

# MEMO



DATE: February 9, 2012

TO: Senate Transportation Committee  
House Transportation Committee  
Kansas Rail Caucus

FROM: Kansas Department of Transportation

RE: KDOT response to questions posed following the presentation of the Service Development Plan for expanded passenger rail service

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On January 25, 2012, the Kansas Department of Transportation (KDOT) presented findings of a passenger rail Service Development Plan (SDP) to the Senate and House Transportation Committees and the Kansas Rail Caucus. Following the presentations, committee members and others at the Caucus meeting posed several questions related to the SDP and potential expanded passenger rail service. Several of the questions that were posed involved similar themes. Questions that address the topics of the concerns that were expressed during the meetings are shown below with KDOT's response.

- Q** What is the breakdown of the costs by state for the different options of service? Please provide information on the Combined Service option that includes both options.
- A** A table has been created (see attachment A) that shows the estimated cost breakdown by state for the different options of service. The amounts shown in this table were derived directly from the SDP. The costs for track improvements are assumed to be shared between states based on the estimated cost of improvements within each state. The costs for the train equipment and the operating subsidy to be paid for each state are based on the percentage of the overall track miles the service operates in each state. *It should be noted that these costs are subject to change. There have been no discussions with Oklahoma or Texas to determine what share of costs would be borne by each state. Additionally, there have been no negotiations with BNSF to settle on a set of improvements that would provide on-time passenger service while not delaying the movement of its freight trains.*
- Q** KDOT has said that no additional steps should be taken on the passenger rail project until funding for the entire project and service is identified by the Kansas Legislature. Since it is not practical or necessary to set aside sufficient funds in one year to pay for the entire project, what amount of funding, short of the entire amount, would KDOT find acceptable to continue progress on the passenger rail project?

A KDOT stated that funding for the entire project and service should be identified by the Kansas Legislature before additional work is done because the next steps in the process to implement passenger rail service are increasingly more expensive and the agency is reluctant to start such an expensive construction project and service without a dedicated funding source. However, in an effort to keep progress on this project moving forward, KDOT has begun discussions with officials at the Oklahoma and Texas DOTs regarding the possibility of applying for federal TIGER 4 funding for preliminary engineering and environmental (NEPA) reviews for the project. Those conversations have indicated the current priority for Texas is for passenger service improvements to South Texas. On the other hand, staff at the Oklahoma DOT has indicated an interest in a multi-state application to apply for TIGER 4 funds to accomplish environmental reviews to extend the Heartland Flyer service north of Oklahoma City to Newton, Kansas. Based on the agreement with Oklahoma DOT, KDOT and Oklahoma DOT's are willing to apply for TIGER 4 funding to pay for combined service and project NEPA work together with sufficient preliminary engineering to accomplish these reviews. It is estimated this work will cost approximately \$5.3 million. It should be noted that this would not complete preliminary engineering work on the project but would only accomplish enough engineering to complete the environmental reviews. Additional design work would be required before the project would be ready for construction. To make this application more competitive, both states have agreed to provide matching funds with the application. It is recommended that KDOT and ODOT would each pledge \$500,000 in matching funds for a total pledge of \$1 million. KDOT asks that the Kansas Legislature appropriate Kansas' share of these funds from a source other than the State Highway Fund for this purpose. **Both states will have to secure their match funds by March 16, in order to complete the final TIGER 4 application by the March 19<sup>th</sup> due date.**

Q Would KDOT be willing to perform additional economic analysis that would determine potential economic development benefits and job creation resulting from new passenger rail service?

A KDOT has begun work to conduct additional economic analysis using the TREDIS model that the department currently uses for the economic analysis of transportation projects. This analysis will consider estimated job creation during construction of the infrastructure improvements and later during the operation of the service. Additionally, the analysis will consider the economic impact of increased economic development estimated to result from the new service. In order to estimate the impact of constructing and/or improving stations in new stop locations and the development around station stops, KDOT will consult with local officials in Kansas station stop cities to estimate the scale of local development that would occur.

Additionally, KDOT has requested and received information from the Midwest Interstate Passenger Rail Coalition regarding the methodology and criteria they have used to study economic impacts of passenger rail projects within Coalition states. KDOT will consider if those methods or criteria should be used to supplement our analysis and will adjust our analysis accordingly. Once KDOT has completed this requested additional economic

analysis we will provide our findings to both Transportation Committees and to the Kansas Rail Caucus.

**Q** Would the services analyzed in the KDOT/ODOT SDP qualify for a Categorical Exclusion (CE) for NEPA environmental review as both services operate over existing right of way?

**A** KDOT posed the following question to Catherine Dobbs who is responsible for environmental reviews for the Federal Railroad Administration (FRA) in this region: "The question has been raised as to whether or not the services analyzed in the KDOT/ODOT SDP would qualify for a Categorical Exclusion as both services operate over existing right of way. Is a categorical exclusion possible? If not, why would that be the case?"

KDOT received the following response from Catherine. "Very likely not. It has to do with the type of categories for which FRA has exclusions. While routine maintenance and other improvements to existing infrastructure qualify, it is because of the specific exclusion in the regulations for that activity, not the fact that the work is being constructed in existing rights of way. For instance, we have a CE for a minor rail line addition—spurs, additional tracks, etc—regardless of where the work occurs. What we don't have, however, is a CE for service improvements. We look to the goal of the work here, and in this case the SDP. The goal isn't to maintain or bring the track to a state of good repair. The goal would be to implement a significantly higher level of service. And that is not something that we have a CE for. While the actual improvements that need to occur may themselves qualify for a CE, the actual service outcome is itself the goal of the action, and significant, and is not covered under a CE. We really don't have any ability to work outside of the existing set of CEs that we have in our regulations...."

Attachment

# Kansas Expanded Passenger Rail Cost Estimates

Estimated Costs (\$M - 2011 Dollars)

Based on estimates in Service Development Plan (SDP)

\*No infrastructure improvements are expected in Missouri

**TOTAL COSTS** - Includes track improvements, grade crossing improvements, Newton layover facility (HFE and CSO only), PE and NEPA (soft costs), contingencies and equipment (trainsets)

100% non federal funds (FULLY state supported)

	Kansas	Oklahoma	Texas	Total
Heartland Flyer Extension	75.64	60.86	0.00	136.5
KC-OKC-FW Daytime Service	139.16	178.70	118.34	436.2
Comined Services	175.10	181.51	118.34	475.0

With 80% Federal Funds - if federal funds are available and application is approved for full 80%

	Kansas - 20%	Federal - 80%	Oklahoma - 20%	Federal - 80%	Texas - 20%	Federal - 80%	Total
Heartland Flyer Extension	15.13	60.51	12.17	48.69	0.00	0.00	136.5
KC-OKC-FW Daytime Service	27.83	111.33	35.74	142.96	23.67	94.67	436.2
Combined Services	35.02	140.08	36.30	145.21	23.67	94.67	475.0

Estimated Annual Operating Subsidy

\$Millions - 2011 Dollars

(Federal Funding is not available for operating expenses) - based on percentage of track miles in each state

	Kansas	Oklahoma	Texas	Total
Heartland Flyer Extension	1.80	2.60	0.00	4.40
Track miles %	41%	59%	0%	
KC-OKC-FW Daytime Service	4.70	4.10	1.20	10.00
Track miles %	47%	41%	12%	
Combined Services	6.44	5.62	1.64	13.70