ways that benefit all parties.

Mr. NEHLS. We will now turn to questions for the panel. I will recognize myself for 5 minutes.

Dr. Ohanian, the Biden administration’s aspirations for high-speed rail fail to account for several realities, including the lack of customer demand, economic viability, and the impact on existing rail infrastructure. So, how can Congress best safeguard taxpayer dollars when considering support for high-speed rail and other projects discussed today?

Mr. OHANIAN. Chairman, important question and multiple parts to that.

To conserve Federal funding, we should prioritize projects on the basis of the amount of return that they can deliver to Americans.

My testimony tried to provide sort of a four-step process that could be a blueprint for evaluating these types of projects and where they have gone wrong in the past, particularly in California. The business plan has to be detailed, and it really has to bring into account costs and risks.

And fundamentally, what I see from where I sit as an academic is just the riskiness of these projects has just been so avoided. And that is something that really, I think, is to the detriment of us as Americans.

Mr. NEHLS. And in your testimony, you talk a little bit about Brightline—is it the Vegas to California—and how that private-

<sup>4</sup> Comments of the STB, Metrics and Minimum Standards for Intercity Passenger Rail Service, Docket No. FRA-2019-0069, at 3 (June 1, 2020).

public partnership and how Brightline can do it for less cost. Explain that.

Mr. OHANIAN. Yes, yes. So, Brightline is building a 228-mile route from southern California to Las Vegas, at a projected cost of nearly two-thirds less than California's high-speed rail project. So, that is very striking because it shows that it can be done much more economically, and it can be done much more economically when the right incentives are in place, which is, of course, what happens with the private sector.

So, I think when it comes to high-speed rail, we have to really temper the idea of finding the routes and segments where there is sufficient demand, and finding routes where there is relatively few risks, and where we can build it at a reasonable cost.

Mr. NEHLS. If the California high-speed rail project was initiated as a true public-private partnership, where the private sector would assume more of the financial risk in the construction and operating of that system, how different would things look today if the California high-speed rail—

Mr. OHANIAN [interrupting]. Well, I suspect it would be very different. You know, in the private sector one can't imagine not delivering revenue for 15 years—

Mr. NEHLS [interposing]. Yes, yes.

Mr. OHANIAN [continuing]. And going over budget by a factor of 4. It just boggles the mind.

Mr. NEHLS. In your testimony, it talks about that plan, the rail plan for California high-speed rail, and that was legally required. And the plan wasn't out there, and then it went to the bond, and the voters voted on it. Did anybody go to jail for that?

Mr. OHANIAN. I do not know.

Mr. NEHLS. To me, they misled the voters.

Mr. OHANIAN. In my opinion, yes.

Mr. NEHLS. Yes. Thank you again for being here.

Ms. Mortensen, Texas is considering the development of high-speed passenger rail service between Dallas and Houston. What lessons can Texas and Federal policymakers learn from California's high-speed rail experience?

Ms. MORTENSEN. Well, I think in the event we are working on Class I rail lines, I think a lot of cooperation upfront and a real business understanding of what the risks will be.

When we use someone else's right-of-way, we need to partner and we need to respect that they have rights and assets that they have built over time.

Where we are building outside of that right-of-way, I think really understanding the risk that is involved in right-of-way, and the optics of purchasing right-of-way that might sit for a long period of time and may disrupt family industries that have been around for generations.

And so, I think some of those risks may not have been at the forefront, but those kind of things do need to be thought about upfront and really mitigated before the process starts.

Mr. NEHLS. Mayor Watson, I am on the record supporting high-speed rail. I like the idea of that rail line between Houston and Dallas. I see the congestion on I-45 and everything else. How do

you feel about that project and what do you know about that project?

Mr. WATSON. Well, I don't know as much as maybe I should know about it, but what I do know is that I like the idea of when you don't have anything in terms of rail going between Dallas, that metroplex, and the Dallas-Fort Worth metroplex, and the Houston area metroplex, which are the fourth and fifth largest metroplexes in the country, we need to have more there.

I also like the idea that there may be some competition in—I think that is a good thing. But I agree that what is going to be required is upfront collaboration, upfront recognizing the risks and analyzing those completely, so that people go into it trying to mitigate those risks as opposed to learning about that after they start.

I think the opportunity that Amtrak also provides as part of that is one that we ought to clearly look at because of what could be done perhaps more rapidly.

Mr. NEHLS. Thank you. My time is expired. I now recognize Ranking Member Payne for 5 minutes.

Mr. PAYNE. Thank you, Chairman Nehls. I would like to ask unanimous consent to submit a letter from the States for Passenger Rail Coalition addressed to the House and Senate Appropriations Committees expressing deep concern regarding the cuts proposed in the House's fiscal year 2024 THUD appropriations bill and the drastic impact these cuts would have on short-distance intercity rail.

Mr. NEHLS. Without objection.  
[The information follows:]

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**Letter of November 29, 2023, to Chairs and Ranking Members of the Senate and House Appropriations Committees, from Jeremy Latimer, Chair, States for Passenger Rail Coalition, Submitted for the Record by Hon. Donald M. Payne, Jr.**

NOVEMBER 29, 2023.

The Honorable PATTY MURRAY,  
*Senate Appropriations Committee,*  
*Chair, United States Senate, Washington, DC 20510.*

The Honorable SUSAN COLLINS,  
*Senate Appropriations Committee,*  
*Ranking Member, United States Senate, Washington, DC 20510.*

The Honorable KAY GRANGER,  
*House Appropriations Committee,*  
*Chair, United States House of Representatives, Washington, DC 20515.*

The Honorable ROSA DELAURO,  
*House Appropriations Committee,*  
*Ranking Member, United States House of Representatives, Washington, DC 20515.*

DEAR CHAIR MURRAY, RANKING MEMBER COLLINS, CHAIR GRANGER, AND RANKING MEMBER DELAURO,

On behalf of the States for Passenger Rail Coalition (SPRC), which represents 27 state departments of transportation and passenger rail authorities across the U.S., we would like to thank you for your work on the Fiscal Year 2024 (FY24) appropriations process and express our support of funding for intercity passenger rail. We understand the current fiscal challenges you face, and we greatly appreciate your commitment to working on transportation funding.

SPRC members work closely with Amtrak on issues affecting Amtrak's national long-distance service and the 29 state-supported Amtrak routes. Sustained funding for Amtrak is necessary to not only maintain current service but also enhance services to meet rising demand and the needs of a modern transportation network.



Through partnership with Amtrak and the U.S. Department of Transportation, our state intercity rail programs are the building blocks for the future of intercity passenger rail in the United States.

We are grateful for the funding under the IIJA, which supports overcoming a backlog of state of good repair and enabling expansion of service. These are vital investments in America's transportation economy. *However, the funding levels contained in the House FY24 THUD bill, H.R. 4820, would create additional burdens to SPRC members' state transportation programs, affecting both state-supported Amtrak routes and Amtrak long-distance services.* Amtrak has stated that at these funding levels, they would be forced to reduce or suspend service, furlough employees, and defer critical capital projects.

According to Amtrak, the first 11 months of FY23, state-supported routes contributed \$782.4M toward Amtrak expenses:

- \$404.7M was in the form of ticket revenue from state-supported trains
- \$377.7M was in the form of state payments to Amtrak.

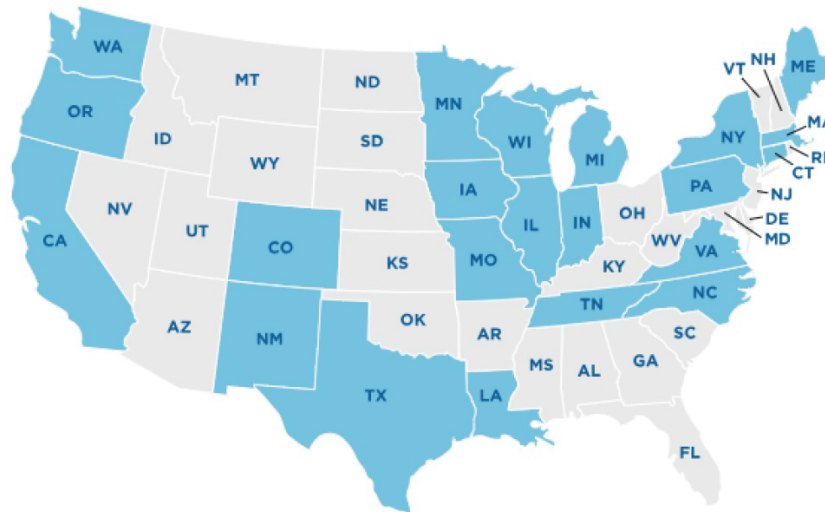
With states already contributing significantly to Amtrak's budget, the proposed federal funding cuts would disproportionately impact state transportation budgets as they try to make up this delta and maintain adequate service levels.

SPRC appreciates the challenges Congress faces, and we are grateful to have leaders in Washington who support passenger rail. *SPRC respectfully asks Congress to ensure sufficient funding levels for Amtrak services in the final FY24 budget to avoid national service disruptions.*

Sincerely,

JEREMY LATIMER,  
Chair, States for Passenger Rail Coalition,  
Virginia Passenger Rail Authority.

CC: Majority Leader Charles Schumer, Minority Leader Mitch McConnell, Speaker Mike Johnson, Minority Leader Hakeem Jeffries



Mr. PAYNE. Thank you, sir.

Mr. Watson, once again, thank you for being here. And I have recently seen articles about how the growth both in Austin and San Antonio could lead to a mega-metro of sorts.

Mr. WATSON. Yes.

Mr. PAYNE. How would an increase in intercity passenger rail between these two cities impact the quality of life for the residents in your region?

Mr. WATSON. Well, I appreciate that question. I would say two things.

First of all, for those that don't know, Austin and San Antonio are only roughly 100 to 110 miles apart from each other. And the only way, the only really straight way to do it, to get there back and forth, is Interstate 35, which is the only interstate highway that runs through Austin and San Antonio, and it is very congested. That being said, I will give two quick examples.

One is that we know that workforce goes back and forth between our two cities. Both of those thriving economies of Austin and San Antonio, they rely upon each other for workforce. The numbers that we have indicate that about 20,000 people leave Bexar County every morning and go to Travis County, which is Austin, and about 28,000 go the other direction and work. So, in terms of work and careers and the quality of life of people, it would make a difference.

Mr. PAYNE. Excellent. In your interactions with mayors from smaller cities such as Temple and College Station, have they expressed support for increased intercity passenger rail?

Mr. WATSON. Yes. In fact, during the National Association of Counties convention in Austin, we convened a group of locally elected officials to talk about passenger rail, and there is a lot of support because of the difference they see it making for their people.

Mr. PAYNE. And how would these smaller communities benefit from increased service?

Mr. WATSON. Well, first of all, people can live in those small communities and maybe work in other places. They also can have quality of life issues in that they may be able to attend and go to different things.

But the other part that I would indicate is it ties our State and our country together, which is—one of the really great roles of the Federal Government is making the kinds of investments that keep us bound together and tie us together.

Mr. PAYNE. Thank you.

Mr. Daly, thanks for being here today. The FRA program, the Confidential Close Call Reporting System modeled after the successful FAA initiative, allows rail workers to confidentially report near misses, improving the safety of the industry as a whole. Do you believe a program such as this could improve both intercity passenger and freight rail in terms of safety?

Mr. DALY. Yes, sir. Thank you for the question.

Yes, CSX has drafted our own Confidential Close Call Reporting MOU. We have shared that with SMART and BLET, and I have a meeting set up here hopefully within the next month with the FRA also included in that discussion to see if that is something that we can advance forward, independent of the broader Class I AAR contingency.

Unfortunately, that is about the extent of my knowledge of this. I can definitely have one of my colleagues that is more well versed in this matter get with you after the hearing.

Mr. PAYNE. OK, thank you. I would be glad to hear what is the holdup with CSX joining this program.

Chairman Nehls, I would like to ask unanimous consent to submit a letter from the Association of American Railroads dated March 2, 2023, into the record.

Mr. NEHLS. Without objection.  
[The information follows:]

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**Letter of March 2, 2023, to Hon. Pete Buttigieg, Secretary of Transportation, U.S. Department of Transportation, from Ian Jefferies, President and Chief Executive Officer, Association of American Railroads, Submitted for the Record by Hon. Donald M. Payne, Jr.**

MARCH 2, 2023.

The Honorable PETE BUTTIGIEG,  
*Secretary of Transportation,*  
*U.S. Department of Transportation, West Building—1200 New Jersey Ave., SE,*  
*Washington, DC 20590.*

DEAR SECRETARY BUTTIGIEG:

I am writing on behalf of the freight rail industry to inform you that all seven Class I railroads have agreed to join FRA's voluntary Confidential Close Call Reporting System (C3RS), as requested in your February 27, 2023 letter to the Class I CEOs. The industry absolutely shares your commitment to establishing effective mechanisms to help prevent future accidents like the derailment in East Palestine. You will hear from each of the railroads individually in response to your letter as well. I write to provide important history and context regarding railroad use of close call reporting, hopefully to pave the way for working with you, FRA, and our employees to develop an even better system.

It was two Class I railroads—Union Pacific and Canadian Pacific—that actually initiated the first C3RS pilot programs with FRA in 2007. All Class I railroads have longstanding programs in place that allow employees to provide confidential feedback on safety issues. These programs range from establishing and using anonymous reporting hotlines to processes that incorporate peer review teams and root cause analysis, much like C3RS. The railroads value receiving this type of close call information in a timely manner because it allows them to act quickly and proactively to address safety issues before they lead to an accident. The Class I railroads expect to continue to operate these internal confidential reporting programs in addition to their voluntary participation in C3RS.

As you know, some railroads currently participate in FRA's C3RS program while others that formerly participated dropped out of the program because it was viewed as less effective than their existing programs. We want to work with FRA to make the C3RS program better and more effective. In that spirit, we are identifying certain aspects of the current FRA program that have historically led to railroads declining to participate in favor of their own internal programs. We believe these matters can and should be improved. Our interest is in seeing a streamlined process that maintains important confidentiality for both reporting employees and carriers while also efficiently sharing high quality safety information so that railroads can quickly take appropriate action to address legitimate safety issues. More specifically, areas for improvement include:

- *Quality of reporting:* The information provided by employees is currently routed through NASA's reporting system. As noted by the U.S. Government Accountability Office (GAO), often the information received is insufficient for railroads to act on because it does not contain enough detail to develop practical corrective actions.<sup>1</sup> NASA staff, who are understandably not familiar with railroading, face difficulties with gathering the needed additional information. We believe these issues can be easily addressed.
- *Speed of reporting:* Feedback on a close call that did not result in an accident takes a long time to reach the railroad. Indeed, NASA's procedure requires it to wait at least 30 days before it reports to the railroads, which makes a quick response impossible. This too, should be addressed.
- *Confidentiality:* There are concerns that FRA may have not always kept close-call reporting data confidential. Protocols that protect the confidentiality of the

<sup>1</sup> GAO Report, "Better Communication of Safety Information Could Improve the Close Call System," pg. 20–21. <https://www.gao.gov/assets/gao-23-105287.pdf>

information will ensure continued and robust participation. The Federal Aviation Administration has such protocols in its Aviation Safety Reporting Program (ASPR), and we believe similar protocols should be adopted by FRA.

- *Addressing repeated unsafe conduct:* Typically, the person reporting a close call is exempt from the internal disciplinary process that would otherwise apply in the case of a violation of safety rules. AAR recognizes that protection as a necessary feature of the program in the vast majority of circumstances. However, in the rare situation in which an employee is misusing the system to prevent his or her unsafe decisions or actions from being addressed by the railroad, the program should permit the railroad to address that repeated misconduct with the employee. This is needed for the safety of the railroad, its other employees, and the public.
- *Sharing of information:* To the extent the information collected by the program is useful in improving safety practices and policies, it should be shared with the wider industry and in a timely fashion. GAO has made this recommendation and AAR agrees.

As you know, FRA had already scheduled a Railroad Safety Advisory Committee (RSAC) Meeting for March 14, 2023 to address this program. AAR's members look forward to participating in that meeting to provide their perspectives on the opportunities and challenges related to close call reporting.

We are committed to continuing the 20-year trend of continuous safety improvements in the rail industry. We look forward to working with you and with FRA on these critical issues.

Sincerely,

IAN JEFFERIES,

*President and Chief Executive Officer, Association of American Railroads.*

Mr. PAYNE. In this letter, all Class I railroads commit to joining the Department's Confidential Close Call Reporting System.

Mr. DALY, how has the historic funding for rail allowed for improvements to CSX's network?

Mr. DALY. I am sorry, I couldn't catch the last part of that question.

Mr. PAYNE. How has the historic funding for rail allowed for improvements to CSX's network?

Mr. DALY. Yes, absolutely, we have partnered with many States and different entities that applied for various grants, signed on letters of support, and looking forward to those coming through the process and coming to fruition to benefit us. CSX ourselves is not able to be a direct beneficiary or applicant for any of these awards, so, we partner with other interested parties and support their applications.

Mr. PAYNE. Thank you.

And Mr. Chairman, I will yield back.

Mr. NEHLS. Thank you sir. I now recognize Mr. Babin for 5 minutes.

Dr. BABIN. Thank you, Mr. Chairman. I want to thank all the witnesses here, as well. I appreciate it. Just some little aside reasons and maybe reasons to build, to not build high-speed rails.

The COVID pandemic changed a lot for our country. And unfortunately, a lot of these changes appear to be here to stay. And commuter rails certainly appear to be a very popular way to get from home to work in many urban and suburban parts of our Nation. However, according to the U.S. census, the number of people working remotely has now more than tripled—more than tripled—during the COVID pandemic.

And while some businesses and employers are now bringing employees back into the office, many pundits seem to think that as

technology develops, more and more folks will skip the office and work remotely. And while I personally take issue with that for some sectors—look at Washington, DC, where Federal employees are still at home, many in their sweatpants, instead of coming to the office and doing their jobs—I leave it up to the individual businesses to do what works best for them.

But when it comes to publicly funded transit, however, I do take issue with putting the American taxpayer on the hook for expensive transit projects that may become a highly funded relic in just a few short years if we were working more and more from home. To clarify, I am talking about commuter rails that are supposed to get folks to and from work.

And this question is for anyone who really would like to respond on the panel. Please give us your thoughts about the data that you have seen on commuter rail utilization in the telework era, or a thought on how future of work mixes with the future of transit. Who would like to take a stab at that?

Mr. OHANIAN. Well, Mr. Congressman, your point about remote work is very prescient. Your concerns, I think, are very reasonable.

Right now, about 30 percent of U.S. workers are engaged in some type of remote work. It is projected by some economists to rise to 40 percent. In my State of California, 34 percent of workers are working at some point remotely. One in four are working full-time remotely. So, that is very significant, and that obviously has important implications for transit and for congestion and for general commuter paths.

Dr. BABIN. Thank you very much, and I have got another question.

I want to say welcome, Mayor Watson, thank you for being here today.

Mr. WATSON. Thank you.

Dr. BABIN. As a Texan and a former student at UT, Austin is a great town, with a lot of fond memories in my heart and mind.

The Texas high-speed rail efforts have certainly changed a lot over the last 35 years, since the former Texas Lieutenant Governor, with a handful of lobbyists and investors, first tried to make this happen in the late 1980s. Since then we have seen various iterations of the project come and go with foreign investors as well as Americans. We have seen the project renamed, new maps, a whole lot of change with who is pushing this project.

And while this project was once declared to be—this is something concerning to me—100 percent privately funded, it now appears that many of these proposals—in fact, most of them—are now asking for taxpayer funding for the projects.

And you have been in government for about 30 years, Mayor, as a State senator and other—you have worn lots of hats, which is long enough to cover the entire lifespan of the California high-speed rail. So, I was going to ask you to please tell us what lessons you have learned watching and observing California's challenges with their high-speed rail project, and how those lessons are being applied to what is happening in Texas.

And then tell me why you think that the current high-speed rail effort in Texas is different from former attempts.

Mr. WATSON. Well, as you know, I left the senate back in 2020, and so, I haven't been in the senate for a while, so, I have not followed closely all that is going on right now with the high-speed rail plan. But there are a couple of lessons that we know ought to be learned.

One is—we have talked a little bit about them here today—one is what mistakes were made on the front end that aren't being taken into account as you move forward on this, including potential risk.

The other is that we need to recognize that pretty much all systems worldwide, when you are talking about rail, all systems worldwide, even the very successful ones, they end up needing some sort of public help in much the same way that we deal with our roadways and our airports as other transportation.

So, I don't think that we should rule out high-speed rail because it has not met some people's expectations in other places. We can learn from those mistakes, and I think we ought to look at ways that we make sure it works well, even if it requires supplement.

Dr. BABIN. OK. Thank you very much.

And I am out of time, so, I yield back, Mr. Chairman.

Mr. NEHLS. Thank you, Mr. Babin. I now recognize the ranking member of the full committee, Mr. Larsen, for 5 minutes.

Mr. LARSEN OF WASHINGTON. Thank you, Mr. Chair, and thanks for this hearing. It is a great hearing.

I think one of the first lessons as Members of Congress we should learn is anyone who comes to our office and says that this rail line, this system is going to be 100 percent privately funded, we should just tell them to stop and start over because they are wrong. And they are either—they were mistaken or they were not telling you the truth.

In the 2000s, when there was an attempt to privatize Amtrak, it was only going to be privatized by giving all the taxpayer money that we currently give to Amtrak to a private entity in order to do it. So, that is not actually privatizing Amtrak, either. There is always going to be this mix of private and public.

That said, I do think that because of the BIL, it created the opportunities to actually do partnerships, true partnerships with the private sector in providing rail lines, and we should embrace that along with Amtrak. There shouldn't be a conflict there at all here on the committee for that.

And with that, Mr. Ohanian, I wanted to ask you because this is a little bit new for us, a little bit, I wanted to make sure we are comparing apples to apples and apples to oranges, and that when it comes to Brightline's L.A. to Las Vegas, which is a great idea and great concept, right now you said they have the projections, but they haven't built anything. So, if that goes a dollar over the projection, should we be angry and upset with that or not? Like, how should we judge the success of a private-public effort versus just a singular public effort on rail?

How should we assess the value of that dollar being used? Have you thought through that?

Mr. OHANIAN. Thank you. Well, I think one metric would be on the basis of construction costs. Another metric would be on the basis—

Mr. LARSEN OF WASHINGTON [interrupting]. You mean comparing, like, a per-mile cost, for instance?

Mr. OHANIAN. Yes, per-mile cost.

Mr. LARSEN OF WASHINGTON. Per-mile cost.

Mr. OHANIAN. Another metric would be on operating costs. We are not there yet, obviously, with Brightline.

Mr. LARSEN OF WASHINGTON. Nowhere near, right.

Mr. OHANIAN. But that would be another metric.

Another metric would be in terms of successfully identifying passenger demand. So, is it a route that people really highly value? Is ridership intensity high or load factors high? So, that would be another metric to judge.

And so, delays, costs, construction costs, operating costs; are you serving a large market? I think those are all reasonable metrics in which you can use to evaluate any segment put together by any operator, whether it is public, private, private-public partnership.

Mr. LARSEN OF WASHINGTON. Yes, sure. OK, thanks.

Mayor, good to see you again. We were in Austin earlier this year. We had a chance to talk about a lot of things—

Mr. WATSON [interposing]. Yes.

Mr. LARSEN OF WASHINGTON [continuing]. I-35 and reconnecting communities and local transit efforts, as well as rail.

And one of the things, with all the infrastructure investment you are doing in Austin, around the Austin area, one of the issues that you all brought up was workforce, the availability of the workforce. And can you help us understand maybe specific to passenger rail development—or anything else, frankly—how you have come along since we talked last in terms of ensuring not the number of jobs created for the operating side, but how you are developing the workforce to be able to do this work?

This is an issue that we have all over the country, frankly, no matter what we are building.

Mr. WATSON. Yes, I really appreciate that question. And also, thank you for the time you spent in Austin.

A couple of things. We have about \$20 to \$25 billion worth of infrastructure projects related to mobility that are in play right now. One is a voter-approved rail system. One is the airport, Interstate 35, and working with TxDOT on Interstate 35, and multiple others.

What we have done is, we have actually done studies to determine: Do we have the workforce available to do all of that work? And we have determined that we are going to need to dramatically increase the number of people we put into career paths to do that.

So, we have already begun the process of creating what is going to be a mobility and infrastructure workforce academy so that what we are doing is focusing as early as maybe late middle school and high school to get people into career paths. In fact, 2 weeks ago, I was here in Washington, DC, looking at an infrastructure academy so that we could replicate the good parts of that and make it a difference. So, we have made it a focus.

I have visited with the mayor of San Antonio to see if we can do parallel things so that we don't cannibalize each other on this, and we actually put more people into the career path.

Mr. LARSEN OF WASHINGTON. Yes, that is, I think, an important point, a lesson we are learning through BIL implementation and every mode of transportation. So, I appreciate that.

With that I yield back. Thank you.

Mr. NEHLS. Thank you. I now recognize Mr. LaMalfa for 5 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman. I appreciate this hearing and your expertise you brought to it. This is going to be for my colleague from the bay area, Mr. DeSaulnier: Like a *déjà vu* all over again, right, sir? Anyway, see you, pal.

So, we have heard a lot already about the California high-speed rail. I call it high-cost rail, and we will go into it more. But jumping from a pricetag the voters were shown back in 2008 of \$33 billion to, only 1 year later, \$42 billion with a new estimate, and then when I was in the State senate there it went up to \$98.5 billion only 3 years later in a 2011 hearing we had. And now we see \$128 billion and skyrocketing, \$128 billion. So, they are projecting every mile will cost \$200 million—for 1 mile. A good track runner can do that in 4 minutes, yet this is taking many, many years.

So, I would like to ask Ms. Mortensen. At some point, it seems like it is just an inexcusable waste of money for people, especially with other projects in California, our crumbling roads. You ought to see the right lane on I-5 for a good part of my district, the water storage we need in the State, so many other infrastructure things we could be doing.

I put it this way. If you were sold—instead of \$33 billion, let's say you had a bid on reroofing your house for \$33,000. And then they come back when they show up to do the work, oh, that has gone up from \$33,000 to now \$128,000. Wouldn't you be looking for a new bid? Wouldn't you be looking at, hmm, maybe I would like to do this over again? I actually attempted that with a bill when I was in the State senate to put it back on the ballot when we saw the price had tripled. Didn't get very far, but at least we got the point out.

Ms. Mortensen, at what point do we cut this burning boat loose?

Ms. MORTENSEN. Well, thank you for the question, and it is a tough one, especially being in California, being a constituent, being in the area that could be served. So, I have straddled various positions on this issue.

I think we are overseeing what, for us, is a large program. And given this current bid environment, we are experiencing things many industries are, and we have had to take a step back and think about: Can we deliver everything that we had planned pre-COVID when the estimates were done?

So, I think at some point a step has to be taken backward. I know there is extreme pressure on the California High-Speed Rail Authority to keep moving forward, to keep solving the problems, to keep finding the money. But I think taking a step and assessing what can really be done that has the benefit—

Mr. LAMALFA [interrupting]. Oh, we recall, though, that the original \$9 billion was supposed to be supplemented by private-sector money coming in and investing in it like Brightline that we heard talked about today. That private money is not to be found. They are running away from this project.



Ms. MORTENSEN. It is not, and that—

Mr. LAMALFA [interrupting]. And, of course, subsidies are disallowed for the ticket price, too. So, go ahead.

Ms. MORTENSEN. So, as Members have mentioned here about the risk; contractors, because their livelihood depends on it, are very keenly looking at where they will take risk. And they will take it, as you see with Brightline. But I think that opportunity in the high-speed rail program was not fully vetted at the right time to let contractors come in at the right time. So, they haven't, and I think—

Mr. LAMALFA [interrupting]. I am going to turn to Dr. Ohanian on that. That is a great point because the initial business plan that the voters would have seen some part of in 2008 really didn't—obviously, it was only a year later it jumped from \$33 billion to \$42 billion. They didn't even have a plan for where the route was going to be, including the all-important boring through the Grapevine, if that is what they decide to do.

How are they even going to get over the top from the Bakersfield area into Los Angeles? Is there any idea? What does the plan look like for the route as well as the money?

Mr. OHANIAN. I don't know the details of the route at this point, but—

Mr. LAMALFA [interrupting]. I don't think they do, either.

Mr. OHANIAN. I think the project remains—it was obviously risky in 2008. The project remains risky today for some of the same reasons it was 15 years ago and for some new reasons, including the important reason to—you are stewards of Federal funding. There is an enormous backlog of transportation and infrastructure maintenance and depreciation needs to be taking place.

And if we look at what is going on right now, the Bakersfield-to-Merced route is \$35 billion. And I know that people in the Central Valley are delighted to have those dollars coming in, but I think if they were given the option of having a \$35 billion check to spend as they would like on various types of public projects—

Mr. LAMALFA [interrupting]. Water storage?

Mr. OHANIAN [continuing]. Versus having—water would be very, very important.

The California Policy Center has estimated that \$128 billion would be enough to retrofit the Diablo Canyon Power Plant, to build two new powerplants of the same size, and to pretty much guarantee water security for California, a State, as you know, that is chronically hit with droughts and the challenges and issues that come with water rationing.

Mr. LAMALFA. At \$4 billion per dam you could build 30 dams. We only need three or four.

I better yield back, Mr. Chairman. Thank you.

Mr. NEHLS. Thank you, Mr. LaMalfa. I now recognize Ms. Wilson for 5 minutes.

Ms. WILSON OF FLORIDA. Thank you, Chair Nehls and Ranking Member Payne, for this important hearing.

Navigating the future of intercity travel is a critical issue in my district. My community of south Florida is one of the most congested urban areas in the Nation. Miami is the eighth most con-

gested city in the world, and my neighbors are losing over 100 hours a year in bumper-to-bumper traffic.

As one of the five cosponsors of President Biden's landmark infrastructure bill, investing in the future of rail is critical. My district has over a half dozen railroads, including Tri-Rail and Brightline, servicing Dade, Broward, and Palm Beach counties. A robust intercity rail system will not only ease congestion, but also provide residents with more transportation choices. When folks take more rail, fewer cars will be on the roads, allowing residents to get to places faster along with reducing carbon emissions. We must protect our environment.

Now, when we discuss intercity rail, we must also address rail safety. I am proud we included \$5 billion in CRISI funding in the Bipartisan Infrastructure Law. We must utilize these rail safety funds to directly address rail safety in our cities to ensure we have a robust passenger rail system that includes high-speed rail that is safe for the people in the community.

I call myself the champion of rail safety, and I will continue to urge for additional funding to address rail crossing improvements and other deterrents to ensure that intercity rail and citizens can coexist safely and harmoniously in our communities and stay alive. With that, I have a few questions for the witnesses.

Mr. DALY, the benefits of passenger rail for mobility and the environment have been well documented. Today, we discuss both successful and less successful projects. What should communities consider when discussing a new passenger rail project to ensure success?

Mr. DALY. Yes, absolutely. Thank you for the question.

When evaluating any potential new service, you have to look at the benefits of that. Is the ridership there to support it? Clearly, in your district, it appears it is.

The other side is that you don't create a new problem by solving the initial one. With beginning some passenger service, if you have a pretty good ridership where you have got approximately 200 people on a train, you get 200 cars off the roads. If for some reason the proper planning is not put into place to protect the rail service in the area where the rail service now becomes unreliable and causes additional trucks to go onto the roads, you are creating a problem worse than what you started with.

One boxcar equals about three trucks. So, protecting the level of business that you have in that area today, and also protecting the ability for those businesses to grow into the future is really critical in balancing the interests of both passenger and rail, and the health of the overall line.

Ms. WILSON OF FLORIDA. OK. In my district, CSX has an operating agreement with the South Florida Regional Transportation Authority for the Tri-Rail commuter rail service. And Tri-Rail, because of that, is reporting a 25-percent increase in ridership this year. Can you discuss how partnerships like these with CSX have worked with local communities nationwide?

Mr. DALY. Yes, absolutely. Our partnership with the SFRTA has been very beneficial. They have been a great partner in the region. We are excited to continue to work with them on additional opportunities, as well as, the TPO in Miami has been having discussions

with us, as well, about other opportunities that they have looked at, and we are cooperating and working with them on whatever vision they do ultimately decide on.

Ms. WILSON OF FLORIDA. OK. Thank you.

Mayor Watson, in your testimony, you talked about how the Texas Department of Transportation is working to address intercity rail in the Texas Triangle. In south Florida, we have private high-speed rail already connecting the State's three most populous counties. Can you discuss the importance of intergovernmental commitment to improving mobility and supporting local economies?

Mr. WATSON. Yes, and thank you for that question. I think it is paramount, if we are going to meet the needs of the people of this country, that there be bipartisan, intergovernmental cooperation. The Texas Department of Transportation has applied under the corridor planning program for funding, grant funding.

And I am very supportive of that because I believe that will allow the local governments along these—particularly in the Texas Triangle, along those corridors—to work directly with the Texas Department of Transportation and other governmental entities to try to come up with the best way for Amtrak and others to be involved in that. There is just no way we can do this without that cooperation.

Ms. WILSON OF FLORIDA. I yield back. Thank you.

Mr. NEHLS. Thank you, Ms. Wilson. I now recognize Mr. Kean for 5 minutes.

Mr. KEAN OF NEW JERSEY. Thank you, Mr. Chairman, and I would like to thank the witnesses for being here today.

Passenger and commuter rail travel is vital for the Northeast Corridor, and specifically for New Jersey. Specifically, Amtrak and New Jersey transit play a key role in New Jersey residents traveling to and from work, and families seeing each other during holiday seasons.

Additionally, Federal discretionary grant programs that support intercity passenger rail travel, like the CRISI program and the Federal-State Partnership for Intercity Passenger Rail Grant program, provide for good jobs, increased economic viability, and safer rail travel.

We must have a clear and consistent coordination between the Federal Government, State and local governments, and private industry to ease our supply chains to relieve rail choke points and make sure that passengers get to their destinations on time. This committee's goals in overseeing passenger rail travel should be safety, security, and predictability, meaning on-time departures and arrivals in a responsible manner.

Finally, my bill, H.R. 1547, the One Seat Ride Act, which passed this committee in July, focuses on passenger and commuter rail. This bill would go a long way to allow Seventh Congressional District residents along the Raritan Valley Line of the New Jersey Transit to commute more efficiently and to travel to see family more often by rail.

Mr. Daly, you mentioned in your written testimony that about \$0.40 of every dollar earned in the railroad industry goes back into the upkeep of our railroads, and that the American Society of Civil Engineers gives rail infrastructure the highest grade for infrastruc-

ture conditions, as compared to all other transportation modes. How do the Federal discretionary grant programs help CSX maintain their lines, and how do those programs aid in CSX working with entities like State-sponsored rail lines like New Jersey Transit and Amtrak?

Mr. DALY. Yes, sir. Thank you for the question, and thank you for your support on Point-No-Point Bridge.

Yes, I mean, CSX is, obviously, not able to be an applicant for any sort of Federal grants, but we do partner with many of the local entities or other lines that are applicants, and work with them and support them in their requests for funding, which can benefit multiple parties for their requests.

Mr. KEAN OF NEW JERSEY. Thank you.

Mayor Watson, you mentioned in the first topic in your testimony that the investments in Amtrak go to improving and upgrading Amtrak's assets and fleets. But often forgotten are the other improvements that Amtrak may implement with adequate funding, such as the modernization of stations, the installation of technology stations that keep passengers safe, like security cameras, and connections to other transportation services.

Can you tell me how investing in Amtrak and these other Federal grant programs can help improve the customer experience?

Mr. WATSON. Sure, and that is a very important part of this.

The fact that there has been a significant amount of money put into this program, if spent right and done right, will address, for example, on-time service. We have to demand that the trains run on time, if you will. And that is one of them.

The stations, including ADA compliance, will be a very important part of how this money is spent. Upgrading those stations so that they actually provide service, as opposed to just being a building where you gather before you get on a train or get off a train, those sorts of things will make a difference and will increase the ridership.

Mr. KEAN OF NEW JERSEY. Thank you, Mayor. I agree with your sentiment and your statements.

Mr. Chairman, I now yield the remainder of my time to the gentleman from California, Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Kean, I appreciate that.

Dr. Ohanian, following up, did you say earlier what the speed you thought was going to be for the route from Merced to the orchard somewhere near Bakersfield? How fast would the train be going on that route, on average?

Mr. OHANIAN. Well, the—

Mr. LAMALFA [interrupting]. It was supposed to be 220 miles an hour for the whole system.

Mr. OHANIAN. Yes, there is a large difference between maximum speed and average speed. And of course, average speed is what is relevant for travel time.

I don't know the current projected speed. What I do know is that earlier business plans seem to have overpredicted average speed by, potentially, a considerable amount. They were higher than any average speed that was being attained in high-speed rail systems in Europe and Japan.

Mr. LAMALFA. Because the bond the voters were promised, a 220-mile-an-hour rail would get from S.F. to L.A. in about a little over 2 hours, and it doesn't appear attainable. Therefore, it would disqualify the bond from actually being accurate or legal.

Mr. OHANIAN. The original estimate was 2 hours and 40 minutes. I believe the current estimate now is a little over 3 hours. That still seems quite optimistic about an average speed. And of course, average speed is fundamentally connected to how many stops will be on the route—

Mr. LAMALFA [interrupting]. Thank you. I had better yield back, sir. Thank you.

Mr. NEHLS. Thank you.

To note, Mr. Daly, your on-time performance for Amtrak is over 90 percent. I read that in your testimony. I said you continue to improve that. That is a very good job.

OK, I now recognize Mr. Moulton for 5 minutes.

Mr. MOULTON. Thank you very much, Mr. Chairman. It is striking to me that here we are, having a hearing on passenger rail in the United States, and we don't even have a single witness to talk about high-speed rail, someone who really understands high-speed rail, which just shows how behind the world we are.

Japan has had a high-speed rail network since 1964. They have had zero fatalities. I don't think we can say that about our highways or our airlines. You can travel all over Europe on high-speed rail. You can go to Paris from London for dinner and be back in time to go to bed. And yet we can't rely on Amtrak to get to New York in a couple of hours.

Some people refer to the Northeast Corridor as high-speed rail but, as Dr. Ohanian pointed out, what really matters is average speed, not top speed. The top speed on the Northeast Corridor is 150 miles per hour. That doesn't even qualify as high-speed rail in the rest of the world. And the average speed on the Northeast Corridor is below 100 miles per hour.

Now, we are rightly celebrating what Brightline has done with private-sector investment and innovation in Florida, and so far, the success has been impressive. For those of you who are skeptical as to whether people will ever ride trains, specifically high-speed rail, you might look at what is happening in Florida, where simply having new trains, faster trains, great customer service, and convenience is attracting significant numbers of riders, and those trains go 110 miles per hour, 110 miles per hour. That is half the speed of trains in China.

What other thing does America do that we say China can do it twice as good as we can, they can do twice as well as we can? Is there anything that we just throw up our hands and say, nope, China is just literally twice as good as us? And yet that is what we are apparently doing with high-speed rail.

Now, Mr. LaMalfa, a perennial critic of California high-speed rail, brought up the fact that the average—that the travel time from L.A. to San Francisco has gone up from 2 hours and 40 minutes to a little over 3. Now, there are a lot of reasons for that embedded in California politics and the engineering that has been made to accommodate California politics. But the bottom line is this: 3 hours is enough to get people to take the train over flying.

There are countless ridership studies, but even more actual experience across the world that shows that if you can get by train somewhere in even 4 or 5 hours, you are more likely to choose it than flying. I mean, even look at the experience on the Northeast Corridor, where Amtrak is not exactly known for great customer service, and yet 75 percent of the business travel market between Washington and New York is on Amtrak's Acela. So, when you look at the Northeast Corridor, when you look at Florida, I think it's pretty hard to argue that no one is going to take this train if the high-speed rail line gets built.

Now, Dr. Ohanian has said that we just can't do big infrastructure projects in America. They cost too much.

Dr. Ohanian, let's just say the State of California were to embark on a project to build, well, say, 4,000 lane-miles of highway and 91 new airport gates. Do you think that that project would come in on time and on budget, or would you expect cost overruns for a project of that scale?

Mr. OHANIAN. Our experience with large-scale projects typically does involve significant delays and cost overruns—

Mr. MOULTON [interrupting]. OK, because that is what California would have to do if they don't build high-speed rail: Build 4,000 lane-miles of highway and 91 new airport gates. And at the end of that, they would be able to meet 2050 travel demand.

But you would not be doing anything to serve any of the cities in between L.A. and San Francisco, so, it would solve a problem for L.A. and San Francisco, but it would do nothing for any of the stations in between, it would do nothing to improve the traveler experience. For everyone who still chooses to drive, they would actually be going slower than they do today because adding lanes adds congestion. Instead, you could build California high-speed rail.

Now, we agree that the project has been mismanaged. We agree that there have been eminent domain and environmental approval issues. We agree that we should do better than California. But you can't just say California is terrible because it hasn't been well run. You have to look at the alternatives, and we are not doing enough of that in America.

Mr. Chairman, I hope we can do more of that in the future. Thank you.

Mr. NEHLS. Thank you, Mr. Moulton. I now yield 5 minutes to Mr. Burlison.

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. Ohanian, in your testimony you write about how the California rail is currently a failure. The project has taken, obviously, longer than expected, and it has been more expensive than originally thought. It now costs taxpayers \$120 billion, and basically has empty promises. That is a whopping \$200 million per mile on this project.

Would you say that has failed because—as was mentioned before, there are projects, Brightline, private investment projects that are successful. Would you say that this is a failure because it is a government-run project?

Mr. OHANIAN. It certainly seems that way. It is hard to reach a conclusion other than that, given 15 years of delay, given the cost overruns, given the obvious problems that plagued the system from

the get-go, including a business plan that didn't identify how funding would be secured, that didn't identify a break-even point, that didn't provide expected environmental review completion dates. It was just very, very lacking.

In the private sector, there is an incentive to provide a competitive return to your investors. And we can't say that has happened with California high-speed rail.

Mr. BURLISON. Yes, and in order to do that, you have to provide a value to the customers who want to actually purchase the product. Do you see the demand?

I mean, it has been talked about that California would need thousands of highway-miles to replace the traffic. Is that demand—I mean, is that accurate, that people want to pay, that there is a demand?

Because my thought is, if there is a demand, if people want to pay for it, there is probably a private business that would be willing to step forward to make a profit.

Mr. OHANIAN. Yes, the very striking issue is that the private sector is incentivized to find routes where people really want the service. Government not so much.

And to get back to a couple of the statements Mr. Moulton made, at the end of the day, it is all about: Can the costs come close to justifying the benefits? And the projected ridership on California high-speed rail was noted by both Cato and the Reason Foundation as being far too optimistic, including ridership intensities that exceeded those in Japan, a country with much more densely populated cities and much less auto ownership.

So, I personally just don't see how those numbers came about. The Legislative Analyst's Office criticized this business plan for not providing the forecasting methodology. I still haven't seen the forecasting methodology provided, 15 years later.

Mr. BURLISON. So, the project is \$120 billion at this time. And how many miles of rail is it?

Mr. OHANIAN. We are now looking to build 171 miles at a cost of \$35 billion between Bakersfield, which is a city of about, I believe, 400,000 people, and then Merced, which is a city of only about 90,000 people.

Mr. BURLISON. So, compare that. In the State of Missouri, the legislature just approved a \$2.8 billion expenditure to add six lanes, or to make I-70 six lanes all the way from Saint Louis to Kansas City, 250 miles for \$2.8 billion, and yet this project is costing over \$100 billion.

Mr. OHANIAN. Yes, it is about 50 times as much as the number you just cited.

Mr. BURLISON. Yes, thank you.

Thank you, Mr. Chairman. I yield the rest of my time to my colleague from California, Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Burlison.

If we talk about adding 4,000 lane-miles in California, you could put an extra lane on I-5 both directions and on Highway 101 both directions and get a lot of traffic through there. Plus, it hits every town along the way between L.A. and San Francisco. So, that is an interesting fact.

Ms. Mortensen, we know that under the original bond the voters passed by a narrow majority that subsidies are disallowed for the ticket prices. Otherwise, it disqualifies the bond and there is a lot of people in a lot of trouble. What do you expect that—I mean, with your experience with Amtrak, which—I like Amtrak, I like riding the train, whether it's Baltimore to here after I fly in, or up and down on a trip we made here recently. I like the east coast train, but it's bang for the buck, like Dr. Ohanian was saying.

What's the ticket price going to have to be if it's not subsidized in order to ride California's high-speed rail with your experience of what Amtrak costs are?

Ms. MORTENSEN. Well, if I come at it from a private perspective, the pricing is going to be adjustable, flexible. So, you would figure out peak period times where a lot of people wanted to go, and you could probably lower the pricing.

You could also play a little bit with through service. And I know it sounds silly on a 171-mile corridor, but you could have through service, express service that you could charge more for.

So, I think it would be a flexible system with perhaps ticket prices somewhere around \$40 for smaller trips or lower pricing fare windows, and it could be up to over \$100 for people that might want to pay for an express trip. And I think—

Mr. LAMALFA [interrupting]. Those are Amtrak prices, though. But for the rail, the high-speed rail, in order to have to cover its much higher costs, what do you think the ticket price would have to be for that?

Ms. MORTENSEN. It depends. Some of the models show different what I would call underlying base costs than the Amtrak Northeast Corridor. They are projected to be lower. We could debate whether or not that comes true because a lot of things are not coming true. But under that model, you could do flexible pricing, you could do flexible train times, which are different than what are currently in the plan.

Mr. LAMALFA. Yes, I am going to have to cut you off here, I am over again. But—

Ms. MORTENSEN [interposing]. Got it.

Mr. LAMALFA [continuing]. There are a lot of things that we do not know that—we are way off on projections. Like, 1 million jobs, for example, was being sold years ago.

Thank you, Mr. Chairman, for your indulgence. I yield back.

Mr. NEHLS. Yes, sir. I now recognize Mrs. Foushee for 5 minutes.

Mrs. FOUSHEE. Thank you, Mr. Chairman, and thank you to the witnesses for being here today. I am happy to be here to talk about an issue that is top of mind for my district and the State of North Carolina.

North Carolina's Fourth Congressional District is one of the fastest growing areas in the entire country, home to world-class research universities and community colleges, vibrant small businesses, community-oriented nonprofits, and the Research Triangle Park, which is the largest research park in the Nation. The Triangle region is expected to expand by nearly 80 percent in the next 40 years, and North Carolina has the third highest population growth, according to the U.S. Census Bureau. But we are struggling to keep up with the demands that come with the rapid



growth in an area, and this is, unfortunately, reflected in our transportation infrastructure.

So, my first question is to you, Ms. Mortensen. You have considerable experience starting up new passenger rail service and managing legacy services. Do you have recommendations for communities like mine who are looking to expand existing service or start new service?

Ms. MORTENSEN. Well, thank you for the question.

I think I would suggest really listening to the people on the ground. I am sort of your bootstrap ground representative here. And listening to the people—and what the people say changes over time. So, having an ability to sort of predict a system that can roll with how people's attitudes will change. Certainly, yes, commuting is less these days. But people are moving further away and new people are commuting, so, we are offsetting some of those commute losses. So, I think listening to the ground game of the people.

And then, if you are operating on the Class I railroad, really sitting down upfront, there are ways to work together. Maybe your optimal window isn't available to run a train, but maybe half an hour earlier, half an hour later. Just the flexibility, taking out some of the more high-level politics from it, trying to make sure the ground game works, and then building up the ground game.

Mrs. FOUSHEE. Thank you for that.

And Mr. Daly, thank you for highlighting in your testimony the good work my State, North Carolina, has done to improve intercity passenger rail service in coordination with CSX. North Carolina has also been a regional leader in working to coordinate service from the Southeast region. We are perhaps lucky to have freight rail right-of-way in the S-Line that we are now looking to repurpose for intercity passenger rail. That, along with the strong support from my predecessor for Federal investment in the S-Line purchase.

My first question to you is: How can we continue that good work? Specifically, how did you work with multiple stakeholders across Democratic and Republican Governors in Virginia, and how do you see that model applying elsewhere?

Mr. DALY. Yes, ma'am. Thank you for the question.

I would say North Carolina is on to a great start. You have got a very solid NCDOT there, with Jason Orthner as your director of rail that does a great job, and we have a great relationship with him that we value very much.

In addition to that, the S-Line, we signed a letter of support for that application to get the funding for that purchase, and we are looking forward to continuing to work closely with NCDOT on their desires and the applications that they have made with the FRA Corridor ID Program, as well.

One issue that we still have to overcome—and we are working on it—is one of the four pillars I had mentioned, the liability aspect, something that was not able to get through the State—the legislature last year. I understand it is coming back up this year, and it seems to have much stronger support, so, we are excited for that.

To the second part of your question, working with different stakeholders and things like that, I think, really, NCDOT, our rela-

tionship with them is very much like VPRA and the Northern New England Passenger Rail Authority up in New England, where you have a strong State partner that has a true vision, and the focus to get there, and the recognition that—not only freight preservation, but the ability to grow and the introduction of passenger service, to do that in a way that allows both parties to be successful. It really gets across any party lines or anything else. It is looking at a problem in a feasible way, and looking for the best solution for all parties because, as I mentioned previously, adding some passenger service in there in a low-cost, quick way to only have a detrimental effect on your freight business is going to create a much larger problem that is much more difficult to fix at a later time.

So, really going in with the eyes wide open, having a strong plan and a strong partnership is the best way that I have seen.

Mrs. FOUSHEE. Thank you.

And Mr. Chairman, that is my time. I yield back.

Mr. NEHLS. The gentlelady yields. I now recognize Mr. Westerman for 5 minutes.

Mr. WESTERMAN. Thank you, Mr. Chairman. Thank you to the witnesses for being here today.

I have been in Congress since 2015, and I think we have been talking about high-speed rail projects since then. There doesn't seem to be a lot of real positive progress that's being made. But I am very intrigued with high-speed rail. Conceptually, it seems like it should work, it seems like a great solution to a lot of problems.

And Mayor Watson, I have said that if we can't make it work in Texas, I don't know where you could make it work. When you look at the terrain, the topography, the population centers, it seems like almost a perfect fit, if you can make high-speed rail work, that Texas would be the place to do it.

I know Florida offers a lot of those similar features, and even some of the innovations out there, like what Elon Musk had proposed, which is—I don't know if you would call it high-speed rail, but the vacuum tubes with the cars that are levitated above the rail. When you get into the details of that, and look at Federal regulations, it is more like airlines than it is rail in a lot of ways, with the speeds that you are talking about and the all the complexities of that. We know it works other places in the world.

But I want to talk about a subject that really hasn't been brought up today. There has been a lot of talk about the economics of high-speed rail, how do you make that work, the cost of high-speed rail. But when we look more broadly at infrastructure projects, we have a hard time in this country approving and building major infrastructure projects.

There was a report that came out in 2015 by an organization called Common Good, where they looked at the cost of delays due to NEPA. At that time, they said a 6-year delay was costing the U.S. \$3.7 trillion—that is with a "t"—and they attributed \$1.22 trillion of that to the rail sector. So, I don't know that much about this organization, I was just doing that research when we were looking at NEPA reforms in the Lower Energy Costs Act earlier.

And we actually implemented some reforms that said that you could only have 2 years to do an environmental impact statement, 1 year to do an environmental assessment short of the—or reduce

the number of pages that could be in each of those from 75 to a maximum of 300.

Also, during testimony from the American Public Works Association in hearings we're having on NEPA, the president of the APWA testified that "While the Federal Government does appropriate funds for projects like these across the country, some communities are deciding against applying for Federal funds due to the onerous nature of permitting requirements, including NEPA. In my experience, any time Federal funds are introduced into a project, we immediately added at least 25 percent to the project budget. However, the final cost could be significantly higher than that."

So, we are still trying to figure out the technology and how to make these things economically viable. And maybe we can start with Mr. Daly and just go down the line. How important is permitting reform to building any kind of rail project?

Mr. DALY. Yes, sir. Thank you for your question.

It is not something that I am personally very involved in. I am aware that it does cause some significant changes to initial timelines when we have them. So, I am sure I have colleagues that are much better versed to speak to you on the matter, and we can definitely follow up with you, as well.

Ms. MORTENSEN. Thank you, and I would be happy to. I have a very painful example. We have what I call a mega-project, a \$400 million project, ready to go out to bid. And we have gone through the NEPA and CEQA processes. We are cleared. We had a permitting issue that arose in what I would call a dry slough that hasn't had water for years, but we are struggling to make improvements so that it could be fish habitat, which is fine, making those mitigations for someday when that happens.

But the project was delayed now because there needs to be a review and approval process after we are all done and ready. And where that really impacts is the back end of the project. This project, every month delayed is 3 percent; 3 percent on \$400 million is a lot of money. So, we start racking that up because we can't move. And so, any improvements in that process would be very welcomed from the ground side of things.

Mr. OHANIAN. I am glad you brought up this important point because, in my experience, permitting delays are a huge deadweight on the U.S. economy right now.

To give an example in California, 30 years ago, developers—and this is not related to rail—but developers proposed to build a new city just outside of Los Angeles. It would be a community of about 60,000 people. California politicians on both sides say they want nothing more than more housing to reduce housing costs. Thirty years later, not one house has been built. There may not be ever a house built in this new community, which is called Tejon Ranch, about 40 miles outside of Los Angeles, and it is all because of environmental delays regarding permitting.

How can anyone ever take a risk to create something big when they face the real, very real possibility of just becoming completely bankrupted by the political permitting process?

So, thank you for bringing up this important point.

Mr. WATSON. We are over time, but I will be quick in answering.

At the local level, we are, in fact, at the city of Austin, going through a very detailed process to review our permitting process, because as we deal with the needs for affordable housing, we can't get in our own way. That ought to be the first rule.

But Government has to play a role in making sure things are safe, making sure things aren't going to have unintended consequences, and it ought to play a role in making sure that it provides the system and funds the system to make sure that the permitting can be done right. It is not just enough, I think, to say, well, permitting may be getting in the way, so, let's just do away with permitting. It serves a real role, and then it is going to require Government to say, let's know what our purpose is, and let's fund it well to make sure it works.

Mr. WESTERMAN. Thank you, Mr. Chairman.

Mr. NEHLS. I now recognize Mr. Johnson for 5 minutes.

Mr. JOHNSON OF GEORGIA. Thank you, Mr. Chairman, and thank you, witnesses, for your time and your testimony today.

For decades, Americans have cried out for infrastructure policy in this country. And for decades, those cries fell on deaf ears of Congress. However, last Congress, we got our act together, and along with the vision of President Biden, we passed the Infrastructure Investment and Jobs Act, the IIJA, which is a once-in-a-generation investment in our Nation's infrastructure and competitiveness.

And although my colleagues on the other side of this subcommittee, on the other side of the aisle in this subcommittee and all but one of them on the full committee voted against the IIJA, I am proud to see that they and their constituents are benefiting greatly from it.

My State of Georgia has already begun to see the fruits of the passage of the IIJA in rail alone. The \$2.5 billion in Federal funding for rail projects in Georgia has enabled the expansion of healthy, sustainable transportation options.

Mayor Watson, the Texas Department of Transportation has submitted three proposals to the FRA's Corridor ID Program for segments linking the Texas Triangle of San Antonio, Houston, and Dallas. Your testimony mentions the Texas Triangle, and you discuss how developing passenger rail service there will produce robust ridership in return for relatively modest capital investment. How would this regional hub serve as a model for intercity passenger rail?

Mr. WATSON. Thank you for the question. A couple of things very rapidly.

One is, it has a dense population and has a growing population. It is the center, if you will, of the State of Texas' economic growth and economic development. And the metropolitan areas that we are talking about are located, really, within about 300 miles of each other so that it provides the ideal, if you will, of being a little bit too far to drive on congested roadways, but too short for airplane flights. And I could go into detail on that.

I think it would, because of the latent demand, it would show a success. And because of the projections of what you are going to have in future demand, it would continue to grow that success.

Mr. JOHNSON OF GEORGIA. Thank you. Could you speak to how the completion of a proposed expansion of the Amtrak Crescent route from Atlanta, Georgia, to Dallas-Fort Worth, Texas, would further benefit the triangle and in particular, the economically disadvantaged communities, both inner-city and rural areas, that this project would run through?

Mr. WATSON. Well, one of the values of these projects is that it will—it is not just for the beginning and the end. It is not just for Atlanta and just for Dallas-Fort Worth. It benefits all of those cities and communities along the way that otherwise don't have, for example, air service. They would have to go someplace else in order to get an airplane.

And the cost that is involved in that, this ought to be the redundancy that would get built into something like this. Not just roads and not just airports, but the redundancy of having the potential for rail would benefit a greater, I believe, number of people and, in many instances, those people that otherwise might not be able to afford to travel.

Mr. JOHNSON OF GEORGIA. Now, Dr. Ohanian does not care for the regulation of environmental impacts on economic development, but I am sure that there are some environmental benefits that would accrue from expanding intercity passenger rail and allowing thousands of people to travel every day without needing to drive a car. Can you comment on that?

Mr. OHANIAN. Yes, I will make two brief points. One is that—

Mr. JOHNSON OF GEORGIA [interrupting]. Well, that question was for Mr. Watson, but since you are—

Mr. OHANIAN [interposing]. Oh, I am sorry.

Mr. JOHNSON OF GEORGIA [continuing]. Since you are in it, go ahead.

Mr. OHANIAN. My apologies.

Mr. WATSON. I thought I heard you say his name, too.

Mr. JOHNSON OF GEORGIA. Go ahead, Professor. Well, I said—I just commented on the fact that the professor does not really care for costs associated with environmental regulation, but I was asking what—

Mr. WATSON [interrupting]. One of the real goals that can be achieved is by reducing the amount of mobile source emissions with regard to cars, reducing the amount of need for air travel—well, not reducing it, but providing an alternative to those things—should make a difference and will make a difference with regard to emissions that contribute to climate change.

Mr. JOHNSON OF GEORGIA. Thank you.

And I am over my time, so, I will yield back.

Mr. NEHLS. Thank you. I now recognize Mr. García for 5 minutes.

Mr. GARCÍA OF ILLINOIS. Thank you, Chairman Nehls and Ranking Member, for holding this hearing today.

Accessible public transit is a matter of justice. It can mean the difference between getting to school on time, keeping a job, or having access to basic needs. For example, in Chicago, the IJA helped us fund the Red Line Extension Project, which will finally connect the far South Side to downtown Chicago. This project was promised 50 years ago; the IJA has helped deliver it.

Cities that have previously been disconnected from other regional hubs can benefit from increased access to businesses, healthcare centers, and jobs if they are connected by intercity rail. Expanding passenger rail is not only an efficient and sustainable transportation choice, it is also one that can help enable economic opportunity and racial equity, as well.

Mayor Watson, as your testimony states, intercity passenger rail can fill a gap in regions that are only otherwise easily accessed by car. How does intercity rail bring us closer to our climate goals, and why is this especially important for the vast regions like Texas?

Mr. WATSON. Congressman, I would say two things in response to your statement.

One is, as I indicated, I believe that by providing an alternative means for travel that doesn't produce additional mobile sources that we see from vehicular travel and from airplanes, you have a positive environmental impact.

Second, with regard to your comment related to justice, one of the things that I would see is a real value related to having intercity passenger rail, for example, in the triangle, is that you would allow students that need to get through community college training or otherwise to engage in career paths. They might be able to attend schools at different places, but they can't do that right now because of transportation issues that hopefully would be reduced if not eliminated if you had better intercity passenger rail.

Mr. GARCÍA OF ILLINOIS. Great. Thank you for that, especially the workforce emphasis.

Similar to the Texas Triangle, I have been supportive of the Chicago Hub Improvement Program in my home State, which would invest \$1.1 billion to revitalize Chicago rail infrastructure and connect it to surrounding States like Michigan. It would reduce a major bottleneck in southwest Michigan and cut travel time between Chicago and Detroit, as well.

Mayor Watson, can you elaborate on how projects like these could benefit riders?

How specifically does the Texas Triangle project plan to service previously disenfranchised communities, including low-wealth and individuals with disabilities?

Mr. WATSON. Certainly, I have two quick reactions to that.

One is, as I indicated a little bit earlier, these kinds of programs don't just benefit the major city, if you will, the San Antonio, the Austin, the Dallas-Fort Worth. If you look at, for example, that leg of the triangle, you have about 800,000 people that live in the Killeen-Temple area. And you have Waco along those ways. You have communities that it would then allow them maybe not to live in the major metropolitan area because of cost or otherwise, but still be able to participate in those economies.

The second thing that I would say about that is that careers that allow people to move from one city to another—let's say mobility and infrastructure and the construction that goes along with that—it might allow people to work in other places.

Mr. GARCÍA OF ILLINOIS. Very well, thank you so much. And finally, my last question for Mr. Daly.

As CSX is working with the Commonwealth of Virginia to build capacity for freight and passenger rail between Washington, DC, and Richmond, your testimony mentions that the route will allow the double stack freight trains, while VRE and Amtrak simultaneously want to double the number of passenger rides along the same corridor. What is CSX doing to ensure that safety is prioritized during this increase in rail capacity and ridership?

Mr. DALY. Yes, sir. Thank you for the question. We are working extremely closely with Virginia, VPRA, at all levels. Our engineering departments meet on a regular basis to go over the track work. Obviously, whenever there is any work going on on the track, we have safeguards in place: blocking, taking tracks out of service, locking them out, whatever is necessary to provide safety to the employees performing that work. And obviously, a significant amount of coordination with our partners there.

Like I said, on the engineering side, operations speaks regularly. There is an executive performance management team, as well, that gets together regularly and talks about all the projects, report-outs from the other committees, and talks about what we have going on, and making sure that we can achieve our goals together.

Mr. GARCÍA OF ILLINOIS. Thank you for that.

Mr. Chairman, thank you for your indulgence, I yield back.

Mr. NEHLS. The gentleman yields. I now recognize Mr. Stauber for 5 minutes.

Mr. STAUBER. Thank you very much, Mr. Chair.

In Minneapolis, the Southwest light rail is being considered a boondoggle of historic proportions. In 2011, the Federal Transit Administration approved the Metropolitan Council's application to pursue funding for Southwest light rail through a Federal grant program. In that year, the council projected that the line would cost \$1.25 billion, and that it would begin service to the public in 2018. Since 2011, the Metropolitan Council has increased its estimate of the project's cost several times. By March of 2022, the council's projected budget for the line was approximately \$2.74 billion for an opening in 2027. According to the Associated Press, this is one of the most expensive public works projects in Minnesota's history.

Mr. Ohanian, passenger rail projects seem to meet shocking price challenges and massive delays across our country. What can Congress do to avoid these transportation boondoggles and more wisely invest taxpayer dollars?

And what might the private sector be able to contribute to these projects?

Mr. OHANIAN. Well, there are some data points that suggest the private sector can do this much more effectively, much more efficiently, much more quickly, for example, based on Brightline's project in California. So, that appears to have some potential and promise for you to consider as stewards of Federal funding for these types of projects.

Honestly acknowledging risk is so fundamentally important because, as you noted, these projects historically are substantially delayed, they have substantial cost overruns. And I suspect that if we do require these projects to provide a plan based on realistic risk

assessments, I think a lot of them just won't pencil out in terms of costs and benefits.

Obviously, you need to prioritize a wide number of projects, and that can be important information to you in your decisionmaking process.

Mr. STAUBER. Thank you. Prior to me entering Congress, I was a police officer for 23 years, and I want to talk about crime.

A November 2022 article from the American Experiment states that the Metro Transit light rail system in Minneapolis has consistently operated as one of the most dangerous light rail systems in the country since 2014. According to the Federal Transit Administration, 40 percent of all personal security events that occurred on America's 22 light rail systems in 2019 happened on Metro Transit.

Mr. Daly, in your opinion, what makes passenger rail so vulnerable to crime, and what has CSX done to improve the safety?

Mr. DALY. Yes, sir, thank you for your question.

CSX has a robust PSCC department that works actively with local and State officials with the safety on our yards, our trains, our tracks. I know they also coordinate very closely with Amtrak and their own police department and the activities that they partake in their stations and on their trains.

As far as the Amtrak or passenger side, how they handle the safety, is something that—probably a better question for them. I am not particularly—

Mr. STAUBER [interrupting]. But from your experience, why do you think it's so vulnerable to crime?

Mr. DALY. It's a fair question. I mean, some of the stations are in isolated areas. Some of them may not be as well-lit as, say, clearly an airport, but other modes of transportation.

There is not particularly the security of TSA on boarding onto passenger trains. So, I am sure that is a factor that plays in, as well.

Mr. STAUBER. So, in your opinion, do you think there needs to be more law enforcement presence?

Mr. DALY. I can't think of a situation where safety wouldn't be improved with additional law enforcement presence.

Mr. STAUBER. You can't think of a situation?

Mr. DALY. Where an additional presence of law enforcement would not equal into more safety.

Mr. STAUBER. I just—Mr. Daly, I want to be sure that I heard you right, and I may have misunderstood you. Are you saying that more law enforcement presence wouldn't make crime decrease?

Mr. DALY. No, sir.

Mr. STAUBER. I misunderstood you, then, OK.

Mr. DALY. Yes, yes. Additional law enforcement presence would equal into additional safety.

Mr. STAUBER. That is right.

Mr. DALY. Yes, sir.

Mr. STAUBER. I appreciate that question because I agree with you very much.

Mr. Chair, I see my time is up. Thank you, I yield back.

Mr. NEHLS. The gentleman yields. I now recognize my good friend out of California, Mr. DeSaulnier, for 5 minutes.



Mr. DESAULNIER. Thank you, Mr. Chairman. And I really want to start my comments, as I have told you personally—Mr. LaMalfa, thank you for taking us down memory lane, when we both voted the same way on authorizing the funding for high-speed rail. The second time I was the only Democrat in the legislature, even though I chaired the committee.

But to this, I think there is a real opportunity to have the right mix, so, the proper Federal oversight for projects like that and others. And, Ms. Mortensen, I want to start with you, because I have so much history with your project, starting in local government, when my party affiliation was different many years ago, and we were working with the bay area with 7½ million people in the 10 counties that surrounded it. They were becoming this mega-region that, to your point, is very geographically challenged in terms of access.

So, we worked well with multiple counties, multiple transportation entities, local government, the State, and private sector. So, you have got the fourth busiest port in the United States, one of the busiest export ports for agriculture. All of that worked, but it took a lot of work, but we still had proper oversight and shared risk with pretty good modeling, both for the freight side and the commercial side, even though the dynamics of that corridor were changing so dramatically as Silicon Valley all of a sudden appeared, and we had the opportunity for the private sector actually to fund the Dumbarton Bridge all the way across there.

So, speak about—just briefly, because I really want to talk to the other Californian on the panel—about cost and being realistic about it, and apples to apples, not apples to oranges. Just speak a little bit about our experience: land use, transportation funding, Prop 13. All of those conspired to make your project so difficult, but also how it interconnects to the valley and prospectively to Los Angeles.

Ms. MORTENSEN. Well, I think interconnection is a key word. We are not just looking at a transportation mode, a line on a map. So, it is interconnected with land-use visions for each of the communities. And what is done in San Francisco and Oakland and San Jose may be different than what is done in Stockton and Manteca and Modesto.

But we fought through. We fought, and it got very hard, but we stayed with it. And so, I think while we end up with bruises at the end, we come out with a product that the people can trust. And sometimes I think today we get to where it's really hard, and then there's a faction that wants to kill something, there's a faction that wants to throw their hands up. But I think staying with it across different perspectives and really fighting to get it done, you will get the best product at the end because you have the view of both sides and many angles.

And I'll stop there.

Mr. DESAULNIER. And in your case we went through the existing cumbersome process.

Ms. MORTENSEN. We did.

Mr. DESAULNIER. But we had to work with multiple MPOs.

Ms. MORTENSEN. We did.

Mr. DESAULNIER. And local government and the State transportation agencies. And when you throw cap and trade in there, you had to deal with the air regulators. But we did it.

Dr. Ohanian, I really appreciate your comments, but I would hope you would agree that just going to public-private doesn't solve the problem, either. We have got plenty of examples around the country and the world. The first big project of then-Governor Schwarzenegger was Doyle Drive in San Francisco, which proportionately was as bad a project, but it was that idea that public-private will save the world.

As you know, in your studies, getting the risk associated, whether it is a fully funded public project or a public-private partnership around the world—and we have examples in South America, where public-private partnerships were awful—getting that risk assessment is so important. So, could you speak a little bit to that?

Brightline may work, but if it is public-private, it could be a disaster, as well, if the contractual relationships aren't thoughtful.

Mr. OHANIAN. Yes, my comments were to indicate that various kinds of models could be used to create high-speed rail. Their cost numbers look very favorable right now. Of course, they seem to be ready to break ground soon, so, we will have to see how that plays out.

A separate issue is that America is just a very high-cost producer of railway, whether it is high-speed rail or subway systems. I looked to some data that compared costs across countries for high-speed rail, and France and Germany are doing it at about half the cost that we are. And I hope that at some point we can get to the bottom of why our cost differences are so big.

Secretary Buttigieg noted this 2 years ago—

Mr. DESAULNIER [interrupting]. But, Doctor, excuse me, because I only have limited time—and I would love to continue this conversation—some of that is a function of culture, but it is also how they are subsidized.

I mean, the best model that I have seen in the world—and I have been all over the world looking at this—is in Japan. But both culturally and density and how the funding is—and the mayor will understand this, every State being different—all of that is different.

So, we had to do our modeling for high-speed rail in California, to begin with, to compete with Southwest from L.A. to San Francisco. That's subsidized, too.

So, Mr. Chairman, I will stop there. I am sorry to interrupt, but I would love to continue the conversation because I think there is a real opportunity here to get this right. Texas is searching. We need to have rail. We need to have rail, passenger rail and freight rail. We would have to have better accountability. And that should be nonpartisan.

Mr. NEHLS. Thank you. I now recognize Mr. Williams for 5 minutes.

Mr. WILLIAMS OF NEW YORK. Thank you, Mr. Chairman. I direct my first question to Mr. Daly.

CSX has made a bid in Virginia, an investment in Virginia. Can you describe some of the metrics that were used to identify that as

an attractive venture? I am trying to get to: What are the building blocks of that kind of decision?

Mr. DALY. Yes, I mean, it was a request that came from Virginia, who we have been in partnership with for decades, ever since we started, many, many years before my tenure. There has been a continued growth and desire for additional passenger services, so, it's something that has been discussed ongoing for many, many years.

We performed many studies over the years to evaluate the potential to introduce additional passenger services, and we had a pinch point there with the bridge. The Long Bridge was at capacity, running 98 percent prior to this agreement that we entered into, which is going to build an additional bridge across the Potomac to allow for additional passenger services.

So, once we really put together a full-vision plan for how this looks for the next 30, 40 years is when we were able to put all the pieces together to not only validate the additional services, but also the investment for the bridge and property acquisitions and additional trackage rights, as well.

Mr. WILLIAMS OF NEW YORK. And the property acquisitions were fairly small compared to, like, California, that has to get an entire new—or Texas, even—that has to get an entire new right-of-way. Is that right?

Mr. DALY. That's correct. Yes, sir.

Mr. WILLIAMS OF NEW YORK. OK. And in terms of your study, do you know some of the key metrics, the go/no-go decisions there?

Mr. DALY. The RTC study that was performed previously on the bridge was just looking at throughput initially. Studies we have done since then as we started working through the planning process looked at the current level of on-time performance, future growth of the freight network in the area, and the impacts of adding in the additional passenger trains, looking at delay metrics primarily.

Mr. WILLIAMS OF NEW YORK. OK, thank you. I am trying to understand why the east coast seems to have figured out the secrets to rail, even something like Brightline, where there were tracks, but not necessarily a culture of rail traffic, at least not in the last 50, 60 years, not that much.

Expanding in Virginia; we have Amtrak where I live, upstate, it gets the Empire Line. And I have actually lived all over the country, so, I know the California geography and the Texas geography quite well.

And I am wondering, what are the metrics for success that get evaluated in the Virginia case? And what are those in, for example, the California or the Texas case? And why is there such a discrepancy between what seems like a pretty viable culture of rail on the east coast, and yet it seems very difficult to replicate anywhere else?

It is a sincere question. There is no political gotchas at the end of it. I am actually trying to understand what are the metrics for success and trying to use Virginia. So, we just have a short amount of time, but if any of you can throw out any ideas, I would appreciate it.

Ms. MORTENSEN. Well, I think California is a bit "wild West." We really overemphasized the car, probably more so than any State,

and we are paying some of the consequences of that. Not that we don't need highways, we do. We have got multiple ports, we have goods movement all over the place. At some point, that may be all the highways carry because we have that much goods movement.

But I can say from my own personal example, it does feel harder in California. It does feel like there are delays that come up at the last minute that can't be predicted. And I think we have to look at the root model of what's causing those issues before we start the projects. Perhaps we haven't done that as well in the past as we should.

Mr. WILLIAMS OF NEW YORK. Well, it seems like politics is big. The fact that BART doesn't connect to Caltrain is a disaster, and it was a decision made in the, what, 1970s or whatever.

Any other thoughts?

Mr. WATSON. I think that we ought to be learning from Virginia and North Carolina and some of the things that are happening there. And some of the metrics that we will see there is population, the density of that population, the potential growth of that population, demographics, and the economy, and how, in the case of intercity passenger rail like we are talking about in the Texas Triangle, how near those entities are so that people are incentivized to use that because their alternatives are not that great, either it be on a congested roadway or a very short flight that costs a lot of—

Mr. WILLIAMS OF NEW YORK [interrupting]. I have driven them all, and also appreciate Southwest Airlines.

One last quick question is: \$128 billion, it looks like, in the California project. Do you think Texas could build that railway for less than \$128 billion? Anybody?

Mr. OHANIAN. I certainly think they could.

Mr. WILLIAMS OF NEW YORK. I think so, too. Thank you.

I yield back.

Mr. NEHLS. Thank you. Hey, I would like to thank the panel. I know we are approaching 2 hours here. I think this has been just a wonderful conversation. I think a lot of great points have been made, either from the questions that have been asked by this panel, but we have a few Members who would like to go to a second round. Do you feel that you could hang out for another 10, 15 minutes so we can finish this?

I would like to recognize Ranking Member Payne.

Mr. PAYNE. Thank you, Mr. Chairman, and I want to thank the panel for obliging us. Just one question I have for Ms. Mortensen.

Congressional Republicans have proposed cutting funding to Amtrak's national network by nearly 35 percent. There was even an amendment 2 weeks ago to eliminate national network funding. What impact would that have on your San Joaquins Amtrak route?

Ms. MORTENSEN. Well, I will answer it a couple of ways.

California funds the entirety of their services. So, we pay 100 percent of the Capital Corridor, LOSSAN Corridor, and San Joaquins. What I am hopeful of is it is sparring, positioning to sort of get to the right-sized allocation, and that it sorts itself out. Because I think operating funding that is predicted and relied upon needs to be maintained. And so, I am hopeful this is the moves on

the chessboard that get to that allocation that is necessary for operations.

And I do think Amtrak's IJA process, while I didn't always agree with their tactics, they did get a lot of public input. And so, the public is built into some of those capital project expectations. But I will leave it at that. Thank you.

Mr. PAYNE. OK, thank you.

I yield back.

Mr. NEHLS. The gentleman yields. I now recognize Mr. LaMalfa.

Mr. LAMALFA. I am back. Thank you again, Mr. Chairman.

Ms. Mortensen, what is the highest speed conventional Amtrak train? Is it about 120 miles an hour if they are on the highest grade track?

Ms. MORTENSEN. Yes.

Mr. LAMALFA. OK.

Ms. MORTENSEN. Yes.

Mr. LAMALFA. All right, and I did some math on that. It's a little rough, but for the segment we are talking about from Merced to an almond orchard near Bakersfield, about 165 miles, so, I had it that if—given estimates of real-world speed for high-speed rail in the area maybe being around 150 miles an hour versus a 120-mile-an-hour Amtrak on its own rails, you would save 16 minutes. So, I have to wonder what the value is for the amount of investment just in that segment there of \$35 billion.

Now, if you managed to run it at 220 miles per hour, it could be down as low as 45 minutes. But it doesn't sound like 220 miles per hour is practical.

So, is it practical to have more 120-mile-an-hour Amtrak trains if we eliminated a few more at-grade crossings, more overcrossings, and upgrade the tracks we need to, probably for a fraction of the price?

Ms. MORTENSEN. It does, and it could.

The issue of safety has been brought up, and one of the real benefits for the forever future is a dedicated corridor that gets rid of the at-grade crossings. And so, I know we can't always achieve the ideal, but I think that is the ideal more from a safety standpoint.

I think the reality of that first segment is that the train sets will be geared towards a max speed of 150, but the average speed, as has been mentioned, would probably be down closer to 100, 130—

Mr. LAMALFA [interrupting]. For the high speed?

Ms. MORTENSEN. For that initial segment.

Mr. LAMALFA. Yes, so, you are really not achieving a heck of a lot more than what Amtrak conventional is available. But let me jump to Dr. Ohanian.

We go from what we saw in 2008, a \$33 billion project for S.F. all the way to L.A., and what we are getting right now seems to be \$35 billion for about one-fourth, maybe one-third of that. Do you think the voters would approve a \$35 billion Merced to an orchard near Bakersfield project?

Mr. OHANIAN. I don't believe so. I don't see how that would be practical for most voters. It wouldn't be a wise use of public investment.

Mr. LAMALFA. And there doesn't appear to be a plan to get through the bay area. I think they are going to have to link to an

existing project to go from San Francisco to south San Jose, which is—they are not going to have high speed, it appears. And getting into L.A., as we mentioned earlier about the Grapevine, how are they going to even get it into L.A.?

So, it is not going to fulfill the goal for anywhere near the price. Can the voters ask for a refund for that \$9 billion bond?

Mr. OHANIAN. That is—

Mr. LAMALFA [interrupting]. That is a rhetorical question.

[Laughter.]

Mr. OHANIAN. Yes.

Mr. LAMALFA. I won't make you answer that.

Mr. OHANIAN. I agree, voters need some answers.

Mr. LAMALFA. But so much success with Brightline—or what appears to be with the gambler special to Vegas and a couple other locations. So, what model was Brightline bringing that is not bringing investors or anybody for—again, we have \$9 billion for California from the bond, \$3.5 billion from the ERA funding back in the stimulus package of 2009—2009, I say, it is 14 years ago—and then they have been able to come up with carbon taxes and auctions and get a billion here, a billion there. So, they are going to maybe come up with \$20 billion out of the \$128 billion, unless they come begging here for more.

What broke down with the California model versus what Brightline can do with the gambler special to Vegas or the other locations we are talking about?

Mr. OHANIAN. Well, I think Brightline was very prescient in being able to build low cost in terms of the land they were able to acquire. That has been different relative to other systems where there are disputes, eminent domain issues come up over acquiring private land.

And kudos to Brightline. Assuming that it comes together, as we all hope, they were able to identify a route with substantial demand and be able to—look like—build it at a very, very low cost. And both of those aspects, on the demand side and the cost side, those are things we want to see.

Mr. LAMALFA. Yes.

Mr. OHANIAN. And as you face a long laundry list of infrastructure and transportation projects, I know you are concerned about making sure that the funding goes to where it should in terms of high rates of return. I wish I had better things to say about my home State—

Mr. LAMALFA [interrupting]. Well, me too. I better stop there, but thank you.

We heard earlier, though, the assertion that if China can do it, why can't the U.S.? Well, China, when they built the Three Gorges Dam, they just built it. They didn't ask permission, they didn't get permits. And the people that lived in the flood space were told, well, I guess you better move.

Same thing. Can you imagine taking a couple of D11s and going from here up to Boston to try and make a wider track? You don't get to do that here. You have to go through permits. You have to be respectful of property rights and all that. We don't get just to pound through in this country. So, China is not much of a model.

So, with that, Mr. Chairman, thank you. I yield back.

Mr. NEHLS. I now recognize Mr. DeSaulnier for—go ahead.

Mr. DESAULNIER. Thank you, Mr. Chairman. This really is sort of interesting. So, I want to go back to real examples. I think this idea that having proper oversight at a Federal level and incentivizing good performance in terms of risk assessment, but you have got to—everything is different.

Brightline, what is so significant for Brightline—and I support the idea, Doctor, as you mentioned—is the right-of-way. It is there, it is largely existing, and the modeling for the Inland Empire, there has been huge land-use growth there, so, we can use regional like we do with the Valley to get people out to these new exurbs.

So, it's just being consistent in getting the right modeling and looking at high-speed rail in California and other examples, including public-private projects that didn't work.

So, I understand that this is a political poster child, perhaps. If we had gone down highway Interstate 5, as originally proposed with high-speed rail, the cost assessments would have been very different, would they not, Dr. Ohanian?

If we look back and look at Brightline now and the cost driver in terms of right-of-way, and look at going down Interstate 5 30 years ago, which was the original proposal, it would be a very different cost benefit, would it not?

Mr. OHANIAN. Very possible. Acquiring private land has proven to be just a real bugaboo in these types of projects. So, as you consider these types of proposals, that is an important component to be very wary of.

Mr. DESAULNIER. And if you look at the Japanese model, their JR lines, they start with a spine from Tokyo to Okinawa, and then they go out. We could have done the same thing in California. We could have gone down Highway 5 and then gone out.

The bigger challenge, as I understand it in the history, talking to people who have done these projects, is to hatch a piece at that rate. To do 220 miles an hour, on average, through the whole system was not an engineering feat that anyone else had done at that grade. Is that your understanding, Doctor?

Mr. OHANIAN. That is my understanding. And I believe there is still significant seismic—

Mr. DESAULNIER [interposing]. Right.

Mr. OHANIAN [continuing]. Tunneling and viaduct issues to consider in the system.

And at the end of the day, as an economist, I want to give you the best advice possible. And it boils down to: Do the benefits warrant the costs involved? And if they do, that's terrific. And if they don't, then we should honestly assess that and consider alternative projects that have a lot of merit.

Mr. DESAULNIER. So, we have got this investment where it is. I have got good friends who administer high-speed rail who I disagree with—and people on that board—how best to take that investment and still use it.

And so, Mr. LaMalfa mentioned this, getting into the bay area now is where they have pivoted to, we have got population decline right now in California because of the cost of housing and because some of our businesses are moving to the mayor's jurisdiction, and now you are having some of the same issues we have. But learning

from the past and still getting the vision that we want is something that I think is very doable.

Ms. Mortensen, you are an example of that investment potentially still being used to create the larger statewide investment.

Ms. MORTENSEN. Yes, I think the decision point will be coming soon where people will have to talk about what do we do with what we have right now, and how do we make the best of it. And we get a bit of a restart to sit down with the partners again. The original vision that got sort of politically shifted, is now difficult to achieve, but what can we achieve that makes sense for the people that we are trying to serve right now?

And I think dialogues like we talked about, that is the way forward with the railroads, with the third-party experts who know how difficult these things are on the ground, and then with our State and Federal funding partners.

Mr. DESAULNIER. And lastly, the fiscal models change because the cost to take the shuttle, whether it is Southwest or United or Alaska, has also risen, if you went back and looked at that.

I just want to finish with the mayor, because having come from local government, we talked about telecommuting. In San Francisco, we've got a 40-percent vacancy rate. People from my district are not—if they are software engineers, they are staying at home. It's a good thing. But we've got lots of old government agencies in your area and our area that don't work very well. So, this is an example. Could you speak to that in Austin just for a minute or a few seconds, whatever the Chair will allow?

Mr. WATSON. Sure. First of all, we are seeing a number of people—yes, you are seeing more remote working, and I think some of that remote working is there to stay, but I don't think it is as dire as some see, if "dire" is the right word. I think it's not as extreme as some people see it. And certainly, that has not been our case, including with our downtown, for example.

I think in areas that are growing, even if they are doing more remote working, you are still seeing the need for people to be able to get from one place to another, and that demand is there. Otherwise, you wouldn't have congested roadways, otherwise you wouldn't have the airlines doing the way they are doing. And so, we have to address that.

Mr. DESAULNIER. Thank you.

Thank you, Mr. Chairman. This has been a great hearing.

Mr. NEHLS. Yes, sir. The gentleman yields. We have one other Member just arrived. Mr. Duarte, you are recognized for 5 minutes.

Mr. DUARTE. First of all, Ms. Mortensen, good to see you here in DC. Thank you for your time spent near the district in your Stockton office. Tell me—one dialogue we have had here in this committee, in this subcommittee, over the year has been: What are the Infrastructure Investment and Jobs Act requirements insofar as carbon-neutral, social justice, diversity, equity, inclusion, American sourcing, doing to our ability to spend that money in a way that gives American taxpayers a bang for their buck?

A lot of these things load costs in that may or may not be optimal.

Ms. MORTENSEN. Well, coming from the ground game, as I have discussed, when there is something built into legislation, either



State or Federal, the language is somewhat generic and oriented towards gains. But when we get down to the project level and we want to talk about which specific emissions—because they are tackled in different ways—and which particular areas that are disadvantaged—because those are tackled in a different way—so, there is not a monolith approach, not a one-size-fits-all approach to driving these goals down into the projects.

And so, we get there and we are not clear, and then the reviewing agencies are not clear. And so, we can't know if we are doing it right. And so, I think a better establishing of expectations that are clear, that can be driven down into communities and contractors is needed. And I feel like we have a gap in the middle right now.

Mr. DUARTE. So, do you think you are losing time? Like, does a 1-year project become a 2-year project? Or what does that do to your timing?

Ms. MORTENSEN. Well, in this particular day and age, with inflation the way it is and cost risk that is now being applied by contractors, every month you delay has a sizable impact on the project. And so, you get 12 months in a row, 1 year could be a staggering difference on project costs in this environment.

Mr. DUARTE. Thank you.

Dr. Ohanian, I really enjoyed your notes. I am from California, and a big part of my district has the high-speed rail through it, and I am not a supporter of high-speed rail. I have seen it go over budget. I have seen it fail to perform. I have seen it for 30 years now be a bit of a pipedream.

One aspect of it I haven't seen studied that I would like to see if you have information on is: What is the carbon impact of construction of the high-speed rail alone, and has anybody studied what the ridership assumptions would have to be so that we end up net carbon neutral or better by constructing the high-speed rail versus driving on highways and building the highways we need?

Mr. OHANIAN. Right. So, building high-speed rail requires cement and concrete, which is carbon intensive, and so, that is a net negative. Off the top of my head I don't know the break-even point, but what I do recall is that California's contribution to global carbon emissions is less than 1 percent. High-speed rail would reduce carbon emissions in terms of moving people out of cars or airplanes and into high-speed rail about 1.5 percent. So, you are looking at 1.5 percent of 1 percent is not really moving the needle.

Mr. DUARTE. And does your 1.5 percent—I am sorry, does your 1.5 percent estimation include the construction load and carbon emissions? That is only the operating—

Mr. OHANIAN [interrupting]. That is just the operating.

Mr. DUARTE. So, we are building \$128 billion carbon emissions-laden project to save 1.5 percent of 1 percent of global carbon emissions.

Mr. OHANIAN. That's correct.

Mr. DUARTE. And that would take a long time to offset if there were substantial carbon emissions in the construction alone.

Mr. OHANIAN. Yes, it would. And of course, high-speed rail was planned when the world was a very different place, before California would only be selling electric cars by the year 2035. That

was never taken into account in the planning, as well, and that would make the project somewhat less desirable.

Mr. DUARTE. So, would anyone that contends that California high-speed rail is a project that will lead to lower carbon emissions, net of its construction load, be fantasizing?

Mr. OHANIAN. Based on the information I have and the statistics I have seen, I just don't see it as moving the needle whatsoever.

Mr. DUARTE. Thank you very much. I yield back.

Mr. NEHLS. The gentleman yields.

Before we conclude, I would like to point out that in your testimony, Mr. Daly, it says that CSX averaged moving 1 ton of freight 537 miles on a single gallon of fuel. I think that's important to note, which is three to four times more fuel efficient than moving 1 ton of freight by truck. I think that's fantastic.

Listen, I don't think there are any other members on this committee that have any questions. Seeing none, this concludes our hearing for today.

I want to thank all of our witnesses for being here. Your testimony was very insightful.

The committee stands adjourned.

[Whereupon, at 1:20 p.m., the subcommittee was adjourned.]

## SUBMISSIONS FOR THE RECORD

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### **Prepared Statement of Hon. Rick Larsen of Washington, Ranking Member, Committee on Transportation and Infrastructure**

Thank you, Chairman Nehls and Ranking Member Payne, for holding today's hearing on improving intercity passenger rail across the country.

The Bipartisan Infrastructure Law (BIL) was a monumental achievement that supercharged our nation's investment in rail. Congress supported \$102 billion in planned funding for rail in the BIL.

The BIL boosted investment in transportation and infrastructure that are creating jobs and growing our economy.

For intercity passenger rail, the BIL guaranteed multi-year funding for state of good repair investments and corridor development.

It makes possible, for the first time ever, dedicated, reliable federal funding—dispersed over five years—to improve and expand intercity passenger rail.

The BIL is already investing in over 700 rail projects.

Earlier this year, the first round of competitive rail grants from BIL was announced.

Among the recipients was the City of Burlington, Washington, in my district, which was awarded a \$2 million planning grant to identify which one of its 16 at-grade crossings is most suitable for grade separation, a critical investment that will help reduce congestion and improve safety.

Burlington Mayor Steve Sexton brought the idea of improving at-grade crossings in the city to me nearly a decade ago, and I am pleased to see the City is able to move forward with this project, thanks to BIL funding.

Earlier this month, the FRA announced funding for 25 projects along the Northeast Corridor totaling over \$16.4 billion dollars. These investments include new bridges, tunnels, and track improvements over the busiest passenger rail route in the nation.

I expect great results for communities will come from this grant and the additional rail funding to come.

I look forward to the National Network funding and the Corridor Identification announcements expected by the end of this year. These grants will build on the investments states across the country have been making for years.

The States, Amtrak and the FRA can now enact long-term plans for passenger rail expansion and improvement, secure in the knowledge that the funding will be there in future years.

I'm looking forward to hearing from our witnesses today about the difference this budget certainty has made for them in developing and sustaining programs, and how this will ultimately improve service for rail passengers.

This funding is not only intended to improve existing rail service, but to expand it. Cities and counties across the nation want more frequent and more reliable passenger rail service, and increased access to the national network.

Local leaders know that this will help their communities grow and thrive and provide a cleaner and greener way to move people.

The communities that have rail service want better service. The communities that do not, want service to start.

The FRA's Corridor Identification Program received more than ninety applications, including two from the State of Washington, demonstrating the need for additional service.

This Committee is committed to helping communities get the regular and reliable passenger rail service that they want.

I will continue to push for Congress to fully fund its intercity passenger rail commitments to create more jobs, grow regional economies, reduce congestion and carbon emissions, and build a cleaner, greener, safer and more accessible transportation network.

The BIL is also an investment in our workforce. Federal rail funding will grow a well-trained, diverse workforce to build, operate and maintain a national intercity passenger rail network.

The transformational investment in the BIL is a great start, but Congress needs to build on this by ensuring reliable funding for intercity passenger rail in the future.

At a minimum, we need to ensure that rail service is not hurt by reckless cuts in appropriations negotiations.

Beyond that, highways, transit, airports and harbors all have access to dedicated funding streams, enabling them to fund their long-term major capital projects without being subject to the ups and downs of the annual appropriations process.

Providing steady funding for intercity passenger rail will allow states and communities the certainty they need to plan and deliver more and better rail service.

I look forward to hearing from witnesses today who will provide the Committee with useful perspectives on what it takes to run intercity passenger rail, the outstanding demand for passenger rail, and the benefits rail brings to communities nationwide.

## APPENDIX

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### QUESTIONS FROM HON. TROY E. NEHLS TO STACEY MORTENSEN, EXECUTIVE DIRECTOR, SAN JOAQUIN JOINT POWERS AUTHORITY

*Question 1.* There appear to be growing signs of problems in the private insurance marketplace that provides insurance coverage for both intercity and commuter rail agencies. This “excess liability insurance” marketplace currently offers coverage only through overseas insurers, and those insurers have been for the past several years reducing overall capacity—or in other words—the levels for which they are inclined to provide insurance. Most intercity and commuter rail agencies insure up to the federal liability cap—currently \$323 million. Has your organization experienced this tightening of coverages and do you envision taking other measures to try and address the inadequacy of coverage?

*ANSWER.* Rail liability insurance risks are generally underwritten by the carriers based upon the individual merits and loss record of the agency/service. Agencies viewed as high-risk have difficulty getting the coverage limits. New agencies have difficulty as well. In an ideal world for our agency which has operated service for over 25 years, our “cap” (which really means minimum insurance coverage) would be based on our unique risks and safety record. An ever-increasing insurance cap has a few negative unintended consequences:

- Plaintiffs attorneys will sue to the maximum amount of commercial limits. With a few unique exceptions, in a catastrophic incident when the maximum coverage was \$100M, plaintiff attorneys sued for \$100M. When it was \$200M of insurance, they sued for \$200M, and so on.
- The higher liability cap for all rail services also creates excessive ‘ventilation’ amongst the insurance layers needed to get to the max limit. Where one carrier may have taken a \$25M layer in the tower under the lower limits, that layer may now be broken up among 2–3 carriers at \$5M–\$10 each instead with the higher cap. Each new layer adds a cost to the program and in some ways, degrades the program.
- To provide this level of growing coverage capacity, carriers under this new model of increasing caps have instituted something referred to as “double-double-half”. This means the fees for the new layer are double, the deductible is now double what it was and the coverage is half of what it was.
- Ongoing cap increases are not correlated to the actual rail service situations and market conditions.
- Smaller rail services will have difficulty affording the higher limits.

We would ask Congress what effect the full implementation of PTC was supposed to have on minimizing or reducing insurance limits. The limit was originally instituted because PTC was not in place at the time of the Metrolink incidents.

We propose the index is reconsidered from CPI to be related to the insurance market conditions, or a cost per passenger, or tailored to the estimated risk related to the actual service. If there is a catastrophic event, maybe there could be a federal fund to backstop whatever exceeds the agency limit. This would be far cheaper than requiring every passenger rail agency to purchase max limits unrelated to their risk, and additional expenses would only be paid when successful claims were proven.

*Question 2.* Current federal statute provides for the federal cap on liability for all passenger rail claims to be adjusted every five years. We have heard that when the federal cap is adjusted next in 2025, if the 30-day compliance provision is left unchanged, it will cause problems across the entire passenger rail industry and could jeopardize their ability to secure adequate coverage. Having 30+ commuter agencies, as well as intercity passenger rail providers simultaneously seeking tens of millions

of dollars in additional coverages appears to be more than the current insurers can digest. The Commuter Rail Coalition has proposed a modification to current statute so that coverages would be adjusted to the new cap at the next regularly scheduled policy renewal. Do you agree this change is necessary?

*ANSWER.* Absolutely and we are supportive of the change and will be asking our congressional delegation for their support (see above answer for additional details).

*Question 3.* Currently the CRISI Program is only open to projects that provide a direct benefit for intercity passenger rail and freight rail. Commuter Rail agencies do not have a similar discretionary program focused on passenger rail of which they can avail themselves. This program provides significant assistance to privately-owned mostly Class II and III railroads; it seems unusual that public tax dollars are used to support mostly private entities while at the same time denying public entities access to these funds. Would you support broadening of the CRISI Program to make all commuter rail projects eligible for funding under this program?

*ANSWER.* We have a unique perspective given that our agency manages both ACE (commuter rail agency) and San Joaquins (intercity passenger rail service), so we can look at the issue without a bias. The original intention of the CRISI program was to establish a new federal funding program for intercity passenger rail and freight railroads (mostly the short lines). Commuter railroads already receive significant funding through a long history of large dollar FTA programs. Broadening CRISI would defeat the well thought out purpose of providing the only reliable and competitive federal funding source for intercity rail service.

*Question 4.* If this bill were to pass in the current Senate form, it would have a significant impact on intercity passenger rail and commuter railroads and could lead to notable in-service problems that would threaten operator focus and concentration while not providing any additional safety benefits to passenger operations. Under the proposed requirements of the bill, there will not only be significant new unfunded mandates, but it appears that the requirements could be disruptive to passenger rail traffic. Does your organization share these concerns?

*ANSWER.* If you are referring to the RSA bill/S.576, it does not impact our operations. We would defer to our Class I partners on their thoughts.

#### QUESTIONS FROM HON. MARILYN STRICKLAND TO HON. KIRK WATSON, MAYOR, CITY OF AUSTIN, TEXAS

*Question 1.* How will the Bipartisan Infrastructure Law impact rail service for your city in Texas?

*ANSWER.* The Bipartisan Infrastructure Law (BIL) authorizes and appropriates record levels of federal investment in intercity passenger rail. IIJA authorizes \$137 billion for intercity passenger rail programs and provides advance fiscal years 2022–2026 appropriations of \$66 billion for those programs, a 140% increase over funding provided under the FAST Act. In addition, Congress has provided regular, annual appropriations for many of those programs, which I hope you will continue to do in the coming years. Investments in intercity passenger rail are also eligible under several of IIJA's other surface transportation grant programs.

These investments provide Austin with a window of opportunity to work with USDOT, Amtrak, other intercity passenger rail providers, the Texas Department of Transportation, other Texas local governments, and the private sector to improve intercity passenger rail between Texas cities.

My goal, and that of the City of Austin's local and regional partners, is to make sure we leverage the opportunity presented by BIL. Simply put, Amtrak and the Federal Railroad Administration will be spending a lot of money on infrastructure improvements, facility improvements, and new rolling stock in the coming years. As the Mayor of Austin and a resident of the Texas Triangle, I want some of that money to be spent on Texas tracks and Texas stations, and I want some of those shiny new trains running in Texas and providing Texans with a much-needed and long-overdue mobility option.

*Question 2.* As you know, major infrastructure projects can take years to complete, much longer than most terms in office. How can you ensure continuity between the state and local authorities when there is turnover in office?

*ANSWER.* In Texas, we are developing a broad-based coalition of state government, county governments, local governments, and the business community to support the infrastructure investments we will need to improve intercity passenger rail on the Texas Triangle.

Such a coalition is critical to ensuring Texas can leverage BIL's historic levels of investment in intercity passenger rail to improve mobility between Texas cities. A robust coalition will also help ensure that the effort continues through changes in leadership.

I would add that we can address continuity in Texas. However, BIL expires at the end of FY 2026. That may seem like a long time, but it is probably not too early for me to begin advocating for the next surface transportation bill to continue providing robust federal investment in intercity passenger rail, so that we continue to have a strong federal partner.

*Question 3.* As a former mayor, I know that incorporating local voices is vital. How do we continue to ensure that local communities' voices are part of the decision-making process at the state DOTs?

*ANSWER.* Robust metropolitan planning organizations (MPOs) are critical to empowering local elected officials to make surface transportation investments that meet the needs and desires of their communities.

Looking ahead to the next surface transportation bill, I encourage the Committee to increase the power of MPOs to make decisions about how to invest federal surface transportation funds, including increasing funding for the Surface Transportation Block Grant and the Transportation Alternatives Program, and the Carbon Reduction Program and increasing the percentage of each program suballocated to MPOs. I would also encourage the Committee to extend suballocation to the PROTECT Formula Grant Program and the Congestion Mitigation and Air Quality Program. All of these programs fund the types of surface transportation investments that are best made at the local level.

*Question 4.* Congressional Republicans have proposed cutting funding to Amtrak's national network by nearly 35 percent. Amtrak has stated that would likely cease long-distance trains on the national network, and Washington State Department of Transportation has told us that it would likely increase costs for state-supported services. What would the impact of these cuts be on your city or other communities across the country?

*ANSWER.* They would hurt the momentum we and other communities throughout the nation have developed. Austin is only served by two long-distance trains per day, one northbound and one southbound. The loss of that service would be a major setback just as we are on the cusp of finally improving intercity passenger rail between Texas cities. The 50 years of Amtrak history clearly illustrate that eliminated routes are hard to bring back.

The entire history of federal surface transportation funding also clearly illustrates that the federal program drives state and local spending. When the federal government spent (and continues to spend) tens of billions of dollars per year on highways, states responded (and continue to respond) by building highways. Now that the federal government is spending money on intercity passenger rail, many states are looking to leverage those federal funds and spend money on intercity passenger rail.

As I state in my written testimony, you get the transportation system you pay for, in terms of both quality and mode share.

My understanding of BIL investments in all categories of infrastructure is that they were intended to be in addition to, not a replacement for, regular annual appropriations, in recognition of the need to bolster our nation's aging infrastructure. I appreciate that the federal government faces fiscal constraints, but cutting regular annual appropriations for infrastructure would be penny wise and pound foolish.