

Interurban Rail Transportation:

Moving People and Goods in the 21st Century

FORUM SUMMARY REPORT ***July 2005***

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***Interurban Rail
Transportation:
Moving People and
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Century***

***FORUM SUMMARY REPORT
July 2005***

***a Summary Report of
the Policy Forum held on
February 23, 2005
at the
John M. Clayton Conference Center
on the Newark Campus of the
University of Delaware***

Table of Contents

| | |
|------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Introduction..... | 1 |
| Jerome R. Lewis, Ph.D., Director, Institute for Public Administration, University of Delaware | |
| Keynote Address: National and Mid-Atlantic Rail Policy Issues..... | 2 |
| United States Senator Thomas R. Carper | |
| Passenger and Freight Rail Issues | 4 |
| JayEtta Z. Hecker, Director, Physical Infrastructure Team, Government Accountability Office | |
| The Corridor Perspective..... | 8 |
| James P. RePass, President and CEO, National Corridors Initiative | |
| Assessing the Future Development of the Mid-Atlantic Corridor | 10 |
| Lance R. Grenzeback, Senior Vice President, Cambridge Systematics, Inc. | |
| A Private Operator’s Perspective on Freight Rail..... | 13 |
| Rick Crawford, Special Assistant in Corporate Affairs, Norfolk Southern | |
| New Jersey’s Perspective on the Mid-Atlantic Corridor | 18 |
| James Badgley, Manager, Bureau of Freight Services, New Jersey Department of Transportation | |
| Past Success and Future Challenges of the Northeast Corridor | 19 |
| Andrew (Drew) Galloway, Senior Director, Strategic Planning, Amtrak | |
| Maryland’s Perspective on the Mid-Atlantic Corridor..... | 20 |
| David Ganovski, Director of Freight Logistics, Maryland Department of Transportation | |
| Delaware’s Perspective on the Mid-Atlantic Corridor..... | 21 |
| Michael Kirkpatrick, Planner, Delaware Department of Transportation | |
| Pennsylvania’s Perspective on the Mid-Atlantic Corridor | 22 |
| Edwin (Ran) Marshall, Freight Analyst Supervisor, Bureau of Rail Freight, Ports and Waterways, Pennsylvania Department of Transportation | |
| Open Discussion: Setting an Agenda | 23 |
| Appendix A: List of Participants..... | 25 |
| Appendix B: Speaker Biographies | 28 |

Introduction

Jerome R. Lewis, Ph.D., Director, Institute for Public Administration, University of Delaware

As the Director of the Institute for Public Administration (IPA) at the University of Delaware, I am pleased to provide this report on the Interurban Rail Transportation Policy Forum. The forum was held February 22, 2005, at the University of Delaware's Clayton Hall and was sponsored by IPA in conjunction with the Delaware Department of Transportation. Planners and policy analysts joined state transportation department employees from around the region to discuss the issues surrounding moving people and goods in the twenty-first century via freight and passenger rail. For a complete list of attendees, see Appendix A.

Finding more efficient and environmentally sustainable ways of transporting people and goods among cities is a key component of America's future mobility. Rail transportation, an important resource in accommodating mobility, is receiving far less attention than it deserves. Historically, railroads have played a major role in the spatial organization of the United States and the growth and prosperity of urban centers. Although much of the movement of people and commodities has shifted to automobiles and trucks, rail service has remained important for economic growth and development. The policy forum focused primarily on East Coast routes and Delaware's strategic location within the Northeast Corridor. It is hoped that the discussion generated by this forum will encourage new thinking and productive first steps toward building stronger rail passenger and goods movement within urban corridors.

I would like to take this opportunity to acknowledge those who contributed time and energy toward the success of the forum. My colleague, Dr. Robert Warren, School of Urban Affairs & Public Policy, was principally involved in forum planning and moderated the open discussion. I would especially like to thank United States Senator Thomas R. Carper for his keynote address on "National & Mid-Atlantic Rail Policy Issues." I want to acknowledge our speakers JayEtta Z. Hecker of the U.S. Government Accountability Office for her "Passenger and Freight Rail Issues," James P. RePass of the National Corridors Initiative for his presentation on "The Corridor Perspective," Lance R. Grenzeback of Cambridge Systematics, Inc. for his remarks on "Assessing the Future Development of the Mid-Atlantic Corridor," and Rick Crawford of Norfolk Southern for "A Private Operator's Perspective on Freight Rail." James Badgley (New Jersey Department of Transportation), Drew Galloway (Amtrak), David Ganovski (Maryland Department of Transportation), Michael Kirkpatrick (Delaware Department of Transportation), and Ran Marshall (Pennsylvania Department of Transportation) offered their insight on the panel "States' and Amtrak's Views on the Mid-Atlantic Corridor." Special thanks to Tigist Zegeye, Wilmington Area Planning Council (WILMAPCO), who moderated the panel presentations.

I also want to thank IPA staff member Julia O'Hanlon who was responsible for coordinating the event with the assistance of Nelcenia Downer and research assistants Lisa Brennan and Dená Brummer. Lisa Moreland (IPA) managed the overall effort to produce and edit this report. Janna Craig, an IPA research assistant, provided logistical support for the forum and co-authored this summary report. IPA research assistant Lisa Brennan provided notes on the forum presentations and collaborated on this report. Mark Deshon (IPA) supported all graphic needs, including registration flyers, event programs, attendee name badges, and the cover of this report.

Please note: The pages that follow contain edited summaries of the speakers' presentations.

Keynote Address: National and Mid-Atlantic Rail Policy Issues

United States Senator Thomas R. Carper

Background

As a member of the Amtrak Board of Directors, then-Governor Carper was instrumental in advocating for additional Amtrak funding to repair infrastructure and acquire more trains. He continues to be an advocate for passenger rail in his current position in the United States Senate, particularly within the Senate Environment and Public Works Committee and the Senate Government Affairs Committee.

Amtrak's History

Amtrak was created in 1970 through the consolidation of private companies. The organization inherited all of the companies' infrastructure, some of which was in poor condition. Amtrak has been in financial trouble since its inception. It needs a dedicated funding source for its capital expenditures. It is not possible for Amtrak to pay both capital and operating expenses out of its fare box. It is important to remember that airports are a huge federal investment. The federal government provides well-maintained infrastructure, and companies rent the system. The airlines are currently experiencing traffic gridlock, which increased use of passenger rail could help alleviate.

Why Amtrak is Critical

Energy Efficiency—The Texas Transportation Institute conducted a mobility study and found that Americans spent 46 hours per year sitting in traffic. That idling translates into 5.6 billion gallons of gas used. Rail is three to four times more efficient. It takes only one gallon of diesel fuel to move one ton of freight from Boston to Washington, D.C. Using less fuel will improve air quality and reduce asthma rates. If just ten percent of truck freight was transferred to rail, millions of gallons of fuel could be saved and congestion reduced.

Growing Ridership—Amtrak had its busiest year ever in 2004. More people travel from Washington, D.C., to New York City on Amtrak than on the air shuttle. Population density supports passenger rail. After all, 75 percent of Americans live within 50 miles of the East or West Coasts. California has invested in passenger rail and has seen some of the greatest rail usage growth in the country.

Future Possibilities—Amtrak could diversify its services and make more money. By carrying mail or supporting commuter companies, Amtrak could generate fees that would help make up for its revenue-losing lines. Both the Auto Train and the Pacific Coast lines generate small profits for Amtrak.

Current Amtrak Concerns

Amtrak cannot continue to borrow money for its operating expenses. What will banks and financiers think? Continued borrowing will lead to riskier credit and a reduced willingness from banks to loan funds for capital projects.

The Northeast Corridor (NEC) is experiencing an on-time problem due to its deteriorating infrastructure. Frequent delays discourage customers from using Amtrak's high-speed Acela service, which generates more revenue.

It is not realistic to expect states to pay for Amtrak service. States need to expand intra-city and light rail lines. In other areas of the country, freight is a greater priority than passenger rail and Amtrak must pay to use freight routes.

Under the proposed Bush plan, the Surface Transportation Board would run the Northeast Corridor for commuter rail companies. Under current law, there is no authority for this plan, nor is there any capacity to undertake it. Restructuring Amtrak through the bankruptcy process is an irresponsible way to address reform within the organization.

Freight Policy

Norfolk Southern carries the equivalent of one million trucks of freight per year, thereby greatly reducing the number of trucks on Delaware highways. From chickens to chemicals, Delaware's economy relies on goods shipped by freight rail.

Short-line freight is a growing area. Some federal money is being given to states on a competitive basis for new short-line projects. Federal tax credits are available for short-line rail to offset rehabilitation costs. These credits are also available to regional rail services.

Federal Funding

There is a gap in commuter service along the Northeast Corridor between Newark, Delaware, and Perryville, Maryland. The two states need to meet and figure out how to bridge this gap. Federal money may be available.

If a state wishes to expand airport service, it can receive an 80 percent federal subsidy. Local transit systems can receive up to a 50 percent subsidy. So why, with the proven advantages of rail travel, does rail get no subsidy at all? It is absolutely critical to level the playing field between different modes of transportation.

If one-half cent more of the current gas tax was allocated to Amtrak, it would be an enormous step towards a reliable funding source.

Passenger and Freight Rail Issues

JayEtta Z. Hecker, Director, Physical Infrastructure Team, Government Accountability Office

Overview of the Government Accountability Office (GAO)

The mission of GAO is to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. Although GAO works for Congress and conducts research at their request, the investigations are done with a focus on broad public policy issues. Essential to GAO's objective reporting is its independence. The Comptroller General, who heads the organization, serves a term of 15 years. Currently, David Walker serves as the Comptroller General of the United States. GAO has statutory independence to define methodologies and assure objectivity of research. To protect the independence of the research, GAO is free to design and frame the investigation. In addition, GAO is guaranteed access to all government documents, with few exceptions.

GAO conducts over 90 percent of its work at the request of Congress, a member of Congress, or as legal mandates. In addition, GAO engages in self-initiated research and investigation. Following the completion of an engagement, GAO reports its findings through written reports and congressional testimonies and briefings. GAO staff testifies before Congress several hundred times each year on a wide variety of subjects. In particular, GAO has conducted research on a broad range of transportation issues from mobility challenges to safety and security to financial performance.

Intercity Passenger Rail Issues

Amtrak was created through the Rail Passenger Service Act of 1970 to provide intercity passenger rail. Despite over \$30 billion dollars of federal subsidies, Amtrak has found it difficult to earn revenue and operate efficiently since its inception.

Intercity passenger rail in the United States faces a number of issues. First, intercity passenger rail has lacked a clear mission or set of objectives in federal statute since its creation. The expressed objectives of operating a fully interconnected national rail system, despite many money-losing routes, and eliminating the need for federal subsidy are not internally consistent. These conflicting missions blur accountability and expectations for intercity passenger rail. In some cases, the political compromises necessary for a passing number of votes perpetuates the continuation of the network in areas where the economic and environmental benefits are minimal and underfunding of viable areas for passenger rail.

The federal government acts as the main owner and financier of intercity passenger rail. Larger issues of governance exist in the ownership of intercity passenger rail, particularly the role of state governments and the balance of contributions relative to the location of benefits. Currently, the individual state support of intercity passenger rail with subsidies is uneven with states, such as California, Washington, and Oregon providing funding, but areas within historical rail corridors not being funded. Proposals for interstate compacts represent great challenges despite the perception of aligning assets with users and with complications in allocating capital costs where a structure may be located in one area, but benefits the entire compact area. The option of public-private partnerships in intercity passenger rail has been suggested, but raises the questions of how ownership would be balanced and what the objectives would be.

Another issue for intercity passenger rail is the existing delivery structure and infrastructure management with the opposing options of a centralized or market-based system. Amtrak

functions as a centralized system, often referred to by its detractors as a monopoly. In contrast, a market-based system would have bidding and franchising of operations and devolution in infrastructure responsibility. Although some of the issues of structure could affect the clarity of responsibility and quality of accountability, make cross-subsidies more transparent, reduce obscurity of allocation of public funds, and introduce competition leading to better service and lower cost, it should not be the starting point in decision-making.

Social aspects and performance of intercity passenger rail represents other perspectives, specifically the transportation needs of smaller and rural communities, mobility needs of the disadvantaged, and environmental and energy goals. More data is needed to confirm or refute the eluded to benefits of intercity passenger rail. When studying a rail corridor in Florida, GAO found that the expected benefits did not exist, emphasizing the need to look more closely at these social concerns. A study on access to transportation in small communities around the country by the Bureau of Transportation Statistics recently found only 300,000 people in the whole country with intercity passenger rail as their sole form of public transportation.

The issues of financing and transition are subsidiary to the issues of objectives, ownership, structure, and performance. After exploring those issues one can move to the issues of who pays for operating and capital support, financing tools, and economic performance. The issue of a dedicated source of funding for a private corporation is important, as are issues of the role of the federal government in providing capital costs and the inability of fare box revenues to cover operating expenses. Transition issues are often neglected and are absent in the Bush Administration's current proposal. Although the broader policy issues need to be raised, a transition plan is really needed for change. The timeframe, potential labor impact, separation incentives, and financing issues need to be addressed specifically. It is unrealistic to think a compact of states will be able to take over an undercapitalized intercity passenger rail infrastructure in disrepair without first resolving the larger transition issues including the possible federal contribution.

Freight Rail Issues

Rapid consolidation in the freight rail industry and adaptation of the industry to a more competitive environment continue to present issues. Congress regularly expresses concern over the reasonableness of pricing for captive commodities and shippers and the ability of the shipper to obtain effective rate relief from the Surface Transportation Board. The original objectives of the Staggers Act, which deregulated the railroad industry, must be balanced with its creation of possibly the most effective freight system in the world. Assuring competition and what regulation of the industry should look like underpin issues with the structure and performance of the industry. Infrastructure and capacity problems and overall freight mobility, such as at-grade rail crossings in urban areas and insufficient bridge and tunnel clearance to support double-stack trains, are related to problems with industry structure and performance. Challenges exist, both physical and financial, in expanding railroad infrastructure. Railroads are not covering their full capital costs and full private investment for improvements is unlikely.

Barriers in the areas of planning and financing present additional problems for freight rail. In particular, a largely passenger-oriented planning process and barriers to effective integration of freight planning at the metropolitan planning organization (MPO) level contribute to problems. In essence, freight does not vote. It is mostly advocates of passenger rail who drive MPO and politician actions. In general, more pressure is exerted in favor of investment in passenger rail

projects than freight rail. While slowly changing, in the past there has been little consideration of regional freight needs at the MPO level.

Currently, the transportation trust funds are oriented to certain modes. The differences in federal contributions and state matches for specific modes forces decision-makers to leverage resources in favor of larger federal contributions and lower state matching funds. Specific transportation mode orientations, passenger orientation, and pre-structured biases of modal trust funds prevent allocation of the incremental government dollar to the areas with most potential benefits. Private ownership brings complications in the various strategies for investment and the difficulty involved in separating out the public and private benefits. Limited public funding to support railroads also poses financing problems.

Some communities have begun to use strategies to overcome planning and financing barriers. Others have wanted to move toward better alignment of federal programs to overcome these barriers. Putting a focus on efforts to cut across transportation modes and jurisdictions is essential to addressing both passenger and freight rail issues. Greater incentives are needed to encourage public-private partnerships, such as the Alameda Corridor. The eligibility criteria for existing funding sources, such as the Congestion Mitigation and Air Quality program (CMAQ), have restricted use of the funding in support of its very goals. A balanced strategy for improved technology and operations approaches is needed, as well.

Challenges for Public Policy Decision-Making

Some issues in public policy decision-making cut across passenger and freight rail, while others are more specific in nature. Financial and ownership issues are common to both passenger and freight rail. The overriding issue of federal fiscal imbalance and the high rate of deterioration force virtually every program to be examined at a zero-base level. The growth of entitlement programs leaves no room for discretionary programs 20 years into the future. Unless a fresh look at programs is taken, the federal budget will remain completely unsustainable and imbalanced. Any growth in a federal program, or even maintaining existing programs, would come from borrowing, so GAO has asked for a zero-based review of every federal program. Financial imperatives must guide any discussion on future federal investments.

The user-pay principle in transportation provides market efficiency. Moving away from the user-pay principle introduces inefficiencies in investment for transportation infrastructure. The use of bonds and tax credits increases the space between the user and the cost for the service as well as the transportation investment decision-makers. While bonds and tax credits may have a role in transportation investment, they should not obscure accountability and transparency in investment. The possible mechanisms for increasing state and local contributions are central issues in the financial discussion. Another central issue involves appropriately incentivizing public-private partnerships to share costs. Certain bond proposals are meant to incentivize public-private partnerships, but the costs for those actions need to be codified. Balancing these principles poses a challenge in determining whether incentives meant to encourage public benefit have unintended consequences allowing for over-subsidizing of private benefits. The central importance of financing mechanisms of any type is that they drive performance, transparency, and accountability. The financing structure and organization for intercity passenger rail in the United States has not promoted the most effective performance, transparency, or accountability.

Clearly, general benefits and user-benefits exist at levels besides the federal government for rail. The challenges are defining roles, providing more balanced mechanisms for state contributions,

and creating an appropriate structure for incentivizing and making interstate compacts work. In the context of a user and a beneficiary being a state or region, we need to evaluate more viable mechanisms to better develop ownership and financing roles. Establishing clear roles for public and private parties also needs consideration.

One of the major specific issues for intercity passenger rail is for Congress to define a clear mission and goals. Congress failed to set forth a mission and goals in 1970 and has continued not to set them in subsequent legislation. In fact, conflicting goals have been passed in legislation. The political geography that ensures trains remain in certain towns or states does not necessarily move the system toward more efficiency, rationality, or mobility maximization. A mission and the clarity of that mission are missing in the current intercity passenger rail system. Breaking out different types of business could provide a mechanism for better accountability and transparency of more urban corridor service and national long-distance service. It could be a way to build accountability for separate areas with different missions, goals, measures, and subsidy levels. Determining whether to use centralized approaches, market-based approaches, or a combination of the two represents a threshold issue for intercity passenger rail. The problem goes back to the roles of the federal government, public sector, and private sector and identifying how to capitalize on market-based incentives in interstate issues. The problem is complicated by the interstate commerce clause in the Constitution giving power in such matters to Congress.

Resolving the status of long- and short-distance routes and future corridor development remains a central issue for intercity passenger rail. Corridor development, in particular, has lost out in the maintenance of the status quo. Only token money has been invested in corridor development with the federal government not using the scarce federal dollar to focus on corridor development, even though the corridors represent the greatest prospect for consumer growth and use. The federal role in corridor development has been compromised and needs to be included in the debate on the future role of the federal government. Strategies are also needed to more effectively involve and build common agendas among all stakeholders. Transition issues, particularly federal cost-sharing and bringing the Northeast Corridor up to a state of repair where an entity would be willing to take it over, must be dealt with in order to create a new vision for national passenger rail policy.

Finding the right balance for incentivizing public-private partnerships is an essential area to address in freight rail. The core of the issue for freight rail is identifying the appropriate public support for rail infrastructure projects given the relative public benefits. National, federal support should be commensurate with areas of true national, federal benefits. State or regional support should be where distinct state or regional benefits exist. Private support should be commensurate with the level and magnitude of private benefits and returns. In freight rail, in particular, developing financing mechanisms and tools that do not mask these specific benefits becomes difficult. Identifying the appropriate levels of support for each group is the heart of recognizing the scarcity of resources and continuing to promote the user-pay principle in the development of new mechanisms and assuring the maximum mobility benefit is derived from every federal, state, regional, and private dollar spent on transportation. The current mechanisms impede and distort the maximization of the return on dollars spent for transportation investment.

The Corridor Perspective

James P. RePass, President and CEO, National Corridors Initiative

A historical perspective is helpful when analyzing today's passenger and freight rail systems. Prior to World War I, highways began emerging as a favored mode of transportation. The National Highway Act of 1916 created the first national routes, such as Route 66. Railroads were already falling into financial trouble. As more and more road surface was constructed during and after the war, highways became ever more popular. After World War II, the raw materials for automobiles became available and a car-buying boom ensued. The Highway Trust Fund was established in 1956. The Penn Central Railroad bankruptcy and the National City Lines conspiracy against trolley lines did not help rail travel's waning image.

Today, the federal government is using highway trust fund money for transit. Highway trust fund use for purposes other than highway construction and maintenance is controversial. In fact, 30 states have passed constitutional amendments barring highway trust fund money, which is largely supplied by gas tax revenue, from any other use. There is no economic justification for such amendments. To enact them, the highway lobby worked aggressively, steering representation away from the average consumer and into the hands of interest groups.

The current federal gas tax is 18.4 cents per gallon, with less than one cent of that tax being spent on transit projects. Federal dollars are already earmarked for highways when they arrive in the states. State gas taxes vary, with the average being about 18 cents. Gas taxes are lowest in Alaska (eight cents per gallon) and highest in Hawaii (35.1 cents per gallon). It is important to remember that highways do not pay for themselves, as the highway lobby would have citizens believe. All transportation modes need subsidies. According to the American Association of State Highway Transportation Officials (AASHTO), over \$130 billion in tax dollars at all levels—federal, state, and local—were spent on highways in 2000. Of this, about \$30 billion came from the federal gas tax, and another \$30 billion from state gas tax revenues. Those estimates, states RePass, are generous to the highways. That leaves \$70 billion—more than 50 percent—in subsidies paid each year by property tax revenue and state general funds.

As for Amtrak, its annual allocation model is unsustainable. Whereas highways are subsidized up to 50 percent each year from general revenues and property taxes, Amtrak has historically received only a 20-percent federal subsidy that, according to RePass, requires annual begging. Amtrak's current president, David Gunn, has in effect demanded \$1 billion to \$1.5 billion in capital above that amount to begin whittling away at an estimated \$6 billion in deferred capital maintenance projects on the 100-year-old-plus infrastructure of the Northeast Corridor.

Having states fund Amtrak would not be efficient. Massachusetts and Connecticut own small portions of Amtrak's Northeast Corridor. It would be difficult for states to afford the necessary maintenance on their tracks. For more than a decade Connecticut has needed to replace four tracks times 55 miles of overhead wire, called *catenary*, from New Haven to the New York state line. Yet this work is estimated to take the state another decade to finish. California is leading the way in rail reform, but it can do so because of its size and lack of a shared track with other states.

The National Corridors Initiative proposes a corridor-centered perspective that emphasizes a systems approach, rather than mode-by-mode thinking. The following changes are proposed as components of the National Corridor Initiative's TransPlan-21:

- Replace the **highway** trust fund with a **transportation** trust fund.
- Repeal state constitutional amendments barring use of highway trust fund money for transit projects.
- Introduce the “Tizzy Concept”: Transportation Infrastructure Improvement Zone funding (TIIZ or “tizzy”) at a state or regional level, but implemented nationally.
- Create and federally fund a ground traffic control system similar to the air traffic control system.

TIIZs could, for example, collect a portion of the growth in sales taxes, property taxes, or income taxes (depending on how the state funds itself) generated within the zone from the municipalities in the zone (perhaps 30 miles on either side of the rail infrastructure). These revenues would be used to repay bonds sold for capital improvements on the infrastructure. Thus, revenue and benefits would be kept under local control. No new taxes are being proposed, but such a plan would help freight and passenger rail capture the growth in existing taxes that results in part from the economic development that they generate.

Until the transportation funding model is changed, transportation analysts, advocates, policymakers, and the public will lurch from crisis to crisis. According to RePass, there already has been enough of that.

Assessing the Future Development of the Mid-Atlantic Corridor

Lance R. Grenzeback, Senior Vice President, Cambridge Systematics, Inc.

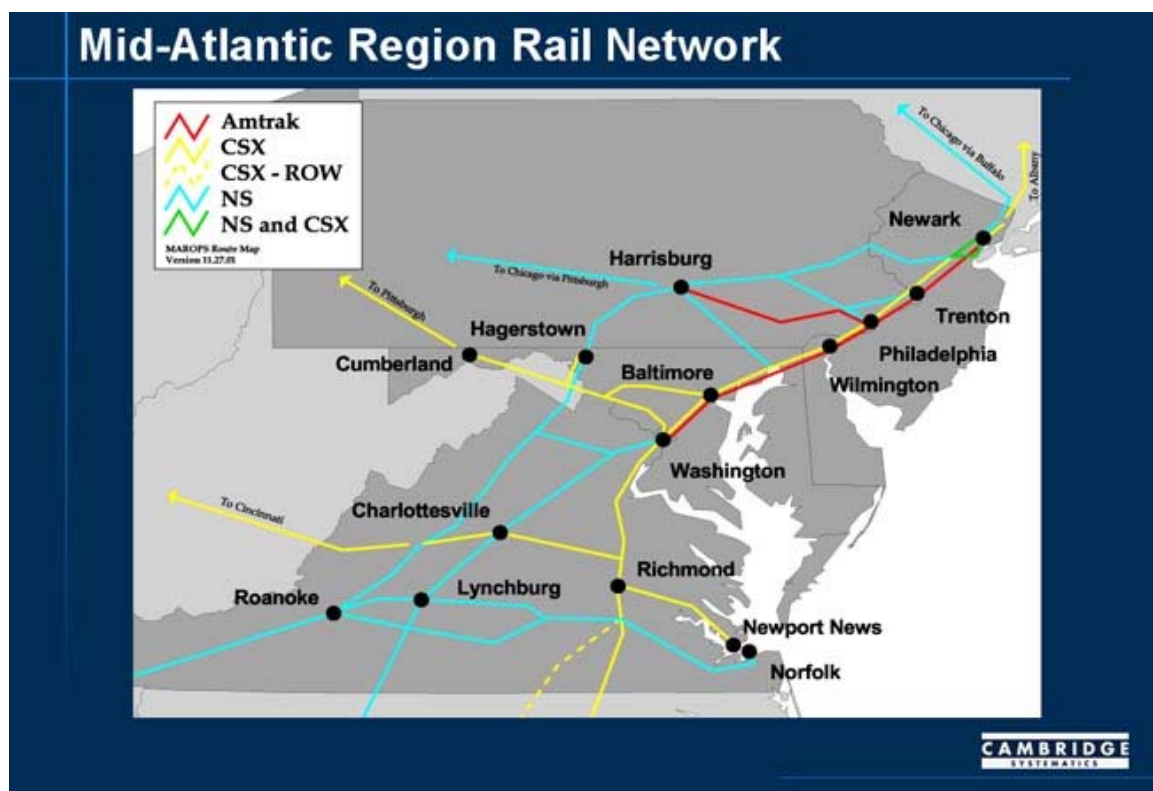
It is critical to examine how to improve the flow of freight through the Northeast Corridor (NEC) by identifying bottlenecks. The population density along the NEC is similar to Western Europe. In fact, if the NEC were its own country, it would be the world's third-largest economy. The NEC is consumption-oriented. It is an economic engine that attracts goods, which arrive primarily via trucks through three main routes—the South, Southeast, and West. The NEC produces services, which do not require as much transportation.

Capacity

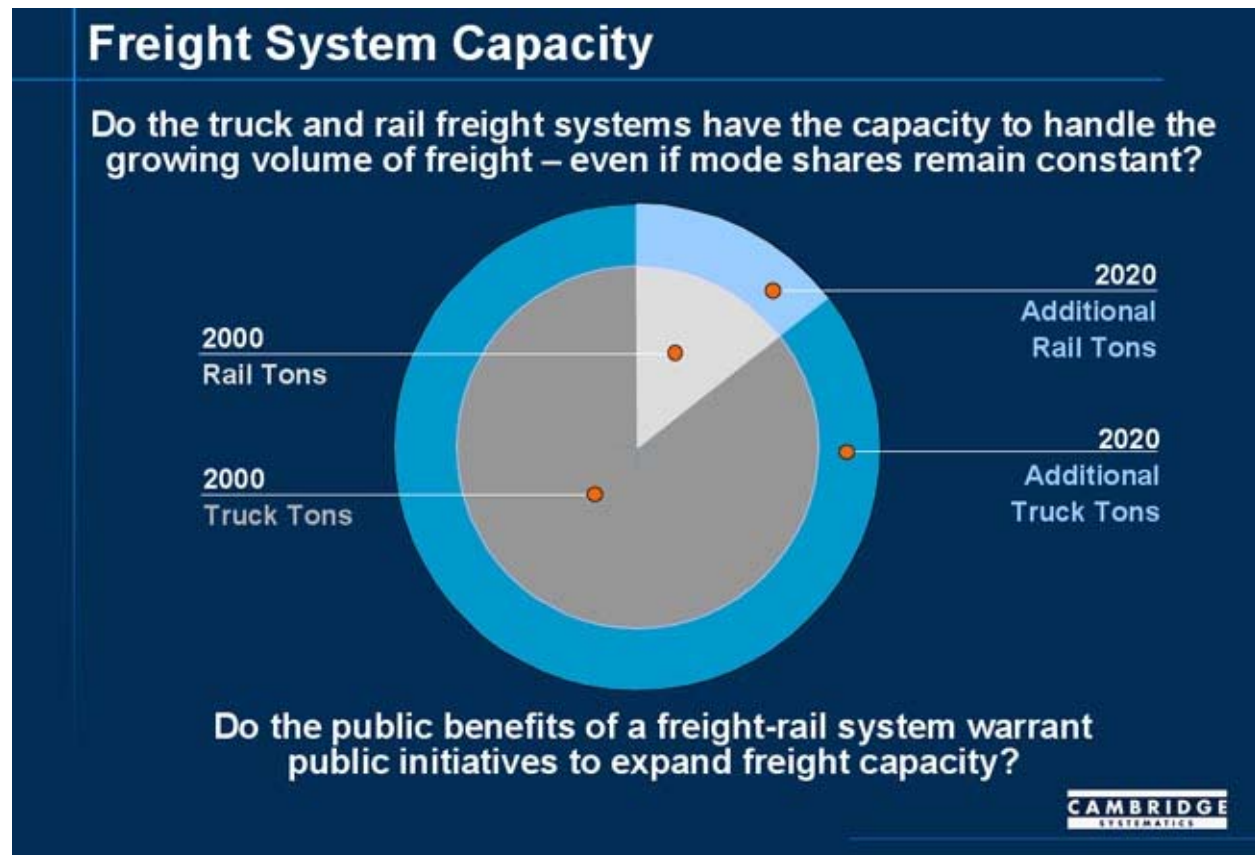
By 2020, there is expected to be a greater “infill” of people as congestion spreads from urban areas into intercity corridors. Transportation revenue forecasts show that revenue will never catch up with the need for maintenance and expansion. The questions then arise: “How do you buy capacity? Can public sector investment be justified by the public benefits rail provides?”

Freight

The Mid-Atlantic Rail Operations Study (MAROPS) advocated the elimination of rail choke points and a capacity increase. The study identified \$6.2 billion in needed short-term improvements. Medium-term (five to ten years) improvements and long-term (ten to twenty years) improvements are each estimated at \$1.9 billion. No single group can afford the cost of these improvements, so partnerships are essential. Quick-start improvements alone are estimated to cost \$760 million. Rather than a single project, freight rail is experiencing a system-wide network problem. It is important to remember that the United States rail system was built to go from east to west. North-south routes are extensions of old east-west routes. Essentially, routes have needed to be retrofitted to goods and people flowing in a north-south direction.



In its *Freight Rail Bottom Line Report*, the American Association of State Highway Transportation Officials (AASHTO) reports that freight rail is stable, productive, and competitive. However, it is not attracting long-term investment for infrastructure maintenance or growth. In an economy transitioning to lighter, more frequent shipments, trucks can perform better. Yet, if freight does not grow to keep pace with demand, truck vehicle miles traveled (VMT) will grow, and highway use and maintenance will cost more, possibly as much as \$400-800 million more per year. It is not feasible to expand highways as quickly as freight can be expanded. Short-line railroads have expanded rapidly and act as a feeder system into the main freight routes.



A comparison of truck and rail patterns nationwide shows a great lack of rail in the Southeast and the Pacific Rim as shippers have moved into these regions in the last 30-40 years. This economic case for increasing industry productivity must be argued at the state and Metropolitan Planning Organization (MPO) levels. There are models and best practices that involve both the private and public sectors and should be used to generate discussion. These models include: Alameda Corridor, Delaware's Shellpot Bridge, and the Chicago Regional Environmental and Transportation Efficiency Project (CREATE). These projects have a shared goal: to prepare for or respond to increased demand for rail service.

Regional Rail Investment Bank

One way to implement freight investment would be through a revolving fund established by Congress. This fund would use state and federal dollars and tax-credit bonds to grant improvement money on a project-by-project basis. A regional rail advisory committee would manage the fund. The fund could be divided into regional accounts, where tolls and user fees could be deposited. Such a fund would help spread the risks and benefits of rail investment over

the greatest number of citizens. Banks recognize that the return on investment is different for railroads as compared to other industries because infrastructure maintenance is expensive and critical to service.

Passengers and Freight Together

At some time in the future, demand for super high-speed passenger rail will become so great that it will need to be divorced from freight. However, in the immediate future, passenger and freight rail will continue to be bound together, so repairs and replacement truly benefit both.

A Private Operator's Perspective on Freight Rail

Rick Crawford, Special Assistant in Corporate Affairs, Norfolk Southern

Many of you are aware of the role the rail industry played in making the United States an industrial superpower. Evidence shows that rail is still making a significant contribution to the economic well being of the country. Although railroads are as vital to the nation as the interstate highway system for the movement of passengers and goods, the public has very little interaction with or knowledge of what it is the freight railroads do. Even in the mid-Atlantic region, where citizens enjoy frequent intercity and commuter rail passenger services, the importance of freight rail to the area's economy is not understood, shrugged off, or ignored.

When the public does take notice of the railroads, it's to complain about idling trains, blocked crossings, or decreased property values for homeowners who voluntarily chose to live near or adjacent to our active right-of-way. Freight rail, for the most part, has been out-of-sight and out-of-mind. To be honest, this situation suited the industry because for so long it sought to get the government out of its business by removing most of the regulatory regime that restricted rail's ability to respond to the marketplace and to effectively compete with trucks.

Now, as the public gropes for solutions to improving the nation's transportation network, Norfolk Southern (NS) and the rest of the railroad industry can no longer remain above the fray. Due to growing concerns that the highway network will be unable to meet the demands for increased freight and vehicular traffic, railroads are now getting the full attention of policymakers. The railroad industry is being asked to carry more freight and make its rights-of-way available for passenger service.

Freight Rail Versus Passenger Rail

As states and communities seek alternatives for moving people other than road construction and to meet air quality requirements, they are turning more to the option of establishing passenger rail. Our freight lines become attractive targets. The freight rail industry's attitude on passenger rail has shifted. It is a genuine shift because it makes business sense, and it can work for both freight and passenger rail under the right circumstances. Times and circumstances have changed indeed. Greater awareness of each other's operations is leading to better understanding of the mutual challenges and conflicts.

In the last several years, Congress has provided money for passenger studies. At a time when NS and freight railroads were having increased difficulty meeting capital investment requirements, public infrastructure funding was being tied more and more to passenger programs. With amazing speed, some 150 study projects were generated for passenger rail to metro areas, with more than 40 of these studies involving NS-served cities. Growing congestion, pervasively high fuel costs, and the fallout from 9/11 helped push rail in the forefront of the public transportation policy dialogue. For freight rail, just getting on the page for public transportation policy groups represents a new age. In the past, NS generally said "No" when approached for passenger rail proposals. From the other side, NS perceived an entitlement attitude on the part of passenger entities and planners. The presumption seemed to be that the public took priority over rail freight, with no concerns for growth or return for value.

Better Communication and Transparency

In trying to learn from history, NS realized that it had to establish better communication with passenger rail. To move forward, both sides must develop a win-win scenario so each can leave

the field and declare victory. It was necessary to understand each other's experiences, fears, expectations, and pressures. NS stopped saying "No" as its first reaction and started saying "Yes" with conditions. NS has articulated some principles that are intended to protect our factory, which is the track and right-of-way needed to produce our product. NS has articulated some principles that are intended to protect its factory or track and right-of-way. Those basic principles are:

- No reduction in freight capacity.
- Fair value for use of our assets.
- Full liability protection.
- No subsidy of passenger operations.

NS welcomes the opportunity to work with authorities and states to develop new or additional passenger rail services over its tracks, but these projects must be realistic and include freight concerns. More importantly, passenger operations must be transparent. NS defines transparency as the provision of sufficient infrastructure for passenger and freight trains to operate without delay to either and to allow for growth of both. To that end, NS has actively participated in a study with Delaware transportation officials on potential commuter service between Wilmington and Dover. In the Philadelphia area, NS is working with Pennsylvania transportation officials for new commuter service between Philadelphia and Reading. In suburban Washington, the Virginia Railway Express (VRE) is proposing expansion from Manassas toward Charlottesville and west toward Haymarket.

Although studies have been funded and people continue to tout the advantages of using rail to transport more people, the question remains whether or not those in power truly "get it." One look at the ongoing debate surrounding Amtrak funding raises the question of leadership. Even the various transit agencies are facing financial difficulties because they all lack a source of permanent funding. This predicament is emblematic of the public's ambivalence toward raising and using taxes to solve the congestion and gridlock they complain about. As the region weighs in on the debate, policymakers will need to articulate common goals and develop cross-border solutions.

Interconnectedness and Coexistence

The fate and financial issues of Amtrak and various commuter agencies impact NS and its customers as it is the freight carrier on those lines. It is vital to take into account the distinct needs of the freight railroad. For example, what happens to our access to freight customers in Baltimore, Delaware, and the Eastern Shore if Amtrak is forced to shut down? Another area of concern for NS is the construction of high-level platforms at passenger stations. High-level platforms are one method for providing wheelchair access to passenger trains and their use is increasing in response to the Americans with Disabilities Act. High-level platforms, however, can prevent the movement of wide loads that can only go on rail, such as transformers and military tanks. A well-designed station can have high-level platforms and be compatible with military loads. On a multiple track line only certain tracks may need to be adjacent to platforms. Freight trains with wide loads can pass through these stations on tracks that are not next to the high-level platforms. The track near the platform is used by passenger trains; the farther track is for freight trains with wide loads. The Amtrak station at New Carrollton provides a good example of how gauntlet tracks allow freight and passenger trains to coexist by high-level platforms.

Challenges Remain

NS has established an excellent working relationship with Amtrak, but there are still areas of disagreement and conflict. NS operates under a number of restrictions and pays Amtrak trackage rights fees for using the Northeast Corridor (NEC) three times what freight railroads charge one another. Today, Amtrak permits use of 286K [286K or 286,000-pound car refers to the tare (empty) weight of the rail car plus the load] freight cars between Baltimore and Wilmington but imposes a surcharge of about 20 percent above the current high car-mile charge. Amtrak charges close to \$1 million to install turnouts compared to \$150,000 for NS.

Partnerships

These differences aside, NS and Amtrak have made progress on a number of projects that will enhance freight on the Corridor. NS recently partnered with Amtrak and Pennsylvania to upgrade a portion of Amtrak's Keystone line from Harrisburg to Lancaster to accommodate 286K freight cars. When completed, NS believes that more products will be shifted from truck to rail. Eventually, the goal is to upgrade the entire Keystone route to Philadelphia to handle the heavier cars.

In a further sign of this close partnership, Amtrak permitted a series of test trains for premium intermodal trains between Atlanta and North Jersey using the Corridor from Union Station to Newark. Discussions are taking place between NS and Amtrak to implement a permanent window for this service and, if successful, this would take trucks directly off of I-95, bypassing major cities.

The Mid-Atlantic Rail Operations Study – Separate Freight Track Proposal

The NEC becomes even more important for the movement of people and goods as the region struggles to cope with rising congestion. Even with the operation of a large number of intercity, commuter, and freight trains, the NEC could accommodate more passenger and freight trains if the chokepoints identified by the Mid-Atlantic Rail Operations Study (MAROPS) were eliminated. The MAROPS proposal for a separate freight track offers a long-term solution that will give NS more capacity for freight and passenger growth. NS, Amtrak, and the five-state MAROPS coalition continue to assess the public/private benefits of the freight-friendly track proposal on the NEC. A separate track would permit NS to handle freight trains with more heavily loaded cars; operate safely 24 hours a day, seven days a week at normal speeds and reasonable cost; and not conflict with Amtrak's passenger operations. It will not be cheap. We estimate that the costs could be anywhere from \$7 million to \$8 million per mile. The high cost is attributed to the existence of catenary poles, inadequate roadbed at certain segments, and embankment issues along the Chesapeake Bay.

Improved Relations with Transit Agencies

NS is also improving its relationship with transit agencies. NS serves a number of rail customers by operating over New Jersey Transit (NJT), Southeastern Pennsylvania Transportation Authority (SEPTA), and New York State's MTA Metro-North Railroad, agencies that otherwise would have no rail service. NS inherited operational restrictions imposed on Conrail, such as limited operating windows and weight restrictions. The one restriction that impacts service to customers more than any other, however, is the blanket prohibition on all transit lines against the use of freight cars weighing in excess of 263K. The 286K freight cars are the industry standard. They have improved shipper productivity and lowered transportation costs. A shift in attitudes is emerging on the subject of using the heavier cars by transit authorities and the states. NJT is now willing to permit NS to use the heavier cars on lines that currently can handle them. NS will

also be following New York's lead by working with New Jersey to upgrade other corridors to handle 286k cars. The rail rights-of-way controlled and managed by transit agencies are part of the region's overall transportation network designed to carry both passengers and freight efficiently and safely. Use of the heavier cars will help to make those businesses competitive and keep their products moving on the rails instead of by truck.

Future Freight Growth

Policymakers have taken a look at the projections for future freight growth and are alarmed by the numbers. In this region alone, the forecasts call for a 53 percent increase by 2020. New highways appear to be non-starter, and the addition of highway lanes faces environmental and economic difficulties and may solve the problem only momentarily. There will be no new rights-of-way for new passenger and freight lines, so existing corridors must be relied upon. Without bold action now, the region will suffer.

The solution lies in better use of existing corridors (highways or rail). While some in the industry are dealing with service issues, most of the national rail freight infrastructure is robust and railroads are running well. Rail corridors have the most room for growth, at lowest cost and lifestyle impact. Rail is the most fluid of the major modes, but there are chokepoints in the mid-Atlantic rail network that preclude passenger and freight rail from taking full advantage of the situation.

Norfolk Southern's route from Atlanta to Washington, D.C., is a high-capacity corridor with room to grow. It is our high-density, north-south route and is cleared for double-stack trains. From Manassas to New York/Newark, NS is double-stack cleared, with some potential chokepoints. On the down side, it is a circuitous route. From Washington, D.C. to Newark via the NEC, NS lives with chokepoints and restrictions. From Harrisburg to Baltimore the route is not double-stack cleared. The Virginia border to Hagerstown, Maryland, is an increasingly important route for north-south freight train movements.

It is the north-south markets, where the rail lines are underutilized and the highway network is the most congested, that have the most potential room for growth. In its day, Conrail showed little interest in developing this traffic, so the north-south rail market never lived up to its potential. The region, therefore, has disproportionately high truck volumes with congested and decaying highways and bridges. The region has the lowest freight rail share in the nation. By contrast, the rail share for east-west traffic is substantial and growing. For example, the route between Chicago and New York is one of the densest on the NS system and can handle double stacks. CSX, also, has a high-density, east-west route over its Water Level route from Boston to Chicago. The north-south network has choke points that are the legacy of a rail network engineered 150 years ago, most notable being the Baltimore tunnels of CSX and Amtrak.

Infrastructure Challenges

Furthermore, the mid-Atlantic rail freight infrastructure is marked by a legacy of neglect caused by declining traffic and bankruptcy in the 1960s and 1970s. The industry rationalized track by abandoning lines or removing multiple tracks. Also, there was a massive transfer of capacity to passenger entities. It was the right answer then, but the policy cannot continue if we are to address the imbalance of north-south traffic, reduce congestion on the roads, and keep the region competitive.

Norfolk Southern's Demonstrated Commitment to Growth

NS has demonstrated its commitment to growth and has spent hundreds of millions of dollars for new capacity. NS has invested billions of dollars in infrastructure, capacity, and technology to the benefit of its customers and is starting to see results in increased market share and service. NS will continue to make those investments in order to best position the railroad to capture more business. With its state partners in MAROPS and the I-81 Project, NS hopes to achieve the goals of:

- Systematically removing all the chokepoints in the rail freight and passenger network.
- Creating capacity to handle domestic double-stack containers on all main freight routes.
- Minimizing conflicts between passenger and freight operations.

In short, NS is convinced that freight and passenger rail can coexist. Stakeholders in this region have no choice but to cooperate if they are to advance the goal of improving the rail network to carry more passengers and freight. In the interest of building on the strength of our country's rail transportation infrastructure, opportunities should be pursued vigorously and cooperatively when they make business sense and serve the public interest, which includes fluid and available freight service for the protection of jobs and the economy.

Panel Presentation: New Jersey's Perspective on the Mid-Atlantic Corridor

James Badgley, Manager, Bureau of Freight Services, New Jersey Department of Transportation

Through carefully planned rail-traffic growth, New Jersey hopes to spur economic development and connectivity. As an air quality non-attainment state, New Jersey also hopes to reduce highway congestion, fuel use, and auto emissions through increased rail use.

Currently, New Jersey has Class I and Class II freight services and 14 short-line railroad companies. Conrail operates the Ports of Newark and Elizabeth and is working to expand the number of containers that can be accommodated.

New Jersey's Department of Transportation (NJDOT) hopes to improve north-south lines and repair infrastructure, which would benefit both passenger and freight rail. There are obsolete bridges and tunnels that require complete replacement. Current height and weight restrictions limit companies and serve as disincentives to freight rail use. There is an ongoing \$7 billion project to create a new tunnel under the Hudson River. NJDOT struggles with land use when undertaking such projects. Since land can cost up to \$5 million per acre, it is difficult to justify the large freight yards that are required to expand freight rail service. Constructing additional track can cost \$400-500 per foot. Information sharing has been a large impediment as well.

In the face of these challenges, NJDOT is trying to build voluntary partnerships with the private sector. These partnerships rely on two key premises: (1) public entities will pay for public benefits, and (2) public funds will not alter railroad market competition. Union Pacific supports these premises.

Important questions need to be asked when forging such partnerships:

- Whose assets are involved?
- What is the project/service being purchased?
- Does this project increase rail capacity? How should capacity be measured?
- Who will guarantee rail service?
- How should the partnership allocate ongoing investment?
- In the case of multi-state agencies, how does money get transferred between states and public authorities? Can current laws easily accommodate such transfers?

Panel Presentation: Past Success and Future Challenges of the Northeast Corridor

Andrew (Drew) Galloway, Senior Director, Strategic Planning, Amtrak

Amtrak's Northeast Corridor (NEC) is the most heavily traveled of its routes. The NEC is 457 miles in length and has multiple owners. Over 100 million Amtrak and commuter-rail passengers ride the NEC lines each year. New Jersey Transit alone carries 100,000 commuters per day. Eight other commuter companies share the rails, along with freight travel. Approximately 1,800 trains travel some portion of the NEC tracks each day.

The NEC operates under several constraints. Capacity and demand are not distributed equally. There are choke points, time-of-day peaks, and speed profiles that complicate travel. For example, between 7:30 and 8:30 a.m., the passenger equivalent of two 747 planes disembark in New York's Penn Station every 90 seconds.

Due to the way the NEC is designed, there are multiple injection points, where passengers and freight are entering and exiting the system. Temporary reductions in service caused by maintenance and new construction have a major impact on train timing. Since the NEC is a single track in most areas, Amtrak must incorporate "planned overtakes" into its daily schedule. Policy dictates that higher-speed trains must go first, which leaves freight trains to wait while high-speed Acela trains race along the tracks.

As the NEC's steward, Amtrak must honor scheduling and operating agreements. These agreements outline infrastructure responsibilities and joint benefits. The agreements are specific in order to avoid disagreements over liability. Yet, Amtrak has struggled with the question, "When benefits are shared among states, who pays?" Unfortunately, that answer too often has been "Amtrak," which has exacerbated the company's financial difficulties. New Jersey Transit was hesitant to build a passenger station in Pennsylvania near a rail yard because the company did not want to provide subsidies to Pennsylvania residents commuting to New York. The passenger rail industry must stop thinking on a state-by-state basis and embrace network connectivity as a new paradigm.

Panel Presentation: Maryland’s View of the Mid-Atlantic Corridor***David L. Ganovski, Director of Freight Logistics, Maryland Department of Transportation***

The Mid-Atlantic Rail Operations Study (MAROPS) asked important questions and carefully examined the Greater Baltimore area. MAROPS delineated the cost of fixing “what is,” or maintaining the status quo. The study went beyond a simple assessment, asking rail planners what ideal conditions would be. It is important to recognize that there are problems throughout the entire multi-state rail system. While doing nothing is an option, planners need to anticipate future needs. Freight needs to be moved in some manner. Every method of movement will cost money. In order to make rail the most attractive option, systemic problems must be addressed.

MAROPS’ analysis determined that over one-half of the five states rail infrastructure problems (\$6.2 billion) for passenger and freight are in the Baltimore and Washington, D.C. areas. Tunnels need to be replaced. The District of Columbia and Baltimore are in the way of moving freight and people by rail up and down the East Coast. These enormous impediments must be overcome if rail is to be an efficient and effective way to move people and freight.

Panel Presentation: Delaware’s Perspective on the Mid-Atlantic Corridor***Michael Kirkpatrick, Planner, Delaware Department of Transportation***

In today’s freight and passenger rail industry, Delaware’s Department of Transportation (DelDOT) feels that the current reality of freight and passenger trains having to share the same track creates shared problems that must be cooperatively addressed.

DelDOT’s top freight rail priorities are: (1) ensuring that freight trains have reliable access into Delaware, and (2) expanding business within the state. Except for a few key areas, Delaware has more track capacity than is utilized currently.

Freight is essential. One of the main imported commodities is the grain that feeds Delaware’s large population of chickens. Indeed, the poultry industry relies heavily on these grain shipments.

In a state without an international airport, passenger rail is critical. Over one million people arrive or depart on trains each year at the Wilmington Train Station.

Like other mid-Atlantic states, Delaware has found it difficult to penetrate the “silo thinking” that keeps state departments of transportation so focused on highways. One rail car can accommodate the freight load of three to five tractor-trailers. Using rail for both passenger and freight to relieve some of the pressure on our highways is necessary in an air quality non-attainment area like Delaware.

Panel Presentation: Pennsylvania's Perspective on the Mid-Atlantic Corridor
Edwin (Ran) Marshall, Freight Analyst Supervisor, Bureau of Rail Freight, Ports and Waterways, Pennsylvania Department of Transportation

The use and expansion of rail in Pennsylvania creates issues, problems, and opportunities. One major issue is the balance of environmental justice and economic vitality, both of which are issues of concern to Governor Edward Rendell. Rail can provide more efficient land use and increased quality of life. Port growth and greater warehousing capability can be derived from rail. Shelf prices of products can decline with increased freight rail use. Yet these benefits do have tradeoffs.

Currently, the greatest challenges in the rail system are currently capacity, congestion, and connectivity. More projects need to be coordinated to provide rail and highway connectivity. Pennsylvania's 60 short-line railroads serve as critical lifelines to rural areas.

Fortunately, there are opportunities to build upon the results of the Mid-Atlantic Rail Operations Study (MAROPS) and achieve greater growth. The study has captured legislators' attention. The Pennsylvania General Assembly granted authorization for at least two capital projects based on MAROPS recommendations. These projects have multiple funding sources. The goal of each project is to benefit everyone in the system: passenger and freight rail companies, employees, and riders. With recognition that current funding streams will not maintain the status quo, efforts are being made to increase overall funding and diversify funding sources.

Language in the Transportation Equity Act for the 21st Century (TEA-21) reauthorization legislation calls for a formal study of transportation funding that will look at the issue into the next decade. The American Association of State Highway and Transportation Officials (AASHTO) and the Coalition of Northeastern Governors (CONEG) lobbied extensively for this transportation study. Both groups hope to have identified additional funding sources by 2011 in order to meet growing mobility needs.

Bills like the United States Senate "Build America Bond Act" (S. 1109), introduced in May 2003 and reintroduced by Senators Jim Talent (R-MO) and Ron Wyden (D-OR) in February 2005 propose innovative new ways to fund major transportation projects.

Open Discussion: Setting an Agenda

The following is an edited summary of the open discussion held at the conclusion of the forum. Dr. Robert Warren, School of Urban Affairs & Public Policy, moderated the discussion.

Dr. Robert Warren: While it is essential for the federal government to be involved in rail policy, ideas, pressure, and hope are being generated by the states and metropolitan planning organizations (MPOs). Some institutional policies can be initiated without federal action. States are responding to the Mid-Atlantic Rail Operations Study (MAROPS) recommendations and gathering political will. Another policy forum, one that focuses specifically on short-line railroad viability, may be warranted.

David DiQuinzio: How can we get trucking to support rail and understand that they are stakeholders in the process? The involvement of trucking companies will be essential.

Edwin (Ran) Marshall: Truckers and rail operators both benefit from fast processing through ports. The Port of Philadelphia is looking to speed turnaround time. Rail's motto should be, "Put it on steel wheels." Of course, rail is better used for intercity, long-distance travel than local drayage. If roads can be cleared of long-distance trucking, local drayage delivery times will be reduced.

Bill Galligan: There is a definite lack of involvement of elected officials at the federal level. As we seek to expand our audience, more elected officials should be invited.

Ran Marshall: If the funds were available, what would be a multi-state/MPO/local way to coordinate service delivery? MPOs have been successful in providing local dollars to transit projects and have really helped initiate action. Who would control the funding? If a regional investment bank were instituted, who would manage it?

David Ganovski: Even more specific questions must be asked: Who is willing to contribute? Do these contributors have strong credit ratings? Can a pay-as-you-go system be developed? Who will own and maintain the infrastructure?

James Badgley: It is critical to get input from local citizens through advisory committees. In New Jersey, the State Logistics Council has succeeded in tackling many controversial transportation issues through citizen involvement. Members of the Council include: MPOs, NJDOT, railroad companies, shippers, and carriers.

Lance Grenzeback: Profitable investment in car and truck technology is over. Investors are now seeing diminishing returns. Rail advocates must convince investors to place their money in rail. The Alameda Corridor is an excellent example of investors recognizing the value of freight travel.

Ran Marshall: In Pennsylvania, the Gubernatorial Task Force has assembled a large body of research on the economic impact of rail.

Drew Galloway: Synergism, or mutual benefits, can develop from common investment.

James Badgley: The partnership between NJDOT, Rutgers University, and the International Intermodal Transportation Center at the New Jersey Institute of Technology has demonstrated this type of synergy.

Appendix A: List of Participants

Laurie Actman
Greater Philadelphia Chamber of Commerce

James Badgley
Bureau of Freight Services
New Jersey Department of Transportation

Daniel Blevins
Wilmington Area Planning Council

Lisa Brennan
Institute for Public Administration
University of Delaware

Eric Calloway
Maryland and Delaware Railroad

Joseph Cantalupo
Delaware Department of Transportation

Janna Craig
Institute for Public Administration
University of Delaware

Rick Crawford
Norfolk Southern

Ted Dahlburg
Delaware Valley Regional Planning Commission

Catherine Dennis
Delaware Transit Corporation

David DiQuinzio
City of Annapolis

Heather Dunigan
Wilmington Area Planning Council

James Farny
Wilmington Area Planning Council
Delaware Valley Regional Planning Commission

Toby Fauver
Pennsylvania Department of Transportation

Tammy Ford
Transportation Management Association of Delaware

Bill Galligan
East of Hudson Rail Freight Task Force

Drew Galloway
Amtrak

David Ganovski
Maryland Department of Transportation

Lance Grenzeback
Cambridge Systematics, Inc.

JayEtta Hecker
U.S. Government Accountability Office

Jerome R. Lewis, Ph.D.
Institute for Public Administration
University of Delaware

Karin Morris
Delaware Valley Regional Planning Commission

Scott Hanson
Wilmington Area Planning Council

Herb Inden
Delaware Office of State Planning Coordination

Michael Kirkpatrick
Delaware Department of Transportation

Larry Klepner
Delaware Center for Transportation

Miki Krakauer
Bureau of Freight Services
New Jersey Department of Transportation

Edwin (Ran) Marshall
Pennsylvania Department of Transportation

Scott Muir
Public Affairs
Norfolk Southern

Jeff Niezgoda
Delaware Department of Transportation

Julia O’Hanlon
Institute for Public Administration
University of Delaware

Beth Osborne
Office of United States Senator Thomas R. Carper

Frank Pisani
Wilmington Area Planning Council

John Powers
Bureau of Freight Services
New Jersey Department of Transportation

James RePass
The National Corridors Initiative

Ray Schafer
Amtrak

Robert Smith
City of Newark Transit Subcommittee

Robert Warren, Ph.D.
Institute for Public Administration
University of Delaware

Frederick Winkler
South Jersey Transit Corporation Advisory Committee

Bernard Yacobucci
Wilmington Area Planning Council

Tigist Zegeye
Wilmington Area Planning Council

Appendix B: Speaker Biographies

| | |
|--------------------------------------------|-----------|
| James L. Badgley | 29 |
| U.S. Senator Thomas R. Carper | 30 |
| Rick Crawford | 32 |
| Andrew (Drew) Galloway | 33 |
| David L. Ganovski | 34 |
| Lance R. Grenzeback | 35 |
| JayEtta Z. Hecker | 36 |
| Michael Kirkpatrick | 37 |
| Edwin (Ran) Marshall | 38 |
| James P. RePass | 39 |

James L. Badgley

James Badgley has over thirty-eight years of transportation and emergency management service within both the public and private sectors. Mr. Badgley has been with the New Jersey Department of Transportation (NJDOT) since July 1988 and has served as Manager of the Division of Intermodal Services' Bureau of Freight Services since March 2003. In his current position, major duties and responsibilities include the State Rail Plan, the Placarded Rail Equipment Safety Inspection Program, the New Jersey Motor Carrier Safety Assistance Program, and the Commercial Vehicle Information System Network. Mr. Badgley also serves as an NJDOT Alternate Emergency Management Coordinator with responsibility for supporting emergency management assignments from the New Jersey State Police Emergency Operations Center.

Prior to his recent appointment, Mr. Badgley served as the Contracts and Grants Administrator for the Division of Systems Planning and Research with responsibility to prepare and review consultant requests and agreements, draft contract agreements and program specifications, identify and resolve consultant business issues, and manage federal grant programs, project development and contracting for commercial, non-profit, academic, and governmental sector organizations.

Prior to joining NJDOT, Mr. Badgley served with the United States Air Force as a Transportation and Logistics Officer at worldwide locations including Alaska, Vietnam, Texas, Germany, New Jersey, Maine, and Hawaii. Following his retirement from the United States Air Force, Mr. Badgley was employed by the Crowley Maritime Corporation as a Terminal Supervisor at their Pennsauken, New Jersey, marine terminal.

Mr. Badgley received a Bachelor of Science in Business Administration with a major in Transportation Management from the University of Tennessee and a Master of Arts in Human Resources Management from Central Michigan University.

Mr. Badgley is a Certified Member of the American Society of Transportation and Logistics and the Certified Public Manager Society of New Jersey.

Mr. Badgley and his wife, Kathryn, reside in Mount Holly, New Jersey.

U.S. Senator Thomas R. Carper

Tom Carper became Delaware's junior Senator on January 3, 2001, after serving two terms as the state's Governor, five terms as its Congressman in the U.S. House of Representatives, and six years as State Treasurer. With his election to the U.S. Senate, he has been elected to statewide office a record 11 times.

During his more than 25 years of public service, Tom Carper has sought to build consensus and work across party lines to find practical solutions to real problems. The Washington Post's David Broder calls Tom Carper "a notably effective and nonpartisan leader, admired and trusted on both sides of the aisle."

At the start of the 108th Congress, Senator Carper became a member of the Senate Democratic Leadership. As a member of the four-person "Executive Committee" Carper has emerged as a leading moderate voice in his party, advising the Leader and helping to devise, coordinate, and implement strategy for the Democratic caucus.

Promising to "make Delaware a model for the nation," Sen. Carper is building upon successes in the First State to help raise student achievement, protect national passenger rail service, continue to reform the nation's welfare system, implement a national energy policy, promote affordable housing, and return a sense of fiscal responsibility to the budget process. In light of his focus on finding out what works, the Democratic Leadership Council named Carper its "Chairman for New Democrat Best Practices." He also co-chairs the New Democrat caucus in the Senate.

Sen. Carper enjoys close working relationships with a dozen former governors now serving in the Senate or as members of the Bush Administration. Tom Carper joins his colleagues on the Banking, Housing and Urban Affairs Committee, the Environment & Public Works Committee and the Government Affairs Committee, as well as the Special Committee on Aging. He is the Ranking Democrat on the EPW's Clean Air Subcommittee.

In July of 1998, Tom Carper was selected by his colleagues to serve as Chairman of the National Governors' Association (NGA). During his chairmanship, he focused on raising student achievement nationwide by promoting education accountability, expanding learning opportunities for all children, and harnessing technology for student growth.

Before being elected Governor, Tom Carper was elected to and served five terms in the U.S. House of Representatives. As a Congressman, he chaired the House Subcommittee on Economic Stabilization and was a member of the Banking, Finance and Urban Affairs Committee and the Merchant Marine and Fisheries Committee. Congressman Carper used his leadership to focus on an agenda of fiscal responsibility that encouraged economic growth and protected for the health and safety of Delaware's families.

Tom Carper fell in love with Delaware's beauty the first time he saw it from the window of a military transport aircraft during his early years of active duty service as a naval flight officer. After completing his military service, he earned an MBA and then worked in Delaware's economic development office from 1975 to 1976. He was elected at age 29 to the first of three consecutive terms as State Treasurer.

As Treasurer, Tom Carper began his solid record of financial responsibility. He developed Delaware's first cash management system and played a key role in improving the state's credit rating from worst in the nation to a respectable "AA" rating.

Senator Carper is also a former member of the nation's nine-member Amtrak Board of Directors. He currently serves as chairman of the executive committee of the board of Jobs for America's Graduates and was chairman of the National Governors' Association Center for Best Practices from 2000-01. While Governor, Tom Carper served as Vice-Chair for the American Legacy Foundation Board of Directors.

Born in Beckley, West Virginia on January 23, 1947, Tom Carper grew up in Danville, Virginia. He attended Ohio State University as a Navy ROTC midshipman, graduating in 1968 with a bachelor's degree in economics. He completed five years of service as a Naval flight officer, serving in Southeast Asia during the Vietnam War. He went on to serve another 18 years in the Naval Reserve and retired with the rank of Captain. Tom Carper moved to Delaware in 1973, where he earned an MBA at the University of Delaware. He is married to the former Martha Ann Stacy. They reside in Wilmington, Delaware, with their two sons Chris and Ben both attend a public charter high school in New Castle County.

Rick Crawford

Mr. Crawford serves as Special Assistant in Corporate Affairs for Norfolk Southern's Corporate Affairs/Strategic Planning office. The office manages the company's assets (leasing or selling branch lines), line rationalizations, mergers, alliances (strategic deals with other railroads), passenger issues, public-private partnerships, relationships with state departments of transportation, and policy issues.

Prior to joining Norfolk Southern, Mr. Crawford worked in private practice and then as Chief of Staff for Commissioner J.J. Simmons at the Interstate Commerce Commission and its successor the Surface Transportation Board.

Professionally, Mr. Crawford represents Norfolk Southern on the I-95 Corridor Coalition and serves on a number of metropolitan planning organizations (MPOs), such as Baltimore Metropolitan Transportation Commission's Freight Committee, the Delaware Valley Regional Planning Commission, North Jersey Transportation Planning Association, and others.

Mr. Crawford received a Bachelor of Arts from Amherst College and his JD from the University of Pennsylvania Law School.

Andrew (Drew) Galloway

Mr. Andrew (Drew) Galloway has over thirty years of railroad industry experience, beginning with his employment on the Lehigh Valley Railroad where he was responsible for checking cars in an intermodal yard. He assumed construction and project management roles during the formation of Conrail and Amtrak's assumption of the Northeast Corridor in 1976, working on the \$2 billion high-speed rail improvement program (NECIP), which brought the Corridor back from the brink of physical collapse.

In 1983, Mr. Galloway joined NJ TRANSIT in a variety of positions before leaving as the Director of Rail Service Planning. During this period, service grew substantially with over \$1 billion in capital improvements. Mr. Galloway was responsible for the service plans for a number of notable rail initiatives, including the Atlantic City Line restoration, Long Branch electrification, MidTown Direct service, Montclair Connection, Newark Airport Station, and Secaucus Transfer Station.

Rejoining Amtrak in 1997, Mr. Galloway participated in the completion of the electrification program between New Haven and Boston and the launch of high-speed Acela service. He managed the development of the "New York to Washington Transportation Plan," a \$12 billion plan to address the capital and capacity needs of the Northeast Corridor. Mr. Galloway also conducted similar studies for the Washington, DC – Richmond, VA and Philadelphia – Harrisburg, PA corridors as well as numerous state studies, including the *Florida Vision Plan*.

Currently, Mr. Galloway is the Senior Director of Strategic Planning with national responsibility for the formation of Amtrak policies guiding rail corridor development and technical support. He led the development of Amtrak's *State Corridor Initiatives* assessment published in the Amtrak Strategic Plan. He also provides program oversight as the senior planning representative for the implementation of the \$145 million Philadelphia – Harrisburg *Keystone Corridor Improvement Program*, currently in full production.

In addition, Mr. Galloway co-chairs a collaborative effort with participating states to advance the procurement of a new family of corridor rolling stock that is both cost-effective and able to meet performance goals for a wide range of users. The initiative is open to all corridor sponsors, including those with proposed service, and new participants are welcome.

Mr. Galloway has a degree in economics from Niagara University and holds membership in numerous professional organizations. He and his wife MaryFran, who teaches Kindergarten (a job he considers far more difficult than developing rail corridors), have two daughters.

David L. Ganovski

As Director of the Office of Freight Logistics (OFL) in the Maryland Department of Transportation (MDOT), Mr. Ganovski oversees rail, highway, and intermodal freight issues for the Secretary of Transportation and the state at large. The Office includes experienced freight experts and serves as the state's primary consultative resource on matters relating to freight movements from, to, and within Maryland. Located at MDOT headquarters in Hanover, Maryland, OFL directly manages 220 miles of state-owned rail lines, providing teamwork and recommendations internally, including the Office of Policy and Government Affairs and the Office of Planning. Also, OFL serves as a resource to external customers including other state agencies, railroads, and motor carriers operating in Maryland's urban and rural environments. Close working relationships with Maryland's Department of Business and Economic Development (DBED) help define and facilitate transportation issues as an economic driver for our state.

Hired by the state in 1996, Mr. Ganovski helped manage the issues associated with the acquisition of Conrail by CSX and Norfolk Southern; participated in several United States/European Union Intermodal Summit meetings; holds various advisory positions within the I-95 Corridor Coalition's Intermodal Program Track and its well known Mid-Atlantic Rail Operations Study (MAROPS). Mr. Ganovski co-chairs the infrastructure task force of the American Association of State Highway and Transportation Officials (AASHTO) rail subcommittee and directly assisted in the design, preparation, and final editing of AASHTO's first "Rail Freight Bottom Line Report" in 2003. He serves on various Transportation Research Board Panels in Washington, D.C.

Prior to joining MDOT, Mr. Ganovski worked for CSX and processor railroads, holding management positions in Baltimore, Richmond, Pittsburgh, Houston, and Jacksonville. His direct responsibilities spanned sales, marketing, operations, quality, and service planning over a 30-year period. Mr. Ganovski majored in Transportation Law and Regulation at the University of Baltimore from which he now holds a Certificate in Transportation Management. Married for over 35 years, Mr. Ganovski has two sons and two grandchildren.

Lance R. Grenzeback

Mr. Grenzeback is a senior vice president and principal of Cambridge Systematics, Inc.

Cambridge Systematics is a transportation planning, economics, and management-consulting firm with a staff of 200 and offices in Cambridge, MA; Washington, DC; Chicago, IL; Oakland, CA; and Tallahassee, FL.

Mr. Grenzeback's areas of practice include freight transportation planning and policy, intelligent transportation systems (ITS), and economic development.

His recent and current projects include:

- ***Freight-Rail Bottom Line Report*** for the American Association of State Highway and Transportation Officials (AASHTO). The report looked at the capacity of the U.S. freight railroads to grow with the economy over the next 20 years.
- ***Mid-Atlantic Rail Operations Study*** and ***Mid-Atlantic Rail Initial Benefits Assessment Study*** for the I-95 Corridor Coalition. The study developed a \$6.2 billion program to improve freight- and passenger-rail service in the heavily congested New York to Washington, D.C. corridor.
- ***Transportation Finance for the 21st Century*** for the Hudson Institute, AASHTO, and the American Public Transit Association. The study looked at ways to finance national highway and transit programs through 2025.
- ***Freight Analysis Framework Project*** for the Federal Highway Administration and the Office of the Secretary of the U.S. Department of Transportation. The "FAF" project developed policies and programs to increase the freight and logistics productivity of U.S. highways, railroads, and ports.

Mr. Grenzeback holds undergraduate and graduate degrees from Harvard.

JayEtta Z. Hecker

Ms. Hecker has been with the U.S. Government Accountability Office (GAO) for 23 years. Prior to that, Ms. Hecker served 14 years and a senior policy economist in various executive branch agencies.

She is currently a Director of Physical Infrastructure Issues at GAO, responsible for directing GAO work on diverse transportation programs, including federal highways, transit, rail, aviation, and maritime issues. On rail issues, she has directed GAO work over the past few years, addressing a full range of issues, including national freight transportation needs and challenges, freight rail performance and pricing, Amtrak's management of the modernization of the Northeast Corridor, proposals for passenger rail reform, and issues raised by a possible liquidation of Amtrak.

Prior to this position, Ms. Hecker provided executive leadership of GAO work on federal procurement, international trade, and information management and technology. She has directed the work on hundreds of GAO reports and has served as GAO's lead witness before dozens of Congressional committees and subcommittees.

She is a recent recipient of GAO's Distinguished Service Award for excellence in leading GAO's transportation work, including significant reviews on the challenges related to reauthorization of the TEA-21, port security, state and local preparedness, and the condition and performance of the airline industry.

Ms. Hecker has a Bachelor of Arts in International Economics from Boston University and a Master of Science in Foreign Service and International Economics from Georgetown University.

She lives in downtown Washington, D.C., with her economist husband and has three grown daughters.

Michael Kirkpatrick

Mr. Kirkpatrick has been employed by the Delaware Department of Transportation's (DelDOT) Division of Planning for the last seven years. Prior to that, he worked for the Wilmington Area Planning Council (WILMAPCO), the metropolitan planning organization (MPO) for the New Castle County, Delaware, and Cecil County, Maryland, region.

In his duties at DelDOT, Mr. Kirkpatrick has taken on such diverse topics as transit service development, bicycle and pedestrian facility planning, creation of a ridesharing program for the Department, and various public surveys and coordination efforts. He is currently responsible for rail and freight planning and aviation program administration.

Mr. Kirkpatrick represents DelDOT on the Standing Committee on Rail Transportation of the American Association of State Highway Transportation Officials (AASHTO) and the I-95 Corridor Coalition Intermodal Program Track Committee.

He holds a Master of Arts in Public Policy from the University of Delaware. A lifelong resident of Delaware, he currently resides in Wilmington with his two children.

Edwin (Ran) Marshall

Mr. Marshall served in the United States Army for 24 years in transportation assignments including management of multi-modal operations, strategic transportation planning, transportation policy development, and international goods movement management.

Since joining Pennsylvania Department of Transportation (PennDOT) in 1989, Mr. Marshall has held a variety of technical and supervisory positions in transportation planning and policy development before joining the Bureau of Rail Freight, Ports and Waterways in February 2000. His current primary responsibilities as the Manager of Freight Transportation Planning for the Bureau include the development of an intermodal training program for the Department, maintaining a long-range railroad infrastructure improvement plan, and developing a four-year program of projects. Also, he is responsible for recommending federal and state legislative and policy positions affecting freight and rail freight transportation programs in Pennsylvania. In 2004, Mr. Marshall was given the added responsibility of managing Pennsylvania's intercity passenger rail programs.

Mr. Marshall has a bachelor's degree in business management and has done graduate work in management and transportation planning.

James P. RePass

Mr. RePass is the founder and principal executive of the National Corridors Initiative (NCI) of Providence, Rhode Island, which was founded in 1989 as a bipartisan business and environmental transportation advocacy group.

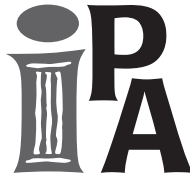
With a private-sector background and broad private-sector experience, Mr. RePass primarily has been engaged in operating the non-profit National Corridors Initiative since its founding. In the private sector, the firm RePass & Lyons specialized in the design and execution of business development programs, marketing plans, and sales plans and strategies, particularly with technology-based energy and transportation companies. Clients included Raytheon Co. and those seeking to use innovative transportation technologies in development projects. Activities included management buyout, licensing, and fundraising work.

Now focusing principally on The National Corridors Initiative, Mr. RePass' initial work involved the Boston-New York High Speed Rail project, which has been successfully completed. The project required direct negotiation with the White House's Office of Management and Budget regarding program funding. NCI's current efforts involve assisting and advising Corridor-paradigm development projects throughout the United States.

NCI and its forerunner, the Northeast Corridor Initiative, Inc., advocate for increased federal and private investment in ground transportation—both freight and passenger rail as well as transit, regional, and intercity rail—as an economic development and environmental tool.

Mr. RePass has testified before the U.S. House of Representatives' Railroads Subcommittee (April 2002). He has also appeared before the U.S. Senate and has advised the White House, the U.S. Department of Transportation, state departments of transportation, and governors on legislation and policy.

Mr. RePass is interviewed frequently about the national news media regarding transportation issues, including *The New York Times*, *The Wall Street Journal*, *Time* magazine, *The Washington Post*, *The Associated Press*, and has appeared on Cable News Network (CNN), National Public Radio (NPR), and local radio and television stations. Also, he is a frequently published author and journalist, publisher of online e-zine and newsletter *Destination: Freedom*, and contributing editor at *Railway Age* magazine.

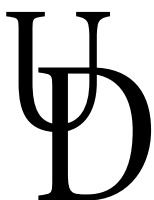


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