MISSOURI

state rail plan

TECHNICAL MEMORANDUM #3

Funding Opportunities, Policy Guidelines and Institutional Considerations

April 2012

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MoDOT

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1. Federal and State Funding Programs for Freight and Passenger Rail Development

Historically, Missouri has relied on a variety of relatively small federal and state funding programs to develop its state passenger and freight rail systems, as have most other states. With the passage of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the American Recovery and Reinvestment Act (ARRA), the federal funding picture has changed – especially for passenger rail development. PRIIA provides a multi-year capital funding framework which emphasizes the role of states in U.S. passenger rail development. In 2009, ARRA subsequently provided $8 billion in federal capital funding for state sponsored high speed and intercity passenger rail projects and $1.5 billion for the Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Program, which can fund freight and passenger rail as well as other modal projects.

This section highlights the major features of these new federal funding programs, as well as the other federal funding programs available to Missouri for freight and passenger rail projects. Existing state programs used to fund Missouri rail projects and match available federal funding are also described and summarized below.

1.1. Federal Funding Programs

1.1.1. Passenger Rail Investment and Improvement Act of 2008 (PRIIA)

In October 2008, Congress passed the Passenger Rail Investment and Improvement Act (PRIIA). This legislation reauthorizes funding for Amtrak, and in addition, provides a new statutory framework for a federal/state partnership to fund and develop U.S. high-speed and intercity passenger service using 80 percent federal and 20 percent state capital grants. The PRIIA legislation authorizes $3.4 billion in capital grants over five years to states, groups of states, interstate compacts, public agencies, and in some cases Amtrak.

Congressional action is required each year to appropriate the amounts authorized. Section 301 of the Act provides grants for Intercity Passenger Rail Service Capital Assistance. Section 501 provides capital grants for High Speed Rail Corridor Development for federally designated corridors with planned speeds of 110 mph or greater. Section 302 Congestion Grants are focused on relieving rail congestion bottlenecks.

1.1.2. American Recovery and Reinvestment Act of 2009 (ARRA) and Transportation Investment Generating Economic Recovery (TIGER)

In February 2009, Congress passed the American Recovery and Reinvestment Act (ARRA), which appropriated $8 billion in 100 percent federal funding providing “capital assistance for high speed corridors and intercity passenger service." This program is based on the statutory framework provided by PRIIA and focused funding on state sponsored projects.

ARRA also provided $1.5 billion in 100 percent flexible multi-modal funding under the TIGER Discretionary Grant Program. Another $600 million in 80 percent federal funding was appropriated in 2010 for the TIGER II Discretionary Grant Program.

The U.S. Department of Transportation was authorized to award another $526.9 million in TIGER Discretionary Grants pursuant to the Appropriations Act 2011 (Pub. L. 112-010, April 15, 2011). This appropriation is similar, but not identical, to the appropriation for the TIGER program authorized and implemented pursuant to ARRA and the National Infrastructure Investments or TIGER II program under the FY 2010 Appropriations Act. The deadline for submission of applications was October 31, 2011.

Most recently, Congress has appropriated another $500 million in 2012 TIGER Grant Funds. In its Notice of Funding Availability (NOFA) dated January 31, 2012, the Federal Railroad Administration (FRA) has made available up to $100 million of these funds for high speed and intercity passenger rail projects.

1.1.3. FRA High Speed and Intercity Passenger Rail (HSIPR)

In developing guidance for ARRA grants as well as grants offered under subsequent PRIIA appropriations, a structure for the FRA's High Speed and Intercity Passenger Rail (HSIPR) Program has evolved. The current structure is best reflected in the most recent NOFAs for FY 2010 appropriations for 80/20 percent federal/state grants under three program areas:

- *Service Development Program Grants* issued in the Federal Register on July 1, 2010;
- *Individual Project Grants*, also issued on July 1, 2010; and,
- *Planning Grants* issued in the Federal Register on April 1, 2010.

FRA will develop final guidance and regulations for the HSIPR Program over the next few years; however, these interim guidance documents will provide the basic framework for the PRIIA grant program, as well as for future funding programs.

Under the FY 2010 appropriation for these programs, $2.1 billion was provided for Service Development Program Grants, $245 million was provided for Individual Projects, and $50 million was provided for Planning Grants. The basic features of each program are outlined below. No new appropriations have been provided for HSIPR in FY 2011 or 2012.

a) Service Development Program Grants

Investment in Service Development Programs (SDP) is "the long-term interest" of the new FRA HSIPR Program. SDP grants focus on developing new high speed or intercity passenger services or substantially upgrading existing services. A SDP grant provides an 80 percent federal/20 percent state basis and in-kind contributions are allowable with FRA approval. An SDP grant application will typically contain sets of inter-related projects which constitute the entirety or a distinct phase (or geographic section) of a long-range SDP. These projects will collectively produce benefits greater than the sum of each individual project and will generally address, in a comprehensive manner, the construction and acquisition of infrastructure, equipment, stations, and facilities necessary to operate high speed and intercity passenger service.

There are two SDP categories: 1) Major SDPs, which is the default category for SDP grant requirements, and 2) Standard SDPs, which cost less than $100 million, primarily benefit intercity passenger rail service with top speeds of 79 miles per hour (mph), use proven technology, and are submitted by applicants with proven HSIPR project implementation experience.

Major SDPs are unique because the award instrument will be a “Letter of Intent” for the cost of the entire program, containing milestones, grant conditions and other requirements agreed upon by FRA and the grantee, which must be fulfilled prior to any disbursement of funds. Funding will be obligated through cooperative agreements and disbursed to grantees as the agreed upon milestones are achieved. The award instrument for the Standard SDP is a traditional “cooperative agreement” with funding made available to grantees on a reimbursable basis. Major SDPs will typically require a “two-tiered” NEPA approach: utilizing a Tier 1 EIS to address broad service issues (“Service NEPA” document); followed by a Tier 2 EIS, Environmental Assessment (EA), or Categorical Exclusion (CE) to address site-specific project environmental review requirements (“project NEPA” document). To be eligible for a Major SDP Grant, an applicant must have completed and submitted a NEPA document satisfying FRA’s “Service NEPA” requirement with the application. A project’s preliminary engineering, site-specific NEPA, final design, and construction activities are eligible for funding.

Standard SDPs can utilize a “non-tiered” NEPA approach where one EIS or EA would cover both service issues and individual project components. The applicant must have completed and submitted with the application an EIS or EA which addresses, at a minimum, Service NEPA issues. For applications intended to advance directly into final design (FD), FRA requires project NEPA documents and all preliminary engineering (PE) for project components to be completed and submitted with the application.

b) Individual Project Grants

Individual Project Grants are intended to assist applicants with the capital costs of improving existing high speed or intercity passenger rail service. Individual Project Grants are provided on an 80 percent federal /20 percent state basis and in-kind contributions are allowable with FRA approval. Awards are for projects which involve FD/construction, or projects already having completed site-specific NEPA documentation; or completion of project NEPA and PE documentation. Completion of the grant activities should result in all of the documentation necessary for the project to move into the FD/construction stage. The intent is to fund discrete individual projects which result in operation or other tangible improvements (e.g., station rehabilitation) benefiting one or more existing high speed or intercity passenger services.

All individual projects must be addressed in a SDP, State Rail Plan, or similar planning document. Final design and construction projects must have project NEPA documentation completed as well as PE. Grants for PE/NEPA work must be developed sufficiently to support immediate commencement of FD. There is no requirement for a “tiered” NEPA approach. All individual project grants must have operational independence upon implementation; the project will provide measurable benefits with no additional investment.

c) Planning Grants

There are two types of eligible planning projects under HSIPR: (1) Passenger Rail Corridor Investment Plans and (2) State Rail Plans. Grants are provided on an 80/20 percent federal/state basis and in-kind contributions are allowable with FRA approval.

Passenger Rail Corridor Investment Plans must include both SDPs and Corridor-Wide Environmental Documentation meeting Tier I service NEPA requirements. If an applicant has completed one of these documents, FRA must have accepted the document to receive a grant to complete the remaining component(s).

SDPs must include: a corridor development program rationale; service plan; capital investment need assessment; financial forecast; public benefits assessment; and program management approach. Corridor-Wide Environmental Documents must satisfy FRA service NEPA requirements. FRA has defined service NEPA as at least a programmatic/Tier 1 environmental review (using tiered reviews and documents), or alternatively, a project environmental review addressing broader questions and likely environmental effects for the entire corridor. Simple corridor programs can be addressed with a project NEPA approach while more complex programs will require a tiered approach.

State Rail Plans must meet PRIIA requirements and specific requirements included in the notice of funding availability. These include:

- State multimodal goals addressing the role of rail
- Description of the existing rail system and its performance
- Discussion of the existing state rail program and analysis of the economic and environmental effects of rail
- Discussion of existing rail proposals
- Vision for rail transportation
- 5- and 20- year service and investment program for passenger and freight rail with an assessment of public and private benefits

- Description of public and stakeholder participation as well as coordination with other transportation programs

1.1.4. FHWA Section 130 Highway-Railroad Grade Crossing Improvement Program

The Federal Highway Administration (FHWA) Section 130 Highway-Railroad Grade Crossing Improvement Program provides grants for the improvement of highway railroad grade crossings which enhance safety. This includes: separation or protection of grades at crossings; the reconstruction of existing railroad grade crossing structures; and, the relocation of highways or rail lines to eliminate grade crossings.

Funds from the FHWA Section 130 Program can be used for freight and passenger projects which improve the safety of at-grade crossings. This may include a variety of methods such as installation of warning devices, elimination of at-grade crossings by grade separation or consolidation, and closing of crossings. Work may also include replacement of crossing surfaces, improvement of road approaches, installation of new gates/flashers, and installation of other safety signal equipment. Funding may also be used for elimination of crossing hazards should a state choose to use the funds for this purpose. For example, any repair, construction, or reconstruction of roads and bridges affected by a project would be eligible.

Federal funds for grade-crossing safety improvements are available at a 90 percent federal share, with the remaining 10 percent to be paid by state and/or local authorities and/or the railroad. The federal share may amount to 100 percent for the following projects: signing; pavement markings; active warning devices; the elimination of hazards; and crossing closures. The decision on whether to allow 100 percent federal funding rests with the individual states.

1.1.5. Rail Line Relocation and Improvement Capital Grant Program

Section 9002 of Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), authorized $350 million per year for the Rail Line Relocation and Improvement Program to provide financial assistance for local rail line relocation projects. For FY 2010, Congress appropriated $34.5 million for the program. Any construction project which improves the route or structure of a rail line and 1) involves a lateral or vertical relocation of any portion of the rail line or, 2) is carried out for the purpose of mitigating the adverse effects of rail traffic on safety, motor vehicle traffic flow, community quality of life, or economic development, is eligible. The federal share for these funds is 90 percent, not to exceed $20 million, per project. This program can be useful for passenger rail projects which require re-routing freight operations to provide access for passenger service.

1.1.6. FHWA Congestion Mitigation and Air Quality Improvement Program

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) (Title 23 USC Section 149) was created in 1991 to provide innovative funding for transportation projects which improve air quality and help achieve compliance with national air quality standards set forth by the Clean Air Act. Funding authorized through CMAQ is for projects in areas not meeting national air quality standards. The CMAQ program pays for transportation projects or programs aimed at contributing to attainment of national ambient air quality standards. The program encompasses projects and programs designed to reduce traffic congestion and help meet federal Clean Air Act requirements.

CMAQ funding may be used for freight and passenger projects which accomplish the program's air quality goals. The statutory provisions above are clarified in the January 16, 2002 Federal Register Notice, "High Speed Rail Projects for the Congestion Mitigation and Air Quality Improvement Program (CMAQ)." This notice allows CMAQ funds to be used for intercity passenger projects located in a non-attainment or maintenance area if they reduce emissions and meet the program's other eligibility criteria. Capital costs, as well as operating expenses (for the first three years), are eligible as long as the project contributes to attainment or maintenance of the air quality standard through reduction in vehicle miles traveled, fuel consumption or through other factors. The regulations include eligibility for corridors where a portion of the corridor is in a non-attainment area. The federal cost share is typically 80 percent, although one hundred percent funding is also available under certain circumstances.

1.1.7. FHWA Surface Transportation Program

The FHWA Surface Transportation Program (STP) (Title 23 USC Section 133, 104(b)(3), 140) provides flexible funding for projects on any federal-aid highway, bridges on public roads, transit capital investments, and intracity and/or intercity bus terminals and facilities. Eligible freight projects include preservation of abandoned rail corridors, bridge clearance increases to accommodate double-stack intermodal trains, and freight transfer yards.

1.1.8. FHWA Traffic Mitigation Funding

FHWA Traffic Mitigation project funding is available to federally eligible highway projects to address congestion resulting from construction activities in a given highway corridor under the Work Zone Safety and Mobility Rule (23 CFR 630 Subpart J). Where cost-effective, as documented in a project Transportation Management Plan (TMP), new or enhanced intercity passenger rail service can be considered as a traffic congestion mitigation measure. Federal highway funding can then be used to subsidize all or part of the passenger rail operating costs during the life of the construction project. This funding option is most applicable to major multi-year highway improvement projects on high-volume interstate highways where intercity rail service operates in parallel to the highway corridor. The federal cost share can be either 80 or 90 percent with the higher figure dependent on whether the rail project is associated with mitigating congestion on an interstate highway.

1.1.9. FHWA Transportation Enhancement Program

Ten percent of the funds available under the FHWA STP are set aside for the Transportation Enhancement Program. The purpose of this program is to fund projects which allow communities to strengthen the local economy, improve the quality of life, enhance the travel experience, and protect the environment. Transportation Enhancement Program funds can be used for rehabilitation and operation of historic transportation buildings, structures or facilities, and preservation of abandoned railway corridors (e.g. conversion of abandoned rail corridors to trails). The federal grant share is generally not less than 80 percent.

1.1.10. FRA High Speed Rail Crossing Improvement Program

The FRA High-Speed Rail Crossing Improvement Program authorized $50 million over the period of SAFETEA-LU to fund projects which reduce or eliminate hazards at highway-rail grade crossings in designated high-speed corridors.

1.1.11. FRA Rail Rehabilitation and Improvement Financing Program

The Railroad Rehabilitation and Improvement Financing Program (RRIF) provides direct federal loans and loan guarantees to finance development of railroad infrastructure. The program was established by Transportation Equity Act for the 21st Century of 1998 (TEA-21) and amended by SAFETEA-LU. Under this program, the FRA authorizes direct loans and loan guarantees up to $35 billion. Up to $7 billion is reserved for projects benefiting freight railroads other than Class I carriers.

The funding may be used to acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, track components, bridges, yards, buildings and shops. In addition, the funding can be used to refinance outstanding debt incurred for the purposes listed above as well as for developing or establishing new intermodal or railroad facilities. While the program has been used largely for freight rail projects, passenger rail projects are also eligible.

In the case of passenger rail projects, RRIF funding is only workable where investment grade revenue and operating cost forecasts demonstrate the project has the potential to provide a substantial revenue stream after a significant public investment is typically made in infrastructure and/or equipment. Typically, projects receiving RIFF credit assistance must obtain an investment grade rating from at least one nationally recognized credit rating agency. Direct loans can fund up to 100 percent of a railroad project, with repayment periods of up to 35 years and interest rates equal to the U.S. Treasury rate. Eligible borrowers include railroads; state and local governments; government sponsored authorities and corporations; joint ventures, which include at least one railroad; and limited option freight shippers intending to construct a new rail connection.

The RRIF program provides financing on favorable terms; however, the applicant must identify a viable revenue stream to make payments over the loan period. This program is administered by the FRA, and final award decisions are overseen by the U.S. DOT Credit Council and the White House’s Office of Management and Budget.

1.1.12. U.S. DOT Transportation Infrastructure Finance and Innovation Act

The Transportation Infrastructure Finance and Innovation Act (TIFIA) administered by the U.S. DOT, authorizes $10.6 billion in credit assistance on flexible terms in the form of secured loans, loan guarantees, and standby lines of credit. The TIFIA program was created in 1998 by the TEA-21 and amended by SAFETEA-LU.

TIFIA financial assistance is provided directly to public-private sponsors of surface transportation projects of national significance. The TIFIA credit program’s fundamental goal is to leverage federal funds by attracting substantial private and other non-federal investment in critical improvements to the nation’s surface transportation system. TIFIA can be used for both freight and passenger rail projects. A wide variety of intermodal and rail infrastructure projects, including passenger rail, are eligible and can include equipment, facilities, track, bridges, yards, buildings and shops.

TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than in private capital markets for similar instruments. The interest rate for TIFIA loans is the U.S. Treasury rate and the debt must be repaid within 35 years. TIFIA can support up to 33 percent of a project's cost and is restricted to projects costing at least $50 million. TIFIA can help advance qualified, large-scale projects which otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues.

Similar to the RRIF program above, TIFIA is not a funding source but rather a method of financing projects through assisted borrowing. In the case of passenger projects, TIFIA financing is only workable where investment grade revenue and operating cost forecasts show the project has the potential to provide a substantial revenue stream after a significant public investment is typically made in infrastructure and/or equipment. Projects receiving TIFIA credit assistance must obtain an investment grade rating from at least one nationally recognized credit rating agency.

1.1.13. IRS Tax Exempt Private Activity Bonds

Private Activity Bonds (PABs) are federally tax-exempt bonds used to finance the activities of private firms. Congress introduced private activity bonding eligibility for transportation projects through the amendment of Section 142 of the Internal Revenue Code. SAFETEA-LU added PAB eligibility for highway and freight transfer facilities (including highway-rail transfer). Mass transit projects and high speed rail facilities (over 150 mph) were already eligible for PABs, up to a $15 billion limit for transportation-related PABs. As of August 2010, more than $2 billion of PABs have been issued. The program is administered by the U.S. DOT, and according to the Council of Development Finance Agencies, the 2011 budget allows for each state to receive $95 per capita or $277.8 million, whichever is greater.

State and local governmental authorities must issue the bonds and the authorities traditionally serving as conduits for bond issuance include Development Authorities and Downtown Development Authorities, among others. Qualified projects include “any surface transportation project which receives Federal assistance under Title 23, United

States Code. This includes rail facilities and vehicles as long as these projects are also receiving TIFIA credit assistance. This requirement brings TIFIA and PABs together on surface transportation projects to encourage more private equity investment to transportation.

An application for funding allocation is required on an annual basis and is subject to the federal cap on PABs established for each state. Requirements to be included in the application include proposed date of bond issuance, financing/development team information, borrower information, project description, project schedule, financial structure, and a description of Title 23/49 funding received by the project. If a project receives an allocation and the schedule agreed upon in the application is not met, the allocation may be withdrawn.

1.1.14. FHWA Grant Anticipation Revenue Vehicle Bonds

Grant Anticipation Revenue Vehicle (GARVEE) bonds can be issued by states under the guidelines in Section 122 of Title 23 of the United States Code. These bonds can be used for transportation projects with no stated limitations on transportation mode. GARVEE bonds may only be used for projects receiving federal funding and the project details must be approved by the FHWA. States repay the funds using anticipated federal funds. While FHWA must approve the project for federal funding, they do not approve the financing method. A state or local government must notify FHWA they will be using GARVEE bonds.

GARVEE bonds are useful when it is desirable to bring a project to construction quicker than otherwise would be possible. Inflation, increased congestion, and lost economic development benefits associated with delay provide offsets to the additional interest costs of debt financing. Grant Anticipation Bonds are typically intended to meet short term funding needs, usually less than one year to maturity, but sometimes as long as two to three years.

The PRIIA "Letter of Intent" provisions of the FRA HSIPR Program can provide a basis for documenting to investors the availability and commitment of future federal grant funding. These bonds are not guaranteed by the federal government and the states do not guarantee the federal government will provide the expected financing. The state's share of the bond is backed by the state and it may elect to either carry high interest rates or use other sources of revenue as security on the federal portion of the bonds.

1.1.15. Railroad Track Maintenance Credit Program

This program was authorized within the Internal Revenue Code to provide tax credits to qualified entities for an amount equal to 50 percent of qualified railroad maintenance expenditures on railroad tracks owned or leased by Class II or Class III railroads. The maximum credit amount allowed was $3,500 per mile of track.

Legislation was enacted in December 2010 to extend the tax credit program for an additional two year period and maintains the credit limitation at $3,500 per mile.

1.1.16. Future Federal Funding Programs for Rail Transportation: Surface Transportation Program Reauthorization

A key priority for Congress is the reauthorization of the highway, transit and safety programs under SAFETEA-LU, which expired on September 30, 2009. The federal-aid programs in the act, including highway, transit, highway safety, and motor carrier programs are being continued through a series of extensions until the entire program is reauthorized.

Significant discussion over the need to significantly change the objectives and means of funding future transportation programs has been undertaken in recent years. Congress established the Surface Transportation Policy and Revenue Commission to advise it on the authorization of a new "Surface Transportation Program" including rail.

In its January 2008 report to Congress, "Transportation for Tomorrow," the Commission recommended replacing the 108 existing surface transportation programs in SAFETEA-LU and related laws with 10 new federal programs for highways, transit, safety and rail including the establishment of a new "Intercity Passenger Rail Program." This new program would provide $5 billion annually in "intercity passenger rail development grants" to states with an 80 percent federal grant share. The report also recognized the need for new tax and regulatory policies which can play a role to incent the expandsion of freight and intermodal networks.

In September 2010, President Barack Obama announced the outlines of a six-year transportation infrastructure plan, including an up-front investment of $50 billion for roads, rail and airports. The funding source mentioned in the announcement was for establishment of an Infrastructure Bank to leverage federal dollars and focus on investments of national and regional significance. The administration indicated the plan would put high-speed rail on an equal footing with other surface transportation programs.

Each of these proposals, along with the passage of PRIIA and ARRA funding for intercity passenger rail, provide the policy framework for Congressional consideration of intercity passenger rail funding in the authorization of a new Surface Transportation Program.

Regardless, financial planning at the state level is complicated by the global economic recession. A threshold decision must be made regarding the role of government investment in transportation infrastructure as a tool to stimulate economic activity. Debate over this question is seen most clearly at the federal level. In spite of well documented transportation improvement needs, the multi-year authorization of the Federal Surface Transportation Program continues to be stalled. Several re-authorization proposals include a significant consolidation of existing federal transportation programs into a limited number of modal programs, while offering additional flexibility to states to set funding priorities. Debate continues regarding ultimate funding levels for the federal transportation program.

1.2. State Rail Funding Programs

The Missouri Department of Transportation is responsible for administering and implementing transportation projects and programs within the state. The department operates under a decentralized organization with headquarters in Jefferson City. This General Headquarters office provides staff assistance and functional control for the various departmental tasks in seven geographical districts.

MoDOT is governed by the Missouri Highways and Transportation Commission, which is a six-member bi-partisan board appointed by the governor and confirmed by the Missouri Senate. MoDOT's director and secretary to the commission are appointed by the commission. The director is responsible for all other employee appointments and hiring.

MoDOT is responsible for maintaining Missouri's 33,845 mile highway system and 10,405 bridges, as well as improving waterways, transit, aviation, railroads, bicycle and pedestrian travel. The various non-highway modes are established as sections within the Central Office and report to the Director of Multimodal Operations, who reports to the Deputy Chief Engineer. These sections carry out the statewide planning for these modes; there are no counterparts in the districts.

The MoDOT Multimodal Operations Division cooperates and coordinates with owners and operators of the four other modal systems in the development and improvement of airports, rail facilities, ports and the operational cost of transit systems. One of the department's key roles is the administration of state/federal programs and funds available for these modes.

In 2004, Missouri voters approved Constitutional Amendment 3, requiring all revenues from the existing motor vehicle fuel tax (less collection costs) to be used only for state and local highways, roads and bridges. The amendment also requires vehicle taxes and fees paid by highway users be used only for constructing and maintaining the state highway system. The amendment dedicates all revenues collected from motor vehicle taxes for highway purposes and prohibits the use of these funds for other modes of transportation.

1.2.1. Rail Program Activities – Missouri DOT Railroad Section

The Railroad Section of MoDOT's Multimodal Operations Division administers the state's railroad program. This program includes freight rail regulation, intercity passenger rail improvements and promotion, light rail safety regulation, highway/rail crossing safety, and rail/highway construction. The section conducts railroad safety inspections of railroad infrastructure as it relates to track, grade crossing signals, and railroad operating practices. Unlike many states, Missouri does not own or operate any freight railroad right of way and does not provide funding to support shortline railroad operations in the state.

Intercity passenger rail activities include planning, coordinating and providing operating funding for Amtrak services in Missouri and managing federal capital grants for passenger rail infrastructure improvements. Missouri does not have a dedicated source of funding for either Amtrak operating support or passenger rail capital improvements, including matching funds for federal grants.

The MoDOT Railroad Section currently has 11 full time equivalent staff (FTE). Most Railroad staff activities center on freight railroad regulation, railroad safety and highway-rail grade crossing activities. Less than 1 FTE is currently available for intercity city passenger rail program support activities.

A major responsibility of the MoDOT Railroad Section is railroad safety. MoDOT is mandated by the Missouri Revised Statutes with the responsibility of providing safety oversight of railroad operations within Missouri. The statutes contained in Chapters 286, 388, 389 and 622 obligate Missouri to promote and safeguard the health and welfare of the general public, railroads, and railroad employees. The statutes grant MoDOT the authority to promulgate rules enforced by the Railroad Section. These rules apply to all railroads and companies which are part of the general railroad system in Missouri and any light rail system. The Railroad Section exercises its oversight responsibility through the enforcement of state laws and rules and through a cooperative agreement with the U.S. Department of Transportation's Federal Railroad Administration (FRA), Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) to enforce federal laws and regulations. The Railroad Section is designated with the task of implementing MoDOT's safety oversight on railroads and light rail systems. The major railroad safety areas handled by the Railroad Section include:

- Grade crossing installation and upgrades
- Track safety
- Grade crossing signal inspection
- Grade crossing safety
- Employee safety
- Railroad operating practices

Railroad safety inspections and other related regulatory activities conducted by the MoDOT Railroad Section are funded in part by an annual assessment of railroad companies operating in Missouri based on their gross intrastate operating revenues. For large railroads, up to three percent of gross operating revenues can be assessed per Section 622.300 of the Missouri Revised Statutes. Any railroad with less than 50 route miles of track within Missouri can be assessed no less than $100, and not more than $500 per year. Those railroads with between 50 and 100 route miles of track can be assessed no less than $1,000 per year. If they have more than 100 route miles of track, they can be assessed no less than $5,000 per year.

These program revenue payments are deposited in a railroad expense fund devoted solely to the payment of expenditures incurred by the MoDOT Multimodal Operations Division for the regulation of these companies. If there are funds left over from the previous year's assessments, they are applied by appropriation to cover these expenditures in succeeding fiscal years. If this happens, the amount assessed to railroads the next year is reduced accordingly. Railroad contributions over the past five years are shown below in **Table 1**.

Table 1: MoDOT Rail Program Revenue Contributions from Missouri Railroads

State Fiscal Year (July 1 – June 30)	Railroad Contribution
2007	$758,939
2008	$753,909
2009	$751,582
2010	$833,289
2011	$665,799

1.2.2. Highway/Rail Crossing Safety Program

The MoDOT Railroad Section annually programs approximately $5.9 million in FHWA Surface Transportation Program Safety Funds (Section 130), and approximately $1.2 million in state funds from the state Grade Crossing Safety Account available to address safety issues at these crossings. The $5.9 million in federal Section 130 funding has been constant since 2005 and represents approximately one-half of the 10 percent of federal Surface Transportation Funds which must be spent on safety projects. The state Grade Crossing Safety Account is funded from state motor vehicle licensing fees. Under the provisions of Section 389.612 of the Missouri Revised Statutes, each motor vehicle registration or renewal is assessed 25 cents for this purpose.

There are approximately 3,800 public highway/rail crossings in Missouri. These crossings are evaluated and ranked annually according to a hazard exposure index which considers such items as train traffic and speed, vehicle traffic and speed, crossing accident history, and sight distance. On projects identified through the exposure index, the Highways and Transportation Commission normally funds 80 percent of each project using federal funds and the remaining 20 percent through its State Grade Crossing Safety Account. However, in order to extend limited state funding, other types of projects such as corridors and clearing sight distance projects are funded on an 80/20 percent state/local basis. On the average, it costs $200,000 - $250,000 per crossing for highway/rail safety improvements, resulting in improvement to approximately 30 to 35 crossings per year. Project improvements typically include the installation of railroad crossing signal devices, and may vary in scope and completion dates depending on funding availability and programming restrictions each fiscal year. A project may also last for one, two or more fiscal years due to funding restrictions and other unanticipated events.

1.2.3. State Support for Passenger Rail Service

The Missouri Department of Transportation provides funding to Amtrak for passenger rail service between St. Louis and Kansas City (the *Missouri River Runner*). Two round-trips per day are currently supported, with intermediate stops in Kirkwood, Washington, Hermann, Jefferson City, Sedalia, Warrensburg, Lee's Summit and Independence. In FY 2011, service was provided to nearly 191,000 passengers. There is not a dedicated funding source for passenger rail. Passenger rail is subject to a legislative general revenue appropriation each year under the provisions of Article IV, Section 3(c) MO Constitution and Section 33.543 of the Missouri Revised Statutes. State contributions to the Missouri River Runner Service have increased over the past five years from $6.6 million in FY 2007 to $8.1 million in FY 2011 and are shown in **Table 2**. Provisions of Section 209 of the Passenger Rail Investment and Improvement Act (PRIIA) passed by Congress in 2008 require Amtrak to establish a more equitable cost-sharing system. This may provide additional stability in future Amtrak state funding requests.

Table 2: Annual State Operating Support for Amtrak Missouri River Runner Service

State Fiscal Year (July 1 – June 30)	Amtrak State Cost
2007	$6,600,000
2008	$7,400,000
2009	$8,000,000
2010	$7,875,000
2011	$8,100,000

1.2.4. Passenger Rail Station Improvements Program

The MoDOT Railroad Section manages a small grant program which provides $25,000 annually for improvements at existing Amtrak stations. Grantees are typically local communities and/or non-profits which own and maintain stations. Grants are provided for maintenance and repair projects and related operational and safety improvements. This funding is appropriated under Article IV, Section 30(c), MO Constitution and Section 226.225 of the Missouri Revised Statutes.

1.2.5. State Transportation Assistance Revolving Fund (STAR)

The State Transportation Assistance Revolving Fund (STAR Fund) can provide loans on favorable terms for the planning, acquisition, development and construction of passenger and freight rail facilities and the purchase of rolling stock for transit purposes. The program was established in 1996 by Senate Bill 780, with an initial appropriation of $2.5 million in 1997. Provisions are contained in Section 226.191 of the Missouri Revised Statutes. The Missouri Highways and Transportation Commission administers the fund, which assists political subdivisions or not-for-profit organizations in the development of non-highway related transportation facilities, including aviation, rail, water, freight or mass transit facilities. Funds cannot be used for operating expenses or for the construction or maintenance of state highways. The following are the specific eligibility requirements:

- The planning, acquisition, development and construction of facilities for transportation by air, water, rail, freight or mass transit;
- The purchase of vehicles for the transportation of elderly or handicapped persons; or
- The purchase of rolling stock for transit purposes.

Loans have ranged from $84,000 to $1,000,000 with interest rates ranging from 2.57 percent to 3.61 percent. The loan term is typically no more than 10 years. The STAR Fund has disbursed approximately $3 million in loans over the past five years. Currently the fund has approximately $982,000 available to loan. Applications are received at any time; however, they are reviewed twice a year on March 1 and September 1. Loans are awarded based on the type of project, the benefit to the public, the financial viability and the local sponsor's willingness and ability to complete the project. The STAR Fund is a revolving loan program where loan payments and any interest earned go back into the fund for additional transportation projects.

Since its inception, this program has been primarily used to help local public airports finance improvements not eligible for federal or state grant programs. This includes a number of T-hangar, terminal building and fuel facility projects. The program also assisted in financing a multimodal facility in St. Louis to bring together passenger rail, light rail and bus transit modes.

1.2.6. The Missouri Transportation Finance Corporation (MTFC)

The Missouri Transportation Finance Corporation (MTFC) provides loans to all transportation modes (including highway projects) with the same terms as the STAR Fund. However the MTFC is a larger program and has the ability to fund larger projects than the STAR Fund. Rail projects eligible under the MTFC Loan Program include:

- Right of way acquisition
- Development or establishment of new intermodal or railroad facilities
- Improvement or rehabilitation of intermodal or rail equipment or facilities (including tracks, components of tracks, bridges, yards, buildings, and shops
- Refinancing outstanding debt incurred for these purposes

The MTF recently approved a $5 million loan for five years to Bi-State/Metro for the purpose of funding their debt service reserve fund.

1.2.7. Federal Capital Funding for High Speed and Intercity Passenger Rail Improvements

The MoDOT Railroad Section has successfully applied for federal High Speed and Intercity Passenger Rail funding under the American Recovery and Reinvestment Act of

2009 (ARRA), the Passenger Rail Investment and Improvement Act of 2008 and the High Speed Rail Grade Crossing Safety Program under SAFETEA-LU. Since 2007, Missouri has received almost $80 million in federal funding for capital improvements on the St. Louis to Kansas City corridor to support present and future intercity passenger rail service. In addition, Missouri will receive new passenger rail cars as part of a $268 million FRA grant for new locomotives and coaches it will share with Illinois, Michigan and Iowa. These projects are shown in **Table 3.**

Table 3: Federal Rail Grant Awards to MoDOT, 2007 - 2011

Project Name/ Description	Year	Federal	State	Other/ Host RR	Project Total
Strasburg Crossings UP High Speed Rail Corridor	2007	$226,000	$0	$200,000	$426,000
Track Replacement – Flooding in Southwest Missouri	2008	$353,600	$0	$88,400	$442,000
9,000 ft. Siding at Shell Spur near California – UP Sedalia Subdivision	2008	$3,000,000	$5,000,000	$0	$8,000,000
2nd Rail Bridge over Osage River	2009	$22,640,000	$0	$5,789,673	$28,429,673
Missouri Rail Crossing Safety Improvements	2009	$1,920,000	$640,000	$640,000	$3,200,000
Webster Universal Crossover	2009	$2,340,305	$0	$2,040,000	$4,380,305
Bonnots Mill Universal Crossover	2009	$611,200	$0	$152,800	$764,000
Knob Noster Passing Siding Extension	2009	$836,800	$0	$0	$836,800
Hermann Universal Crossover	2009	$570,000	$0	$142,500	$712,500
Kingsville Passing Siding	2009	$958,800	$0	$0	$958,800
Strasburg Grade Separation	2009	$850,000	$850,000	$0	$1,700,000
Double Track Lee's Summit – Pleasant Hill	2009	$1,418,800	$0	$0	$1,418,800
Terminal Railroad Track Improvements	2010	$3,608,640	$0	$902,160	$4,510,800
State Rail Plan	2010	$500,000	$177,695	$0	$677,695
3 New Train Sets (joint app. – MO, IL, IA, MI)	2011	$268,000,000	$0	$0	$268,000,000*
STL Terminal – Merchants Bridge Replacement	2011	$13,500,000	$0	$9,000,000	$22,500,000
Centertown – Oak St. Crossing Closure	2011	$60,000	$20,000	$20,000	$100,000
Syracuse – MFA Crossing Closure	2011	$150,000	$0	$50,000	$200,000
Strasburg – Co. Rd. 1971 Crossing Closure	2011	$120,000	$40,000	$40,000	$200,000
Strasburg – Rogers Rd. Crossing Update	2011	$150,000	$50,000	$50,000	$250,000
TOTALS		**$321,814,145**	**$6,777,695**	**$19,115,533**	**$347,707,373**

*Total for four states, Missouri share not finalized.

2. Public – Private Partnerships

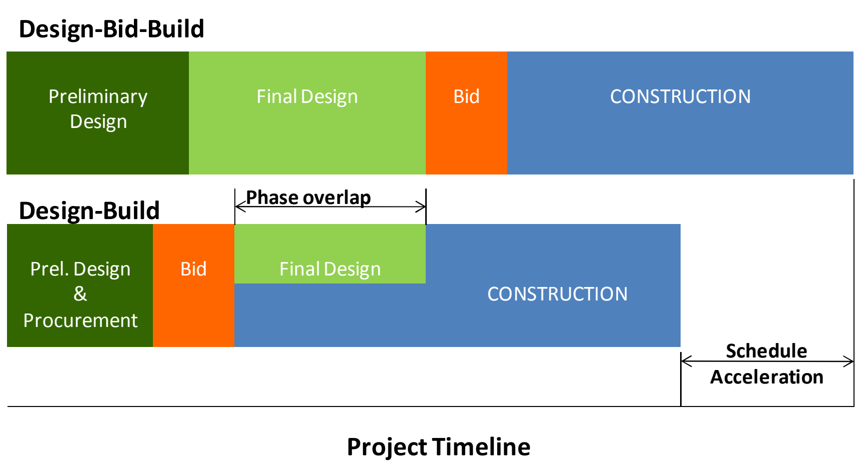
2.1. Overview

Both the public and private sector play important roles in the planning, design, construction, finance, operations and maintenance of freight and passenger rail transportation systems. In Missouri, there are 19 freight railroads (private sector) in operation with intercity passenger rail service provided by Amtrak (public sector). As illustrated later in this section, MoDOT has many core functions in supporting the rail transportation system.

To be successful, the goals of the Missouri State Rail Plan must align with those of the private sector for greater market share and for business growth and investment. All rail projects funded by MoDOT require some level of partnering between the state and private railroad companies. MoDOT has been successful in negotiating private participation in publicly funded rail projects based on the benefits the project provides to the railroad.

Various levels of public – private partnerships (P3) have application in a variety of transportation projects, including freight and passenger rail. One of the keys to creating viable P3 opportunities is to identify areas of mutual interest where the private sector can improve business, and the public sector can meet its goals. Such public benefits from private sector involvement may include innovation, financing and project schedule acceleration. In Missouri, MoDOT has partnered with the private sector on three design-build projects to accelerate project delivery. Two more are currently underway. A design-build approach allows a private sector design and construction team to achieve project cost savings by integrating constructability into the design and also provides project cost savings through schedule acceleration. A key method for project schedule acceleration on design-build projects is an overlap where construction can be initiated in certain project elements while final design is being completed in other areas (See **Figure 1**).

Figure 1: Design-Build Project Schedule Acceleration

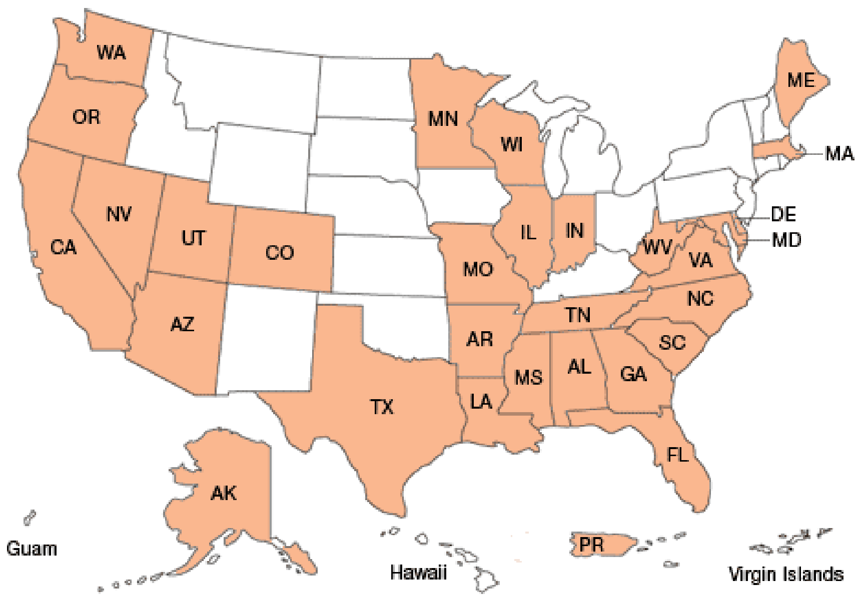


Source: HNTB

Another important aspect of business collaboration is public sector readiness by making available the full range of tools and techniques allowing the public and private sectors to enter into P3 contracts. In addition to providing opportunities for cost savings and schedule acceleration, public-private partnerships can allow private sector entities to encumber revenue and take on financial and project management risks.

Missouri has enacted limited legislation allowing the application of public-private partnerships. Twenty-eight other states and Puerto Rico have also adopted some form of P3 legislation (see **Figure 2**).

Figure 2: States with Public – Private Partnerships Legislation



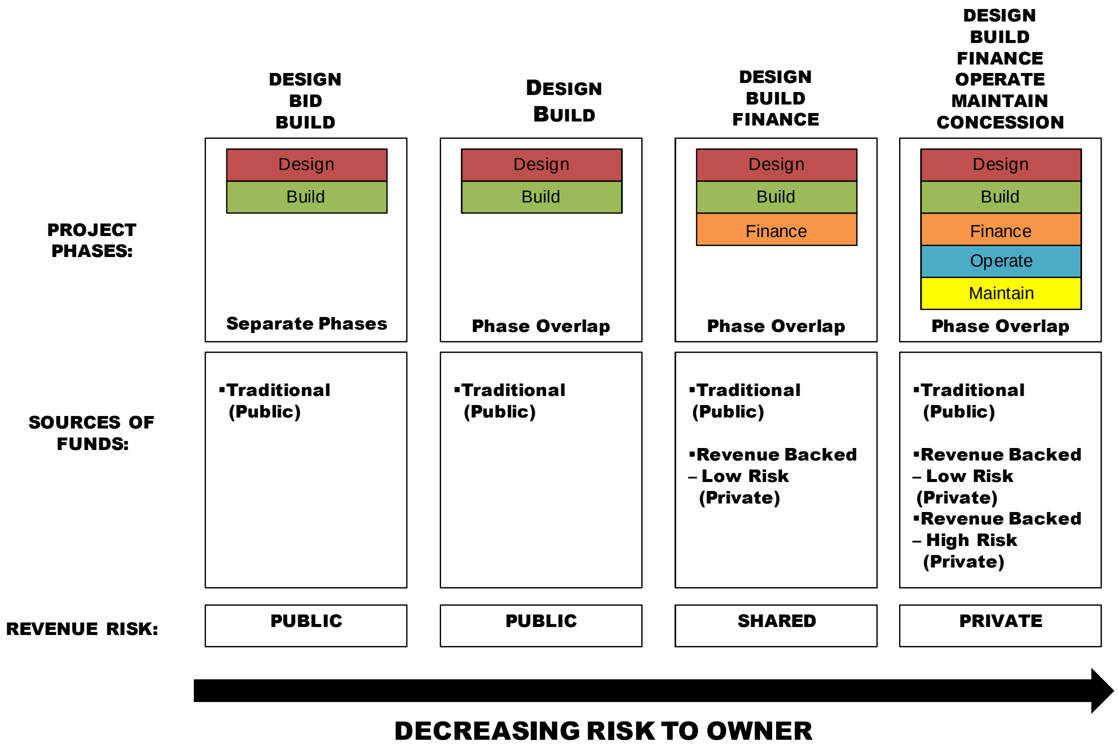
Source: www.fhwa.dot.gov/ipd/p3/

Missouri has adopted P3 finance for three specific projects. These include:

- ***The New I-64*** – Using the design-build concept, 10 miles of Interstate 64 in St. Louis were reconstructed. The project was completed in December 2009, three weeks ahead of schedule and $11 million under budget.
- ***Safe & Sound Bridge Improvement Program*** – This program entails repairing or replacing more than 800 bridges around the state. The program is nearly complete and well ahead of schedule.
- ***kcICON*** – This project improved 4.7 miles of Interstate 29/35 in Kansas City from just north of Route 210 to the northeast corner of the downtown freeway loop. It also featured the replacement of the Paseo Bridge with a new cable stay structure which spans the Missouri River. It was completed on budget and six months ahead of schedule in 2011.

These projects range from $250 million to $500 million to complete. P3s have proved to be an effective delivery method in Missouri. The use of innovative project delivery methods can assist in controlling public sector costs on rail projects, including station development, and potentially the delivery of high-speed rail service where financial risk can be transferred to the private sector (see **Figure 3**).

Figure 3: Risk Allocation to the Private Sector



Source: HNTB

The design, build, finance, operate and maintain concession is a particularly attractive mechanism for passenger rail service and station development (particularly high-speed) because federal funding is now available under the Passenger Rail Investment and Improvement Act (PRIIA) and the ARRA legislation for infrastructure and equipment improvements. This influx of federal funding increases the competitive position of the passenger rail mode with regard to auto travel and commercial air service.

There are two other finance vehicles available with the state of Missouri which can provide an opportunity for P3 projects. These include Transportation Corporations and Transportation Development Districts.

- ***Transportation Corporations (TC)*** - The 1990 Missouri Transportation Corporation Act allows localities to form non-profit quasi-governmental agencies called "transportation corporations" to develop and oversee transportation projects. TCs are created under the authority of the Missouri Highways and Transportation Commission’s (MHTC) Partnership Development Program, which provides creative means to build or enhance infrastructure within Missouri, including P3 arrangements. Key authorized features of transportation corporations include:

- Promote and develop public transportation facilities and systems and economic development in Missouri by new and alternative means.
- Perform many functions normally undertaken by the MHTC and its staff.
- Secure and obtain right of way and assist in the planning and design of transportation systems.
- Limit and secure access to a project.
- Sell and convey excess right of way at fair market value.
- Request the MHTC to act on its behalf for condemnation of land.
- Perform activities and hold property for purely civic, social welfare, and charitable purposes and are, therefore, property and income tax exempt.
- Use any lawful funding method for a project, including tax-exempt revenue bonds, notes fees for services provided, tolls and rent for project construction, operation and/or maintenance. (For toll facility projects, an existing highway/street/road may be relocated and subject to approval by appropriate authorities.) Revenues can be deposited with the MHTC by contract.

Corporations have the ability to redirect local funding sources (such as sales or property taxes) to support a project. For example, in 2004 the Missouri Highway 63 Transportation Corporation was recognized by the National Council for Public-Private Partnerships in P3 innovation.[1]

- ***Transportation Development Districts (TDD)*** - These districts are created to serve as an organizing entity responsible for developing, improving, maintaining, or operating one or more "projects" relative to the transportation needs of a specific geographic area. A TDD may be created by request petition filed in the circuit court of any county partially or totally within the proposed district. There are specific rules concerning filing procedures and content requirements of TDD creating petitions. A TDD serves to fund, promote, plan, design, construct, improve, maintain or operate one or more project(s) or assist in such activity. Projects may include any:

  - Street, highway, road, interchange, intersection, bridge, traffic signal light or signage;
  - Bus stop, terminal, station, wharf, dock, rest area or shelter;
  - Airport, river, or lake port, railroad, light rail or other mass transit and any similar or related improvement or infrastructure.

  Funding of TDD projects may be accomplished through the creation of district-wide special assessments or property or sales taxes with a required majority voter or petition approval. Other funding sources requiring voter majority approval may include establishing tolls or fees for the use of the project. The TDD may also issue bonds, notes, and other obligations in accordance with the authority granted to the entity for such issuance. TDDs are frequently used by local jurisdictions to provide advanced funding or early funding to infrastructure projects.

[1] http://ncppp.org/cases/hwy63.shtml

3. Rail Program Organization in Other States

Research was conducted to review how various states around the country govern and fund their passenger and freight rail programs. A brief description of each state is provided in the following sections. Table 4 provides a summary of how the states organize their rail programs and **Table 5** summarizes the sources of funding for each state.

3.1. California

Within the California Department of Transportation (Caltrans), the Division of Rail (DOR) is housed under Planning and Modal Programs. The main role of the DOR is to manage and coordinate intercity rail passenger services. The DOR manages two state supported routes operated by Amtrak, and financially supports a third. DOR also functions as the staff to the San Joaquin Valley Rail Committee. The division includes two offices: Office of Rail Capital Project Development, Operations and Marketing and the Office of Planning and Policy.[2]

California established a High-Speed Rail Authority in 1996 to function as the state's entity responsible for planning, constructing and operating an 800-mile-long high-speed train system. The authority has a nine-member policy board and a core staff.[3]

Freight rail programs are handled under the Office of Goods Movement in the Transportation Planning Division of Caltrans. The Goods Movement office conducts analysis of freight transportation system performance and future trends, and recommends improvements through system planning, regional planning, intergovernmental review, and other activities.

The California Public Utilities Commission has safety jurisdiction over freight railroads, inter-city passenger railroads, commuter railroads, rail transit systems, and all highway-rail crossings.[4]

California provides capital and operation funding support for four commuter rail lines and for Amtrak. California has a range of funding programs for rail-related projects including: the Ten Year Intercity Rail Capital Program, Capital Program Funding, Intercity Rail Rolling Stock Program, and several rail-highway grade crossing improvement and separation programs. Other funding sources for intercity passenger rail include: the Public Transportation Account, State Highway Account, Traffic Congestion Relief Fund, State Bond Funds, Tribal Compact Bonds, local funds, federal funds, Amtrak funds and railroad funds. The state uses general obligation bonds to fund the implementation of the state's high-speed rail system. California does not fund freight rail projects outside of railroad crossing improvements.

California uses federal and state funds to develop high speed rail. In 2010, ARRA awards totaled $2.344 billion in rail construction and upgrades.[5] Additionally, $900 million from FRA's HSIPR program were programmed for high-speed rail projects in California for FY

[2] Caltrans Division of Rail - http://www.dot.ca.gov/rail/go/dor/index.cfm
[3] California High-Speed Rail Authority - http://www.cahighspeedrail.ca.gov/
[4] California Public Utilities Commission - http://www.cpuc.ca.gov/PUC/hottopics/4railsafety/
[5] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf

2010.[6] This funding source will assist over 13 high-speed rail projects throughout the state. California will provide a dollar-for-dollar match, essentially doubling the federal government's investment. In 2008, California voters approved $9.95 billion in bond funding toward high-speed rail efforts.[7]

3.2. North Carolina

The North Carolina Department of Transportation's (NCDOT) Rail Division is part of the Transportation Program & Asset Management group. The Rail Division has three branches: Engineering and Safety, Operations, and Environmental and Planning. The Engineering and Safety Branch includes a Safety Oversight Program and a Crossing Safety component. The Rail Division's top priorities include: improving safety at railroad-highway crossings, preserving and modernizing railroad tracks, purchasing inactive railroad corridors, and providing marketing for and improving state-sponsored intercity passenger rail service. They are also involved in improving freight access and developing the Southeast High Speed Rail (SEHSR) corridor[19].

According to the NCDOT 2009 Rail Plan[8], NCDOT uses state, federal and surface transportation funds to improve existing tracks, install new signals and build stretches of new track to improve the state's rail system. In FY 2008, the state spent $27.6 million to support rail improvement needs. This accounted for 0.7 percent of the total $3.9 billion state transportation budget. An additional $16.3 million was made available for rail projects through federal funds. According to the plan, NCDOT has invested about $300 million over the past 15 years in the state's intercity passenger rail service, including renovation or construction of train stations, track work improvements and corridor preservation. Additionally, North Carolina provides operation funding support to Amtrak for services on the Carolinian (Charlotte-New York City) and Piedmont (Raleigh-Charlotte) corridors.[9]

In 2010, North Carolina was awarded $545 million in ARRA high-speed rail funds.[10] These federal funds were specified for upgrades to nearly 30 interrelated projects designed to increase speeds, upgrade track, purchase and rehabilitate cars and fund congestion mitigation. Additionally, $22 million from FRA's HSIPR program was awarded for the development of the Piedmont Corridor.[11]

Specific rail programs as highlighted in the NCDOT 2009 Rail Plan are discussed below:

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[6] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf
[7] California High-Speed Rail Authority – Press Release: *Governor Schwarzenegger Issues Statement on California Receiving High-Speed Rail Award* – January 28, 2010. http://www.cahighspeedrail.ca.gov/press_releases.aspx
[19] North Carolina Department of Transportation Rail Division - http://www.bytrain.org/
[8] North Carolina Department of Transportation 2009 Rail Plan - http://www.bytrain.org/quicklinks/reports/2009_railplanexecsum.pdf
[9] Amtrak - http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246
[10] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[11] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf

- Crossing Hazard Elimination Program - Implements projects to reduce crashes at rail-highway crossings. It has been used to advance the Sealed Corridor and Private Crossing Safety Initiative projects along the SEHSR corridor.
- Railroad Safety Enforcement Program - Inspect North Carolina's railroad tracks, cars and locomotives passing through the state and numerous grade crossing and train control signal systems.
- Corridor Preservation - Authorizes NCDOT to purchase railroads and preserve rail corridors for future rail and interim compatible uses.
- State Safety Oversight Program for Fixed Guideway Rail Systems - Oversees safety and standards of key transit agencies in the state including CATS, TT and PART for existing and proposed services.
- Track Improvement Program - Invests state, federal and surface transportation funds throughout North Carolina to improve existing track, install new signals and build stretches of new track to improve the state's rail infrastructure by increasing speed and capacity.
- Station Improvement Program - Helps to restore historic stations and build new stations within communities.
- Rail Industrial Access Program - Provides incentive to businesses to locate or expand their facilities in North Carolina by providing funding for railroad spur tracks.
- Shortline Infrastructure Assistance Program - Provides funds to shortline railroads to rehabilitate and modernize track and bridge infrastructure.
- Passenger Rail Service - Provides ongoing support for operation and expansion of passenger rail services including the development of the SEHSR corridor.
- Mobility Fund – A new funding source created in 2010 for projects of regional significance. This fund will generate $173 million between Fiscal Year 2011 and 2014 and $58 million each fiscal year thereafter. The Mobility Fund comes from unused gap funds and reductions in the amount of money transferred from the Highway Trust Fund to the General Fund. The funds are only available for projects included on statewide or regional tier facilities. Light rail and commuter rail projects are eligible. Projects must also be constructed within five years. Only right of way and construction costs are eligible for the fund. Finally, the fund will be distributed as follows: 60 percent for mobility/congestion; 20 percent for multimodal; and 20 percent for congestion and intermodal fund.[12]

3.3. New York

The Freight and Passenger Rail Bureau (FPRB) is responsible for most rail issues in New York. The FPRB is a part of New York State's Department of Transportation (NYSDOT) Policy and Planning Division – Office of Integrated Modal Services. FPRB oversees planning and program management for freight rail and passenger rail initiatives. Additionally,

[12] North Carolina Department of Transportation - http://www.ncdot.org/about/finance/mobilityfund/

the bureau is involved in the development of rail-related capital and infrastructure projects. The Rail Projects Group (RPG), located within NYSDOT's Engineering Division, is in charge of the development and delivery of high speed intercity passenger rail projects statewide.[13]

The NYSDOT's Office of Modal Safety and Security (OMSS) works to promote the safe transportation of people and goods in New York, and to assist passengers and freight transportation providers in establishing proactive safety, consumer and accident prevention programs, and in complying with safety and regulatory requirements. This office also has a Rail Safety Bureau for both passenger and freight rail systems.[14]

Several funding programs[15] are administered for rail related travel in New York including:

- The Passenger and Freight Rail Assistance Program - A multi-year freight and passenger rail funding program passed by the state legislature. Since 2003, funding from this program has been administered as an annual subsidy for Amtrak operations. There are no local match requirements for this program.
- The Rebuild and Renew New York Transportation Bond Act of 2005 - The bond act allocated $27 million to rail and port projects each year for five years. NYSDOT develops formal procedures to invite applications, specify application criteria, and requires notification of the governor and the legislature. A 10 percent local match was required. This program has expired.
- The Multi-Modal Program - Funds capital improvements to freight and passenger rail facilities, port facilities, local roads and bridges, and fixed ferry facilities. Funds are generated through sale of bonds. No specific dollar amounts are set aside on a modal basis, but rail projects generally receive a small percentage of the total funds allocated. A local match is not required.
- Seven HSIPR projects were selected in New York with an award amount of $151 million in ARRA funds. Including state and other funds, the total amount invested in these projects will be $163.70 million.[16]
- New York provides operation funding for the Adirondack rail line.[17]
- New York received $28.46 million in funding for FY 2010 from FRA's HSIPR program. These funds will go towards final design and construction of two projects and development of a third.[18]
- Currently, NYSDOT is applying for funding for 10 high-speed rail projects totaling $138.1 million under the FRA's Nationwide Discretionary Grant Program for HSIPR. [19]

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[13] New York State Department of Transportation, Freight and Passenger Rail Bureau - https://www.nysdot.gov/divisions/operating/opdm/passenger-rail
[14] New York State Department of Transportation, Office of Modal Safety and Security, Rail Safety Bureau - https://www.nysdot.gov/divisions/operating/osss/rail
[15] New York State Department of Transportation, Rail Funding and Finance Options - https://www.nysdot.gov/divisions/operating/opdm/passenger-rail/rail-funding
[16] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[17] Amtrak - http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246
[18] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf
[19] New York State Department of Transportation - https://www.nysdot.gov/programs/high-speed-rail

3.4. Florida

Within the Florida Department of Transportation (FDOT), the Rail Office is part of the Public Transportation and Modal Administration, which is housed under Intermodal Systems Development (ISD). The Rail Office is the state's designated entity for freight and passenger railroad planning and programming. The passenger section addresses Amtrak, high-speed rail, and commuter rail services. The freight section is comprised of four areas: Policy, Planning and Procedures; Rail Safety Inspections; Rail-Highway Crossing Safety; and Project Development Assistance. The Rail Office is made up of one Central Office and several District offices. The Central Rail Office in Tallahassee is dedicated to the development of policies and plans, quality assurance, safety compliance and technical assistance. The District Rail offices take care of day-to-day operations.[20]

The Florida High Speed Rail Authority Act was enacted in March 2001. It created an Authority to advance the development of a statewide High Speed Rail System in Florida. As of 2009, the authority was replaced by the Florida Rail Enterprise, which is an agency under FDOT[21]. FDOT also created the Florida Statewide Passenger Rail Commission. The commission is responsible for monitoring the efficiency, productivity and management of all publicly-funded passenger rail systems in the state. They also advise the FDOT and state legislature on policies and strategies relating to state-owned passenger rail systems.[22]

The state channels rail funds through the FDOT Work Program (WP) and allocates dollars to public transportation, high-speed rail, intermodal rail, and freight and passenger rail projects.[23] According to the rail plan, state funds account for approximately 47 percent of all rail funds. Federal contributions account for approximately 18 percent. Other sources include tolls and bonds (18 percent), documentary stamp taxess (8 percent), right of way and bridge bonds (2 percent), and general revenues (1 percent). Rail funding has typically been used for acquisition of rail corridors and assistance in developing intercity passenger and commuter rail services, development of fixed guideway systems, rehabilitation of rail facilities, and rail safety. Florida does not provide operational funding support for Amtrak passenger services.[24]

Florida was awarded $1.25 billion in ARRA funds to construct the Tampa-Orlando corridor[25], and $808 million in FRA HSIPR funds for FY 2010.[26] Since this time all funds have been returned to the federal government and were reallocated to other states through an application process.

3.5. Illinois

The Bureau of Railroads is part of the Division of Public and Intermodal Transportation under the Illinois Department of Transportation (IDOT). The Bureau of Railroads administers

[20] 2006 Florida State Rail Plan - http://www.dot.state.fl.us/rail/Publications/Plans/2006/flrail06.pdf
[21] 2006 Florida State Rail Plan - http://www.dot.state.fl.us/rail/Publications/Plans/2006/flrail06.pdf
[22] Florida Statewide Passenger Rail Commission - http://www.floridarailcommission.com/
[23] 2006 Florida State Rail Plan - http://www.dot.state.fl.us/rail/Publications/Plans/2006/flrail06.pdf
[24] Amtrak - http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246
[25] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[26] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf

rail service programs which supplement rail passenger service provided by Amtrak's national system and preserve rail freight service.[27]

Passenger and freight rail are administered under different sections within the bureau, and both report to the Bureau of Railroads Chief. The Bureau Chief reports to the Deputy Director of the Office of Planning and Programming at IDOT.

The Illinois Commerce Commission is charged with rail safety in the state[28]. The Commercial Transportation Law establishes general safety requirements for track, facilities and equipment belonging to rail carriers within Illinois, and gives the commission jurisdiction to administer and enforce those requirements

For rail, IDOT administers the following funding programs:[29]

- Rail Freight Program – Provides capital assistance to communities, railroads and shippers to preserve and improve rail freight service in Illinois. The program proposes $18.5 million from current federal and state revenues for rail freight improvements for Fiscal Years 2011-2015.
- Rail Passenger Program – Provides support for the National Passenger railroad system. The Fiscal Year 2011-2015 program proposes $150 million from the Illinois Jobs Now program for capital projects to facilitate passenger service expansion.
- Chicago Region Environmental Transportation and Efficiency Program – The CREATE program is a multi-billion dollar effort to improve Chicago's extensive rail system by modernizing connections and grade separating highway and rail traffic. Of the $3 billion estimated cost, $230 million is to be supplied by participating railroads, with the remainder of the funds contributed from federal, state and local levels. In July 2010, a $100 million TIGER grant was awarded. As of late 2010, a total for around $320 million had been committed to the project, with an additional $133 million provided from ARRA funds (this was a portion of the $1.1 billion provided by ARRA – see below).[30]
- American Recovery and Reinvestment Act – ARRA awarded Illinois $1.1 billion for improvements to the signal system, track and equipment for the Chicago to St. Louis high-speed rail line.[31]
- FRA's HSIPR program awarded $3.7 million for the replacement of two existing bridges to upgrade Amtrak's Chicago to Milwaukee corridor.[32]

3.6. Indiana

The Indiana Department of Transportation (INDOT) Rail Division is in charge of planning and management of Indiana's rail system. They also monitor rail safety and maintain state rail

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[27] Illinois Department of Transportation - http://www.dot.state.il.us/org4.html
[28] Illinois Commerce Commission - http://www.icc.illinois.gov/railroad/
[29] Illinois Department of Transportation – FY 2011-2015: Proposed Rail Improvement Program - http://www.dot.state.il.us/opp/2011-2015%20PRIP/2011program.pdf
[30] Chicago region Environmental Transportation efficiency Program - http://www.createprogram.org/JanuaryNewsletter.html
[31] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[32] HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf

maps and other data. The Rail Division consists of four employees and reports to an INDOT deputy commissioner. The Rail Division is responsible for freight, passenger and high speed rail initiatives throughout the state.

The INDOT Office of Freight Mobility is responsible for freight planning and management. This Office works on freight rail issues and collaborates with other divisions such as the INDOT rail, long-range planning, modeling, and economics offices. Federal and state rail crossing and safety improvement funding programs are administered by the INDOT Office of Roadway Safety.[33]

Indiana also has the Northern Indiana Commuter Transportation District (NICTD), which owns and provides passenger service for the South Shore Line. It connects South Bend, IN with Millennium Station in Chicago, IL and is used primarily by commuters who work in Chicago. NICTD is governed by a Board of Trustees representing the four Indiana counties served by the South Shore Line. Intercity passenger service in Indiana is provided by Amtrak.

Indiana rail freight funding programs include:

- Industrial Rail Service Fund (IRSF) – Provides grants and low-interest loans to Class II and III railroads and port authorities to purchase or rehabilitate property to be used for rail transportation and to rehabilitate railroad infrastructure. It is funded with 0.029 percent of the state sales tax as of FY 2009.[34]
- Railroad Grade Crossing Fund (RRGCF) – Administered by INDOT's Office of Roadway Safety provides resources for railroad crossing safety improvements to local jurisdictions, counties, and Class II and III railroads. They receive approximately $500,000 per year.[35]

They have also used federal funds to improve rail. In 2010, Indiana was awarded $71 million in ARRA funds for crossover and signal improvements for the Indiana Gateway, a segment of track between Porter and the Illinois state line which serves both freight and passenger rail services.[36] Also, Indiana provided more than $1 million in financial assistance for capital improvements to the historic Amtrak Beech Grove maintenance facility.[37]

The NICTD South Shore line is funded in part by a Commuter Rail Service Fund, a special fund supported by 0.14 percent of the state's general sales and use tax revenue. NICTD received $11.1 million in 2006 from this funding source. NICTD also received $0.1 million from the Electric Rail Service Fund, a special fund supported by the property tax on railroad companies' distributable property.[38]

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[33] Interview with Mike Riley, Railroad Section Manager, Indiana Department of Transportation. 03/16/2011.
[34] Indiana Department of Transportation - http://www.in.gov/indot/files/FY10procedures.pdf
[35] Interview with Mike Riley, Railroad Section Manager, Indiana Department of Transportation. 03/16/2011.
[36] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf and HSR Updates - http://www.hsrupdates.com/stimulus_grant_awards/details/INDOT-to-proceed-with-Indiana-Gateway-project--276
[37] Indiana Department of Transportation, Passenger Rail Service in Indiana - http://www.in.gov/indot/3066.htm
[38] 2009 Indiana State Rail Plan - http://www.in.gov/indot/3065.htm

Indiana does not provide operational funding support for Amtrak services and the state does not have any existing financial commitments for the development of high speed rail projects.

3.7. Iowa

The Iowa Department of Transportation (Iowa DOT) Office of Rail Transportation provides policy and plan development and provides funding for rail improvements. In conjunction with the Illinois DOT, the office recently secured $230 million from the Federal Railroad Administration (FRA) to initiate intercity passenger rail service on a route from Chicago to Iowa City via the Quad Cities.

Iowa DOT provides financial assistance to strengthen, enhance or preserve Iowa's rail transportation system and encourage economic development and job growth. Funding programs available to support freight rail improvements include:

- The Railroad Revolving Loan and Grant Program (RRLGP) provides assistance to improve rail facilities to spur economic development and job growth. RRLGP also provides assistance to railroads for the preservation and improvement of the railroad transportation system. Both grants and loans are available and are awarded based on competitive applications. In 2011 the Iowa DOT Commission approved more than $5.5 million in funding for nine rail infrastructure projects under this program. The rail projects are expected to support the creation of 140 jobs within three years of completion, and spur development of a number of industrial areas across the state. The proposed developments will leverage millions in new capital investments across the state.
- Rail projects are eligible for funding under Iowa Clean Air Attainment Program (ICAAP), which provides funding for projects designed to reduce congestion, improve traffic flow and reduce vehicle emissions. In December 2010 the Iowa Transportation Commission approved $7.5 million in funding for four rail infrastructure improvement projects. The projects assisted in the development of rail ports capable of supporting the unique needs of the wind energy industry. The four projects are anticipated to support more than 750 jobs.
- The Grade Crossing Surface Repair Fund will pay 60 percent of the cost of repairs, with the responsible roadway jurisdiction and the railroad company each paying 20 percent. Eligible projects are generally funded in the order applications are received by the department.
- The Federal-Aid Highway/Rail Crossing Safety Program will pay 90 percent of the cost of safety improvements such as new crossing signal devices, upgrades to existing signals, improvements to crossing surfaces, and other low-cost improvements such as increased sight distance, widened crossings, increased signal lens size or crossing closures. A benefit-cost ratio is used to rank eligible projects for funding.
- The Iowa Grade Crossing Safety Program assists railroads with funding for the maintenance of crossing signals installed since 1973.

3.8. Kansas

The Kansas Department of Transportation (KDOT) has an Office of Rail and Freight which provides freight and passenger rail planning and policy, oversight of rail grants and loans, and other technical assistance activities. Historically, the railroad industry has operated and been financed under private ownership. Until the past 10 years, consistent public investment in rail has been minimal. Public rail financing, however, has been available when the industry faced economic crises, such as the massive railroad bankruptcies in the 1970s and 1980s, and when industry trends threatened to significantly reduce rail access to shippers who were not located on high density rail lines. KDOT currently offers four state funding programs which can be utilized for rail system improvements:

- The Kansas State Rail Service Improvement Fund (SRSIF) was originally signed into law in 1999 as a component of the State Comprehensive Transportation Program. The SRSIF provided $3 million annually for ten years for low interest loans and grants to railroads and port authorities operating in Kansas for the purpose of preserving rail service and improving their level of service. The loan program is structured as a 70 percent state loan and a 30 percent railroad/port authority match funding arrangement. The intent of the program is to assist with the rehabilitation of tracks, bridges, yards, maintenance shops, buildings, and sidings, as well as for rail car purchases.

  Since the inception of this program in 2000, project approvals have ranged from two to nine annually. This program has resulted in 41 rehabilitation projects to-date, encompassing 1,058 miles of key rail line rehabilitation or acquisition assistance to preserve rail service to key grain producing sectors of the state.

  During its 2010 Legislative session, as part of the T-WORKS multimodal transportation program, the Kansas Legislature approved an increase in SRSIF funding to $5 million annually beginning July 1, 2013. Project eligibility criteria for the program was also expanded, through modifications to Program Rules and Regulations, to include making shippers and local units of government, in coordination with the serving railroad, eligible program applicants.

- The Design-Coordinating Section administers Kansas' Highway-Rail Crossing Improvement Program. This program provides state support in an effort to reduce the incidence of accidents, injuries and fatalities at public rail-highway crossings. The program provides $300,000 per year for highway/railroad safety improvements which do not meet federal aid program eligibility requirements. Local jurisdictions must submit crossing candidates for funding through this program. Projects selected for funding are eligible for 80 percent state funding with a required 20 percent rail company funding match. The Railroad Crossing Surfacing Program provides funding for highway/railroad crossing surfaces on the rural state highway system and city connecting links in communities up to 2,500 in population. Project scopes include all necessary materials and activities required for long-term crossing surface and approach improvements. These projects require a 50 percent railroad company match.

- The "Kansas Passenger Development Act" allows KDOT to contract with Amtrak and other states to provide state supplemental passenger rail service. It also creates a passenger rail revolving fund for capital and operating funds. This fund will be used to hold and disburse federal rail passenger capital grants and state contributions. No state contributions have been made to the fund to-date.

- The Kansas Department of Commerce's Community Development Block Grant Program provides economic development funds to eligible small city and county governments. This program provides funding for water, sewer, rail spur, roadway and other infrastructure improvements designed to assist companies in creating jobs through the construction or renovation of facilities. Companies may apply for up to $35,000 per job created with a maximum limit of $750,000. Half of the funding for infrastructure is required to be paid back over a ten year period at an interest rate of two percent.[39]

3.9. Minnesota

The Minnesota Department of Transportation (MnDOT) has a Division Office of Modal Planning & Program Management. Within this division, the Office of Freight and Commercial Vehicle Operations administer programs pertaining to freight, railroad and waterway functions. The freight planning and development unit reviews MnDOT's role in freight transportation and develops strategies for future rail implementation. The freight rail unit oversees existing operations, the Minnesota Rail Service Improvement Program and rail safety and education. The passenger rail unit administers existing and future rail and high-speed and intercity passenger rail.[40]

Minnesota assists with rail funding by helping railroads and other entities apply for federal funding programs. The state also has some limited state rail programs as discussed below.

The freight rail unit administers the Minnesota Rail Service Improvement (MRSI) revolving loan program. These funds are loaned or granted to rail users and carriers to revitalize deteriorating rail lines, improve rail-shipping opportunities, and preserve and maintain abandoned rail corridors.[41] In addition, MnDOT receives roughly $5 million annually in federal grade crossing protection funds, matched by $600,000 in state funding. The federal participation for railroad-highway grade crossing safety improvement projects is 90 percent with a minimum 10 percent matching share. Normally the local road authority is expected to pay the 10 percent local match. If a local road authority agrees to close a crossing in their jurisdiction, it may qualify for 100 percent funding.[42]

Minnesota does not provide operational assistance to Amtrak passenger services. Other passenger rail projects in the state, such as the Northstar Commuter Rail Line, have utilized a variety of funding sources such as federal, state, county, and Regional Rail Authority funds.[43]

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[39] Kansas Department of Transportation. http://www.ksdot.org/burRail/rail/publications/StateWideRailPlan2011.doc
[40] Minnesota Department of Transportation - http://www.dot.state.mn.us/aboutrail/
[41] Minnesota Department of Transportation, Minnesota Rail Service Improvement Program - http://www.dot.state.mn.us/ofrw/mrsi.html
[42] Minnesota Department of Transportation - http://www.dot.state.mn.us/ofrw/PDF/Rail_safety.pdf
[43] Northstar Corridor Development Authority- http://www.mn-getonboard.org/abt_history.html

Minnesota received $600,000 in ARRA federal funds to study high-speed rail service between Milwaukee, Wisconsin and Minneapolis/St. Paul.[44] In FY 2010, Minnesota received $40 million from FRA's HSIPR program to rehabilitate the historic St. Paul Union Depot as a multimodal hub for intercity rail, future high-speed rail, local rail and bus transit, and pedestrian, bicycle, taxi, and other local modes of access.[45] These intercity passenger rail planning activities are managed by a small Passenger Rail Office with support from existing freight program staff.

3.10. Ohio

The Ohio Rail Development Commission (ORDC) was created as an independent commission within the Ohio Department of Transportation (ODOT). Their mission is "to plan, promote and implement the improved movement of goods and people faster and safer on a rail transportation network connecting Ohio to the nation and the world." The ORDC is the successor of the Ohio High Speed Rail Authority and the Division of Rail Transportation of the Department of Transportation. The Commission has a 14-member board, representing a cross-section of people from railroads, business and government. Seven commissioners are appointed by the governor and one each by the Ohio Senate President and Speaker of the Ohio House of Representatives.[46]

The commission issues grants and loans to other public and private sector parties for the purpose of rehabilitation, construction, planning, relocation, or acquisition of rail transportation in the state. The grants and loans are funded by a mixture of sources including the federal government loans and grants, the state of Ohio, and transportation authorities. ORDC is charged with establishing eligibility and distribution criteria for the grants and loans. ORDC also uses Federal Highway Administration funds allocated by the Ohio Department of Transportation to fund at-grade highway-rail crossing safety improvements throughout the state.

For passenger rail, Ohio does not provide operational funding support for Amtrak. They were awarded $400 million for the 3C (Cleveland-Columbus-Cincinnati) passenger rail corridor in early 2010 to fund a number of projects across the state.[47] However, the funds were returned to the federal government in December 2010.[48]

3.11. Pennsylvania

The Bureau of Rail Freight, Ports and Waterways operates as part of the Pennsylvania Department of Transportation (PennDOT) under the Deputy Secretary for Aviation. They are responsible for carrying out planning for the bureau's two annual grant assistance programs, the Rail Freight Assistance Program (RFAP) and the Capital Budget Rail Transportation Assistance Program (Rail TAP). Primary functions are to develop grant program investment strategies and to provide technical and administrative support to rail users and the public.

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[44] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[45] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf
[46] Ohio Rail Development Commission - http://www.odotnet.net/ohiorail/OVERVIEW1.htm
[47] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[48] Ohio Rail Development Commission - http://www.dot.state.oh.us/divisions/rail/Pages/default.aspx

The bureau is comprised of the Director's Office, the Engineering Department, and the Planning Department.[49]

Rail safety is handled by the Rail Safety Division of the Pennsylvania Public Utility Commission. The division handles proceedings pertaining to the abolition, alteration, construction, relocation and suspension of public highway-railroad crossings to prevent accidents and promote public safety. Additionally, the division inspects railroad facilities for compliance to state and federal regulations.[50]

The RFAP and Rail TAP provide financial assistance for investment in rail freight infrastructure. The bureau is charged with the administration of these monies. Financial assistance is available on a matching grant basis to railroad companies, transportation organizations, municipalities, municipal authorities and users of rail freight infrastructure.[51]

For passenger rail, Pennsylvania provides operational funding assistance for Amtrak's Keystone Corridor service.[52] In 2010, they were also awarded $27 million in ARRA funds for rail and rail crossing improvements along the Keystone Corridor East (Philadelphia to Harrisburg). The funds are meant to further improve the existing 110-mph service. Approximately $750,000 of these funds are intended for a planning study to evaluate the extension of high-speed rail service from Harrisburg to Pittsburgh.[53]

3.12. Virginia

In Virginia, the Department of Rail and Public Transportation (DRPT) is the state agency responsible for rail, public transportation and commuter services.[54] The agency reports to the Secretary of Transportation, but is separate from the Virginia Department of Transportation (VDOT). The Commonwealth Transportation Board (CTB) provides direction for DRPT and is responsible for its policies, programs and funding allocations. The Rail Division of DRPT has five main areas of activity, including:

- Passenger rail (coordinating with Amtrak, Virginia Railway Express (VRE), other states, local Metropolitan Planning Organizations, and agencies on passenger rail operations, planning and development)
- Freight rail (coordinating with CSX, Norfolk Southern and other freight rail operators on freight rail operations, planning and development)
- Rail planning (providing input on state and federal rail policy and regulations, track abandonment, freight and passenger rail feasibility analysis, identification of freight rail needs and updates to state rail studies, maps and plans)
- Special projects (responsible for demand analysis for passenger rail studies, rail capacity analysis and coordinating with local and regional transportation authorities on rail modeling issues and intermodal studies)

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[49] PennDOT - http://www.dot.state.pa.us/Internet/Bureaus/pdBRF.nsf/RailFreightHomepage?openframeset
[50] Pennsylvania Public Utility Commission - http://www.puc.state.pa.us/transport/railsafe/railsafe_index.aspx
[51] PennDOT - http://www.dot.state.pa.us/Internet/Bureaus/pdBRF.nsf/RailFreightHomepage?openframeset
[52] Amtrak - http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246
[53] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[54] Virginia Department of Rail and Public Transportation - http://www.drpt.virginia.gov/default.aspx

- State rail safety oversight (overseeing safety and security programs for rail fixed guideway transit systems operating as the designated State Safety Oversight agency for Virginia)

Under the Virginia State Corporation Commission, the Division of Utility and Railroad Safety helps to administer railroad safety programs. The division inspects railroad facilities, including track and equipment, to ensure safe railroad operations.[55]

The DRPT total budget for FY 2011 is $465.4 million.[56] Funds for DRPT come from the Transportation Capital Bond Proceeds, Transportation Trust Fund, federal funds, Rail Enhancement Funds and other smaller sources of funds. Additionally, Virginia supports state Amtrak services by providing funds towards the Extended Northeast Regional service to Lynchburg and additional Northeast Regional services to Richmond.[57]

According to the Annual Budget Report, $98.4 million was dedicated to passenger and freight rail improvements for fiscal year 2011. The budget report identifies six categories for the distribution of anticipated expenditures: the I-95 Corridor with $1.4 million, the I-81 Corridor with $38.2 million, port related projects of $0.4 million, Passenger Service with $51 million, Shortline Program with $5.6 million, and the Rail Industrial Access Program with $1.8 million.

The following outlines the six sources of funding for DRPT's rail programs as outlined in the Annual Budget Report for Fiscal Year 2011:

- $75 million of ARRA funds for the final design and construction of 11.4 miles of third track in the corridor in Northern Virginia between Powell's Creek and Arkendale. Approximately $19.7 million will be expended in FY 2011 on this project.[58]
- Federal Railroad Administration Intercity Passenger Rail Program will provide Virginia with $45 million for Preliminary Engineering and environmental studies/analysis for the Richmond to Washington D.C. segment of the Southeast High Speed Rail Corridor.[59] HSIPR program funds require 20 percent matching funds. Virginia has received $3.276 million in matching funds from host railroad CSX Transportation and $8.101 million from state rail funds.[60]
- The Rail Enhancement Fund (REF) is a dedicated funding source initiated in 2005 which provides over $20 million annually for passenger and freight rail improvements. Approximately $3 million from this fund will be used for the Demonstration Passenger Service from Lynchburg to Washington, which began in Fiscal Year 2010 and service from Richmond to Washington, which is expected to begin in early Fiscal Year 2011. A

[55] Virginia State Corporation Commission, Division of Utility and Railroad Safety - http://www.scc.virginia.gov/urs/index.aspx
[56] Virginia Department of Rail and Public Transportation – Annual Budget Fiscal Year 2011- http://www.drpt.virginia.gov/about/files/FY%202011%20DRPT%20Agency%20Budget.pdf
[57] Amtrak - http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246
[58] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf
[59] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf
[60] Southeast High Speed Rail Association - http://www.southeasthsr.org/node/24

Rail Advisory Board provides recommendations to the Director of DRPT regarding allocation of funds from this program.

- Transportation Bond Funds – For Fiscal Year 2011, $7.4 million of Transportation Capital Projects Revenue Bonds are planned to be issued for joint passenger and rail infrastructure improvements in the I-95 rail corridor and $2.7 million for improvement to the tracks of shortline railroads. Additionally, $22.3 million of bond proceeds will substitute the remaining project costs for passenger and freight rail projects in the I-81 corridor during Fiscal Year 2011.
- Virginia Transportation Act (VTA) of 2000 provided $65.7 million for passenger and freight rail improvements in the I-95 Rail Corridor and $9.33 million for passenger rail improvements in the I-81 Rail Corridor. During Fiscal Year 2011, DRPT expects to spend $6.3 million of VTA funds to complete projects in the I-95 and I-81 corridors.
- Federal Railroad Administration grant funds totaling $2 million will be used to support the Fredericksburg to Hamilton's Crossing Third Track Upgrade in Fiscal Year 2011.
- The Shortline Railway Preservation and Development Fund will support fifteen projects for Virginia's shortline railroads in Fiscal Year 2011 for projects primarily consisting of tie and rail replacement and the related ballast, tamping, and surfacing of existing shortline rail lines in Virginia.
- The Rail Industrial Access Program funds the construction of industrial access railroad tracks.

3.13. Washington

The Washington Department of Transportation (WSDOT) State Rail & Marine Office focuses on freight and passenger rail planning and rail project management. This office manages the state's freight and passenger rail capital programs and operations.[61]

The Washington State Transportation Commission serves as an independent state agency whose seven citizen members are appointed by the Governor and confirmed by the Senate. The commission exercises responsibilities in preparing the state's transportation plan, proposing the state's transportation budget, and working with the Governor, the State Legislature, the Secretary of Transportation (whom the commission appoints) and others across the state in formulating transportation policy. The commission also oversees the implementation of transportation policy and the operational plans for highways, ferries and intercity passenger rail.[62]

For passenger rail, the state provides operational support for Amtrak's Cascades service.[63] Washington was awarded $590 million in ARRA funds for track improvements and safety-related projects on the high-speed rail line between Seattle and Portland.[64] In 2010, Washington was awarded $30.95 million in FRA HSIPR program funds. These funds will be

[61] Washington Department of Transportation - http://www.wsdot.wa.gov/News/2009/03/03-17-09_Railofficerestructure.htm
[62] Washington State Transportation Commission - http://www.wstc.wa.gov/
[63] Amtrak - http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246
[64] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf

used for station upgrades at the King Street and Tukwila stations, siding extensions and earthwork improvements on the Amtrak Cascades route, and for the development of a comprehensive State Rail Plan.[65]

3.14. Wisconsin

In Wisconsin, the state supports rail activities through the Transit, Local Roads, Rails and Harbors Bureau which is housed under the Division of Transportation Investment Management (DTIM) within the Wisconsin Department of Transportation (WisDOT). According to the DTIM Web page[66], the bureau manages grant, highway improvement and assistance programs used by local governments to support transit services and reconstruct/maintain local highways, roads, streets and bridges. The bureau also provides technical expertise and financial assistance for the railroad and water modes.

WisDOT's central office in Madison is responsible for programming, coordination, and establishing standards for rail improvements throughout the state. A project office in Milwaukee was opened to implement major investments related to high-speed rail. However, this has been substantially reduced since the Milwaukee-Madison corridor was canceled.

A separate state agency, the Office of the Commissioner of Railroads (OCR), enforces regulations related to railway safety and investigates the safety of highway/rail crossings.

The 2009-2011 biennium budget provided $38 million for rail projects out of the total $6.8 billion budget.[67] In addition, the biennium budget included $100 million in bonds for passenger and freight rail improvements. The following provides a breakdown of the funds for the 2009-2011 biennium:

- Railroad crossings – $14,479,000 (46 percent federal funds, 54 percent state funds)
- Passenger rail service (Hiawatha) - $12,885,600 (81 percent federal funds, 19 percent state funds)
- Freight rail loan repayments (FRIIP) – $8,000,000.
- Rail service assistance – $2,604,600 (4 percent federal funds, 58 percent state funds and 38 percent local funds). Funds the operating budget for the department's rail program section and other activities not covered by one of the primary rail programs.
- Passenger rail bonding – $40,000,000
- Freight rail bonding (FRPP) – $60,000,000

3.14.1. Wisconsin Freight Rail Programs

Wisconsin has two primary freight rail programs to assist with rail acquisition, rehabilitation and development projects. [68]

[65] FRA HSIPR Program - http://www.fra.dot.gov/rpd/downloads/Summary_of_FY10_Selected_Projects_1010.pdf
[66] Department of Transportation Investment Management - http://www.dot.wisconsin.gov/about/structure/dtim.htm
[67] Wisconsin Rail Plan 2030 - http://www.dot.wisconsin.gov/projects/state/railplan.htm
[68] Wisconsin Rail Plan 2030 - http://www.dot.wisconsin.gov/projects/state/railplan.htm

The Freight Rail Infrastructure Improvement Program (FRIIP) provides up to 100 percent loans for rail projects which encourage connectivity to the national railroad system; improve transportation efficiencies, safety and intermodal freight movement; rehabilitate infrastructure; and develop the economy. The program is paid for by repayments of previous loans, which are typically local governments. Since 1992, $79 million in loans have been awarded. FRIIP loan repayments are funding another $8 million in projects over the 2009-2011 time period.

The Freight Rail Preservation Program (FRPP) provides grants to local units of government, industries and railroads for the purpose of preserving essential rail lines and rehabilitating them following purchase. Since 1980, the program has awarded $80 million for rail acquisition and rehabilitation projects. The 2009-2011 biennial budget included $60 million in bonding authority for the program. The program provides grants up to 100 percent of the cost to acquire rail lines and 80 percent of the cost to rehabilitate rail facilities or make improvements to continue freight service or preserve it for the future.

Wisconsin Transportation Economic Assistance (TEA) Program provides 50 percent state grants for road, rail, harbor and airport projects that help attract and retain businesses and create or retain jobs in the state. Funding for the Transportation Economic Assistance Program in the 2009-2011 biennium is $6.8 million. Historically, about 25 percent of the funds have gone to rail projects.

3.14.2. Wisconsin Passenger Rail Programs[69]

WisDOT has used several funding sources to support passenger rail service. The state uses Rail Capital Improvement Bonding Authority to fund capital improvements for intercity passenger rail. The current bonding authority is $72.5 million, which includes the $40 million added to the 2009-2011 biennial budget. Passenger rail operating assistance helps support Amtrak's operations for the Hiawatha line between Chicago and Milwaukee. Wisconsin pays 75 percent and Illinois pays 25 percent of net operating costs. Approximately $12.9 million in the 2009-2011 biennium was funded for the Hiawatha service. Of this, approximately $2.5 million is state funds and the remaining is paid with federal funds. A State Rail Station Capital Assistance Program was created to encourage upgrading existing stations, building new stations, making ADA improvements and improving connections with other modes. The program's structure is in place, but is currently not funded. Wisconsin also has programs to support commuter and fixed guideway transit.

In January 2010, Wisconsin was awarded $810 million in ARRA funds for the Milwaukee-Madison corridor high-speed rail project.[70] These funds were returned to the federal government in December 2010 and reapportioned to high-speed rail projects in other states.

[69] WisDOT Economic Development – Programs and Activities - http://www.dot.wisconsin.gov/business/econdev/programs.htm
[70] ARRA Awards Summary (2010) - www.whitehouse.gov/sites/.../rss.../hsr_awards_summary_public.pdf

3.15. Summary

3.15.1. Organization

There are a variety of organizational approaches to deliver rail programs at the state level:

- Virginia has an independent state agency for all intercity passenger and freight rail and transit functions.
- North Carolina has a rail bureau within the North Carolina Department of Transportation which has comprehensive responsibility for all freight and intercity passenger rail activities which currently includes intercity passenger rail equipment purchase and refurbishment and maintenance activities.
- California features an independent High Speed Rail Authority with access to state bond funding for its proposed 800-mile, $90 billion high speed rail system.
- The Illinois Department of Transportation Bureau of Railroads supports a comprehensive freight and intercity passenger rail program with the exception of rail safety, which is administered within the Illinois Commerce Commission.
- In Wisconsin, Freight and Passenger Rail Programs are now operated out of a Railroads and Harbors Section within a Bureau of Transit, Local Roads, Rails and Harbors in the Wisconsin Department of Transportation. A decentralized Regional Rail Office formed in the Southeast Region for the Milwaukee to Madison high speed rail mega-project has recently been largely dissolved.
- Minnesota has formed a small Passenger Rail Office to support its early stage intercity passenger rail program.

Each of these approaches has features which could be adopted by MoDOT to support the continued development of the state's freight and passenger rail programs.

3.15.2. Funding

States have developed a variety of programs and funding mechanisms to support the development of both freight and passenger rail services. The availability of federal high speed rail money beginning in 2009 has been a critical factor in advancing passenger rail programs in those states which have been successful in obtaining funds.

Fifteen states, including Missouri, Virginia, Wisconsin, California, North Carolina, New York, Illinois, Pennsylvania and Washington contract with Amtrak for the operation of trains supplementing the national Amtrak network. States pay most of the operating costs of these services not covered by farebox revenues. Continued operation of these state-supported routes is subject to annual contracts and state legislative appropriations, along with Amtrak financial participation. In addition to operating funds, many of these states also provide funds for infrastructure or other capital improvements to Amtrak routes in their states.[71]

Many states have freight rail grant and loan programs designed to provide support for industrial development activities. Examples include:

- Virginia Rail Industrial Access Program
- Indiana Industrial Rail Service Fund
- Wisconsin Transportation Economic Assistance Program
- Iowa Railroad Revolving Loan and Grant Program.

Several states have freight rail programs designed to provide capital funding for the preservation, rehabilitation and maintenance of shortline railroads. These programs are provided because shortlines provide freight transportation critical to the businesses and industries served by those railroads. Examples include:

- Virginia Shortline Railway Preservation and Development Fund
- Wisconsin Freight Rail Preservation Program
- North Carolina Shortline Infrastructure Assistance Program
- Illinois Rail Freight Program
- Pennsylvania Rail Freight Assistance Program
- The Kansas State Rail Service Improvement Fund

[71] http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am%2FLayout&cid=1246041980246

Table 4: Rail Program Governance in Other States

	California	Florida	Illinois	Indiana	Iowa	Kansas	Minnesota	New York	North Carolina	Ohio	Pennsylvania	Virginia	Washington	Wisconsin
Who governs the state's rail programs?	Caltrans, Division of Rail	FDOT, Rail Office	IDOT, Bureau of Railroads	INDOT, Rail Division	Iowa DOT, Office of Rail Transportation	KDOT, Office of Rail and Freight	MnDOT, Office of Freight and Commercial Vehicle Operations	NYSDOT, Freight and Passenger Rail Bureau	NCDOT, Rail Division	Ohio Rail Development Commission	PennDOT, Bureau of Rail Freight, Ports and Waterways	Department of Rail and Public Transportation	WSDOT, Rail and Marine Office and the State Transportation Commission	WisDOT, Bureau of Transit, Local Roads, Rails & Harbors
Who oversees freight programs?	Caltrans Office of Goods Movement	FDOT, Rail Office	IDOT, Bureau of Railroads	INDOT, Office of Freight Mobility	Iowa DOT, Office of Rail Transportation	KDOT, Office of Rail and Freight	MnDOT, Office of Freight and Commercial Vehicle Operations	NYSDOT, Freight and Passenger Rail Bureau	NCDOT, Rail Division	Ohio Rail Development Commission	PennDOT, Bureau of Rail Freight, Ports and Waterways	Department of Rail and Public Transportation	WSDOT, Rail and Marine Office and the State Transportation Commission	WisDOT, Bureau of Transit, Local Roads, Rails & Harbors
Who oversees passenger rail programs?	Caltrans, Division of Rail	FDOT, Rail Office	IDOT, Bureau of Railroads	INDOT, Rail Division	Iowa DOT, Office of Rail Transportation	KDOT, Office of Rail and Freight	MnDOT, Office of Freight and Commercial Vehicle Operations	NYSDOT, Freight and Passenger Rail Bureau	NCDOT, Rail Division	Ohio Rail Development Commission	PennDOT, Bureau of Rail Freight, Ports and Waterways	Department of Rail and Public Transportation	WSDOT, Rail and Marine Office and the State Transportation Commission	WisDOT, Bureau of Transit, Local Roads, Rails & Harbors
Who oversees high-speed rail programs?	High-Speed Rail Authority	Florida Rail Enterprise	IDOT, Bureau of Railroads	INDOT, Rail Division	Iowa DOT, Office of Rail Transportation	KDOT, Office of Rail and Freight	MnDOT, Office of Freight and Commercial Vehicle Operations	NYSDOT, Rail Projects Group	NCDOT, Rail Division	Ohio Rail Development Commission	PennDOT, Bureau of Rail Freight, Ports and Waterways	Department of Rail and Public Transportation	WSDOT, Rail and Marine Office and the State Transportation Commission	WisDOT, Bureau of Transit, Local Roads, Rails & Harbors
Who oversees rail safety programs?	California Public Utilities Commission	FDOT, Rail Office	Illinois Commerce Commission	INDOT, Office of Roadway Safety	Iowa DOT, Office of Rail Transportation	KDOT, Design Coordinating Section	MnDOT, Office of Freight and Commercial Vehicle Operations	NYSDOT, Office of Modal Safety and Security	NCDOT, Rail Division	The Public Utilities Commission of Ohio	PennDOT, Public Utility Commission, Rail Safety Division	Department of Rail and Public Transportation	WSDOT, Rail and Marine Office	Office of the Commissioner of Railroads
Who oversees grade-crossing programs?	California Public Utilities Commission	FDOT, Rail Office	Illinois Commerce Commission	INDOT, Office of Roadway Safety	Iowa DOT, Office of Rail Transportation	KDOT, Design Coordinating Section	MnDOT, Office of Freight and Commercial Vehicle Operations	NYSDOT, Office of Modal Safety and Security	NCDOT, Rail Division	The Public Utilities Commission of Ohio	PennDOT, Public Utility Commission, Rail Safety Division	Department of Rail and Public Transportation	WSDOT, Rail and Marine Office	Office of the Commissioner of Railroads

Table 5: Funding of Rail Programs in Other States

	California	Florida	Illinois	Indiana	Iowa	Kansas	Minnesota	New York	North Carolina	Ohio	Pennsylvania	Virginia	Washington	Wisconsin
Does the state fund freight rail projects?	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Does the state fund passenger rail capital projects?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Does the state provide operating support for Amtrak?	Yes	No	Yes	No	No	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Does the state provide support for other passenger rail services (i.e. commuter)?	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Does the state fund high-speed rail projects?	Yes, bonds	Yes*	Yes	No	Yes	No	Yes	Yes	Yes	Yes*	Yes	Yes	Yes	Yes*

* Florida, Ohio and Wisconsin cancelled high speed rail programs supported with grants from the American Recovery and Reinvestment Act of 2008 (ARRA) and returned those funds to the federal government. The future of high speed rail programs in these states is currently uncertain.