

June 4, 2010

Mr. Joseph C. Szabo  
Administrator  
Federal Railroad Administration  
U.S. Department of Transportation  
1200 New Jersey Avenue, S.E.  
Docket Operations, MS-30  
Room W12-140  
Washington, D.C. 20590

**RE: Docket Number FRA-2010-0020, National Rail Plan**

Dear Mr. Szabo:

On behalf of the 5,000 members of the American Road and Transportation Builders Association (ARTBA), I respectfully offer comments on the Federal Railroad Administration's (FRA's) notice regarding the National Rail Plan (NRP) published in the April 5th Federal Register (75 Fed. Reg. 17203).

ARTBA's private sector members plan, design, construct, supply and finance freight rail, public transportation, light rail, high speed and intercity passenger rail projects throughout the United States. A number of ARTBA's public sector members are owners of freight connectors, transit, light rail, intercity passenger rail and now high speed rail facilities. Our industry generates more than \$200 billion annually in U.S. economic activity and sustains more than 2.2 million American jobs. This document represents the collective views of our 5,000 member companies, organizations and public agencies.

To ensure maximum efficiency of the nation's freight, transit, high speed and intercity passenger rail networks, ARTBA has long supported the creation of a national policy to focus and direct rail infrastructure investment. We applaud Congress for directing the FRA to develop a NRP through The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the FRA for its thoughtful and careful consideration while developing a comprehensive NRP for America.

During the next 30 years, the U.S. population is expected to grow by 100 million. America's public transportation, rail transit, intercity passenger rail and freight rail systems are integral and vital components of the nation's intermodal transportation network. Each mode plays an important role in improving economic growth, quality of life, national security and the environment. These systems must be expanded to meet growing public demand with the expected increase in population, and continue to be integrated into the overall transportation planning process. Fully developing and utilizing these systems should continue to be a shared responsibility of federal, state and local governments and the private sector.

## Freight Mobility

Today, federal leadership and a strong surface transportation program remain as important as ever. The growing impact of traffic and freight congestion on the nation's economy, growing freight shipments that will accompany economic recovery, competition from countries like China and India that are making major investments in transportation, the crumbling state of our highways, bridges, transit, and port facilities, and the growing toll of traffic crashes and fatalities all require strong federal leadership and resources to solve.

As we look to the future, the amount of freight tonnage shipped is projected to double by 2035 and trucking's current share of total freight tonnage is estimated to grow from 76 percent to 80 percent. The total value of freight shipments by the 50 states and the District of Columbia is expected to more than double to \$29.6 trillion in 2035 as well.

According to the latest data from the FHWA's "Freight Analysis Framework," the total value of freight shipments by the 50 states and the District of Columbia in 2002 totaled \$11.1 trillion. Of this amount, \$8.4 trillion was shipped via truck, accounting for 76 percent of all freight shipments, the balance being carried by other modes of freight mobility including freight rail.

The "Freight Analysis Framework" data clearly demonstrate that all modes of freight shipments will need to increase to help handle the increased freight traffic and intermodal connections will be even more critical in the years to come. Correspondingly, this information also conclusively proves an efficient national intermodal system for the movement of freight is necessary.

## ARTBA's Critical Commerce Corridors Proposal

There is currently no comprehensive strategic initiative to address America's freight challenges and handle the expected doubling of truck traffic in the next 25 years. Strong federal leadership is necessary to fill this policy void.

To complement the expanded investments in existing federal highway and transit programs, ARTBA is calling for the creation of a bold new program—"Critical Commerce Corridors" (3C)—to provide new surface transportation system capacity and operational improvements exclusively focused on securing the safe and efficient movement of freight. These facilities could also be used to help evacuate the American people in times of national emergencies or natural disasters.

The 3C program is a logical evolution of the existing federal surface transportation program. The current highway and public transportation programs and private freight rail infrastructure must continue and be strengthened, but the 3C Program is also necessary to help ensure future U.S. economic strength.

The 3C initiative would be financed with dedicated and protected user fees levied on freight shipments. Public-private partnerships and debt financing could also play roles in supporting the 3C program, as freight capacity enhancements are well-suited to these financing mechanisms. The U.S. DOT would assume the lead role in developing the system.

Tom Donohue, President & CEO, U.S. Chamber of Commerce sums it up well with the following quote, “We are going to have to face this fundamental fact—we are a growing people and a growing country. If we want a new road, a new runway, or a new transit system, we’ve got to buy it. No one is giving them away for free. Therefore, along with other options, we are going to have to consider an increase in the federal gasoline user fee. This could take the form of a straightforward increase in a fee that hasn’t been raised in 14 years, or it may be in the form of a carbon tax designed to address global warming—as long as the proceeds are dedicated to transportation.”

The 3C system would be developed in collaboration with public and private sector stakeholders. This cooperative public-private sector process would develop the specific components of the 3C system and its costs.

The 3C network could include:

- New multi-modal trade corridors;
- “Last mile” military base, port, airport, inland waterway and rail connections;
- Tunneling and elevated road and railways on existing right-of-way;
- International gateways;
- Bottleneck relief;
- Multi-modal freight transfer centers; and
- Integrated telecommunications corridors.

ARTBA’s 3C plan also calls for:

- Utilization of existing right-of-way to the greatest extent possible to minimize environmental footprint;
- Use of “best-of-class” environmental protection/mitigation design and construction techniques and environmental stewardship principles; and
- Application of the world’s most advanced materials, communications and safety technologies.

While both highways and rail are integral to the movement of freight, rail lines are privately owned and highway infrastructure is the responsibility of the public sector. Freight rail inclusion in the 3C program is desirable, but must be contingent upon the creation and imposition of a user or beneficiary fee structure for freight rail shipments that would generate revenues commensurate with the benefits received from integrating freight rail into this system. Federal tax subsidies could potentially be used to leverage such revenues by supporting private investment in rail infrastructure that benefits the public as part of the 3C Program.

Similarly, pipelines, electric utilities and other infrastructure networks should be integrated into 3C based on their willingness to financially support the program.

ARTBA urges the FRA to incorporate a freight mobility section into the NRP similar to the 3C proposal described above.

## Railroads

Freight and intercity passenger rail systems are key components of the nation's integrated transportation system. The 140,000-mile national rail network provides energy-efficient, cost-effective transportation, and is essential to the nation's economy and national security. To ensure the full utilization of this network, a substantial amount of new public and private resources must be invested in freight and passenger rail infrastructure improvements.

The increased importance of freight movement requires that the development and expansion of the freight rail system be coordinated, and the condition, performance and investment needs of individual corridors be identified. Similarly, to fully realize the public benefits of intercity passenger rail, a comprehensive strategy must be in place to ensure necessary intercity service is provided, and funded commensurate with documented needs.

The NRP should require the U.S. DOT to provide regular assessments of the freight and intercity passenger rail infrastructure investment needs, and serve as the lead agency for all federal involvement in rail infrastructure development.

A comprehensive national rail policy must also protect and acquire rail Right-of-Way (ROW). The abandonment of rail lines and the utilization of the unused ROW for non-rail purposes is an impediment to the development of the nation's rail network. ARTBA encourages the adoption of policies to protect or recapture rail ROW. Such policies would ensure necessary rail lines and connections can be developed to improve the operations of the freight rail system, and provide ROW for the development of high speed rail corridors—as well as fixed guideway transit in metropolitan areas. ARTBA supports language in the NRP and legislation that specifically allows public agencies to restore future rail service whenever they choose.

ARTBA believes that substantial increases in federal investments are required to assure the safety and security of the nation's freight, high speed and intercity passenger rail networks. The rail system also plays a critical role in national defense, providing important links and logistical support for military facilities. A national rail policy must analyze the national defense and security investment needs of these systems and provide the resources to finance these enhancements.

Federal rail security investment should not dilute rail infrastructure funding, which also provides substantial security benefits. As such, we believe the NRP should endorse the use of the General Funds of the U.S. Treasury as the source of freight and passenger rail security and/or national defense enhancements.

ARTBA urges the FRA to include language in the NRP that encourages the use of private sector firms to design, build, construct, reconstruct and maintain freight and passenger rail infrastructure. Further states and public authorities should encourage a greater role for private operators.

## Freight Railroads

ARTBA supports the development of a transportation system that allows more efficient handling of commercial, industrial, agricultural, energy and defense shipments. In the development of this system, ARTBA advocates a transportation policy that enables all modes to make the most of their inherent advantages and compete on equitable regulatory and promotional terms, sharing the transportation market on the basis of customer preference, service and relative economic costs. Freight railroads are a vital component of this system.

## Freight Rail System

The Surface Transportation Board defines Class-I railroads as having annual operating revenues over three consecutive years in excess of \$359.6 million as of 2007 (\$250 million in 1991 dollars). There are currently seven shareholder-owned Class-I railroads operating in the U.S. These railroads operate approximately 94,000-mile rail network and employ over 164,000 workers. Class-I railroads accounted for 86 percent of the nation's rail traffic and 93 percent of the total rail revenue in 2007.

Regional (or Class II) railroads operate line-haul of at least 350 miles and/or have operating revenues between \$28.8 million and \$359.6 million in 2007 (between \$20 million and \$250 million in 1991 dollars). Short-line (or Class III) railroads are defined as having revenues below \$28.8 million (\$20 million in 1991 dollars). All together, the over 500 short-line and 33 regional railroads operate and maintain 46,000 miles of track—approximately 33 percent of the nation's rail route miles.

Class II and III railroads represent a growing segment of the industry, providing service to local jurisdictions and critical intermodal links to the freight transportation system. Twelve percent of all rail traffic originates with short-line or regional rail systems. These carriers provide employment for approximately 19,300 workers. Approximately 95 percent of these railroads are privately owned.

Thirty-eight thousand miles of the U.S. rail network comprise the U.S. Department of Defense's (DoD) Strategic Rail Corridor Network (STRACNET), handling movement of DoD shipments throughout the nation.

The railroad industry is extremely capital intensive. The Association of American Railroads estimates that Class-I railroads have invested approximately 16 percent of their operating revenues in capital investments since the beginning of the decade. This compares to an investment level of approximately four percent for the U.S. manufacturing sector.

The American Association of State Highway and Transportation Officials' (AASHTO) 2002 "Freight Bottom Line Report" estimates that between \$175 billion and \$195 billion is needed between 2000 and 2020 just to maintain the nation's current freight rail infrastructure and to maintain freight rail's share of future freight capacity forecasts.

This includes:

- \$13.8 billion for safety improvements (additional warning systems, grade separations, grade-crossing elimination and track relocations);
- \$11.8 billion for short-line railroad capital improvements. (There is currently a \$9.5 billion shortfall in this investment area.);
- \$80-\$100 billion in Class-I infrastructure repair and maintenance; and
- \$70 billion in Class-I infrastructure improvements, beyond repair and maintenance investment needs, equivalent to \$3 1/2 billion per year over 20 years. Class-I railroads are currently investing \$2 billion annually for these improvements, approximately \$1.5 billion per year below identified needs.

Increasing freight rail infrastructure investment to these needs-based levels is essential to U.S. economic health, national security, and quality of life.

### Freight Rail Financing

As the nation's freight rail industry is privately owned, private sources of financing bear the primary responsibility for financing its infrastructure. Despite this substantial private rail investment since the Staggers Act of 1980, many segments of the rail network are reaching maximum capacity, threatening the efficiency of rail operations. The anticipated increase in freight volumes make it imperative to generate additional revenue to provide the capital upgrades necessary to meet the future demands on the system.

ARTBA supports the enactment of targeted federal tax incentives to encourage and attract additional private investments in rail infrastructure improvements. The rehabilitation tax credit adopted by Congress in 2004 provides a tool to help non-Class-I railroads to improve their rail infrastructure. This program should be continued and enhanced. ARTBA supports a similar mechanism to help Class-I and indeed all railroads expand rail capacity to meet both freight and passenger capital needs that provide public benefits.

We believe federal innovative financing and credit assistance programs such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing Program (RRIF) should be continued and expanded. These programs are designed to attract substantial non-federal investments to improving the nation's intermodal surface transportation system.

Our association supports the creation of PPPs, and believes the resources each party contributes should be commensurate with the projected benefits each would derive from the project and that a mechanism or calculator for measuring public and private benefits should be adopted.

To facilitate and generate rail infrastructure improvements, public authorities and the private rail industry have entered into a number of innovative PPPs. These agreements allow railroads to work with communities where rail traffic and capacity constraints have impacted the efficiency of the railroads and have negatively impacted communities.

ARTBA further believes that the U.S. DOT—working with state and local governments and the railroads—should identify regions and rail corridors in need of capital upgrades and improvements to address safety, capacity or system connectivity concerns. The USDOT should

also play a leading role in the development of PPPs where it has identified necessary projects that provide public benefits and address public needs.

### Public Financing of Freight Rail Infrastructure

ARTBA supports public resources being made available to rail infrastructure improvement projects providing public benefits in order to supplement private investments in rail capital improvements.

Our association believes it is appropriate—and necessary—for the federal, state and local governments to levy user fees on rail use to finance public investments in rail infrastructure.

We support the use of federal tax incentives, including tax-exempt and/or tax-credit bonds, to provide a public sector contribution by subsidizing the cost of financing freight infrastructure improvement projects.

Such public financing assistance should help in leveraging additional private resources to meet the capacity and performance needs of the system through a number of potential funding sources.

The appropriate use of federal highway user fee revenues is to improve the operation of the federal highway and public transportation programs. These revenues should only be used for the highway/railway grade crossing program—including grade separation—and highway connections to major intermodal freight rail terminals and connectors to major freight rail and port facilities.

### Freight Rail Policy

ARTBA urges the creation of a strategic rail corridor system. While ARTBA supports the concept of STRACNET; this system must be updated to address the growing defense and security challenges facing the freight rail network. Such a system must address not only national defense needs, but also the security threats to the network, particularly the shipment of hazardous material.

Our association supports the use of federal General Funds and/or bond financing for the infrastructure investments needs of shortline railroads. Many of these networks are not equipped to handle the 286-ton rail cars, which have become the industry standard. Failure to improve the infrastructure on these rail lines will undermine the operation and efficiency of the entire freight rail and intermodal transportation system.

We support the creation of a new program funded from the federal General Fund to provide state and local governments with assistance for the relocation of freight rail lines. Such a program would facilitate safety, quality of life and economic development initiatives in communities with numerous railway/highway grade crossings.

ARTBA encourages and supports additional federal involvement and funding of education and research programs to improve railroad technology and safety, including enhancing public

awareness and understanding of railroad operations and safety matters and continuation of National Operation Lifesaver Program.

We believe the development and expansion of safe and efficient freight and passenger rail networks are dependent on improving highway-railway grade crossings. Recent data shows, there are 227,395 grade crossings, of which 139,862 are on public roads and 87,533 are on private roads. Inefficiency at these crossings—particularly along high density freight rail corridors—has a severe impact on safety, traffic congestion, and the movement of goods.

Since the Railway/Highway Crossing Program was signed into law in 1973, the Federal Railroad Administration reports the number of rail/highway incidents at public crossings has been reduced by nearly 80 percent. Despite this improvement, rail/highway safety incidents result in 300-400 deaths annually.

ARTBA supports the continuation and expansion of the Railway/Highway Crossing Program as a means to improve the overall safety and efficiency of the nation's intermodal transportation system, and to improve the quality of life along rail corridors.

To ensure that funding provided under this program is directed to the highest priority crossings, ARTBA supports policies providing state highway agencies the authority to determine grade crossing priorities. ARTBA supports open competitive bidding for federally funded grade crossing installation and renewal projects to the extent feasible.

ARTBA also supports expanding eligibility under this program to include certain "private grade crossings" that are now fully accessible and used by the general public.

Federal funds should be used for construction and/or reconstruction of grade separation, or the installation of warning devices and equipment. Funding made available under this program should not be used for the operation or maintenance of grade crossing safety equipment.

The location and type of crossing improvement should be determined by engineering studies that develop the most efficient and cost-effective improvements possible, considering warning signals and devices, gates, barrier-gates or positive protection devices, road closures, grade separations, track consolidations and relocations, and a variety of other alternative improvements.

ARTBA supports the development and utilization of new technology for highway-railway crossing warning systems, hazard elimination and construction techniques. Innovative methods to further improve safety at highway-railway grade crossings, such as cost-efficient active warning systems for lower volume grade crossings, barrier-gates, positive protection devices, and photo enforcement at grade crossings should be explored.

There are over 4,500 at-grade crossings on the National Highway System (NHS). ARTBA recommends the establishment of a long-term priority for the Railway-Highway Crossing Program of improving safety at grade crossings on the NHS.

When a highway-railway grade crossing is present at the site of a capital improvement project on the NHS, the project should, if feasible, also eliminate the at-grade crossing.

### High Speed and Intercity Passenger Rail (HSIPR)

High Speed and intercity passenger rail will play an increasingly critical role in the nation's multimodal transportation network, providing increased capacity and redundancy in transportation alternatives along congested intercity corridors, as well as providing an important intermodal transportation link in many communities across the country.

ARTBA's primary goal is to aggressively grow and protect transportation infrastructure investment to meet the public and business demand for safe and efficient travel. As we look to the future, ARTBA supports an increasingly important place for high-speed passenger rail (HSR) in achieving its mission. Properly implemented, HSR can be effective in improving mobility and reducing congestion, energy and environmental impacts and land requirements in intercity corridors.

ARTBA supports the initial federal investment in HSR from the American Recovery and Reinvestment Act of 2009. Moving forward, ARTBA believes it is very important that HSR achieves its proper place in a National Rail Plan and the U.S. Department of Transportation's Strategic Plan and that it receives appropriate funding beyond the ARRA down payment.

ARTBA hopes that HSR becomes a catalyst to complement all other modes of transportation and that from walking and biking, to auto, to rail, to jet transport, each mode accordingly contributes to an efficient transportation system. ARTBA expects that public support will be much greater for transformational projects than those with gradual incremental improvements, but both have their place in our national plan. While the principles described below focus on new, dedicated HSR systems and funding, ARTBA supports investment for all modes that maximize efficiency in the movement of passengers and freight.

### HSIPR Financing Policy

ARTBA believes that, where appropriate, the federal government should provide the funding necessary to meet the capital investment needs of the intercity passenger rail network. ARTBA also supports efforts by states to expand intercity service to increase the efficiency and trip time competitiveness of the intercity passenger rail system.

States or multi-state authorities should be responsible for planning, design, construction and operation of new inter-city passenger rail systems – contracting for these functions as appropriate with private contractors.

ARTBA believes that states and public authorities should be encouraged to initiate competitions between qualified private operators, with approval of track owners, to provide intercity passenger service. This is a common practice in Europe and Asia that has proven highly successful. For example, in the United States, with a population of 300 million, the heavily government subsidized entity Amtrak provides approximately 24 million passenger trips annually with its aging fleet of equipment. By contrast, in Great Britain with a population of 61 million, private

contract operators carry 1.2 billion rail passengers a year. Several countries have had success with private operation of passenger service and the U.S. should explore opportunities in this area.

ARTBA urges the FRA to recommend the creation of a long-term, dedicated funding mechanism to finance capital investments in intercity passenger rail infrastructure in the NRP. These capital improvements should be financed by levying appropriate user fees, in addition to fare box charges, such as a rail passenger facility charge and/or the use of tax advantaged bonding. Operational activities are appropriately financed from the Federal General Fund.

Our association supports the development of a dedicated revenue source outside of the federal Highway Trust Fund (HTF) to fund a national HSR network in the long term. In the short-term, ARTBA supports the use of General Fund revenue to finance a federal HSR system. ARTBA also encourages private investment where possible.

ARTBA believes that the federal role for the development of a national HSR system should be for capital construction. To the extent not covered by system revenue, state and local governments, as well as the private sector, should fund operations and maintenance. ARTBA does not support using HTF revenue for development of national HSR network.

ARTBA believes it's appropriate for non-HTF investment HSR investments to be included in multi-year surface transportation legislation.

We support the use of federal revenues for long-term capital costs, including: right-of-way acquisition, design, construction, project management and oversight of high speed or high-density rail corridors; and the purchase of rolling stock and major infrastructure rehabilitation activities.

ARTBA opposes the use of federal funds to finance the general operating costs of high speed and other intercity passenger rail systems. These costs are best funded through operating revenues or by state and local authorities as in the commuter model. When initiating high speed rail or other corridor service through states or other public authorities, Amtrak and private operators should be encouraged to compete for selection as service operator on a completely level playing field. One possibility, common in Europe, would be to establish a system where qualified operators (including Amtrak), would bid on routes with the subsidy being one element of the bid package. Over time, all federal operating subsidies should be eliminated and ultimately become the responsibility of the states or public authorities as in the US commuter model with the federal government maintaining capital responsibility as in the aviation and highway models.

ARTBA supports the creation of a federal/state matching fund program to provide investments in intercity high speed rail corridor development.

Our association supports the enactment of federal tax incentives—such as tax credits for owners of rail infrastructure who invest private resources in upgrading the rail network where passenger rail service utilizes privately-owned freight rail track.

Tax incentives and credit support for private participants should be used to encourage HSR development.

As noted in the freight section, ARTBA also supports the continuation and expansion of federal innovative financing and credit assistance programs—such as Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing Program (RRIF) for HSIRP. Intercity passenger rail capital improvement projects are eligible for these programs, which are designed to attract substantial non-federal investments to improving the nation's intermodal surface transportation system.

ARTBA endorses the consideration, study and analysis by the federal government, individual states, a federation of states, or private organizations of the construction of high-speed passenger train systems. The Federal Railroad Administration should also be provided sufficient annual funding—from the federal General Fund—to assist states to conduct needed studies of the development of high-speed rail corridors and technology development.

ARTBA believes HSR should offer a safe, efficient, competitive choice to passengers traveling between major metropolitan areas.

HSR investments should be corridor-based and focus on intermodal connectivity within and between major metropolitan areas as part of an integrated national transportation network.

HSR should improve the capacity of the nation's passenger and freight network. To this end, HSR planning should be coordinated with the national goods movement strategy called for in the ARTBA Critical Commerce Corridor program.

Federal and State funding for HSR should be competitively balanced with other transportation funding. HSR should receive accelerated priority for all environmental and regulatory processes.

For safety and performance needs, HSR should be fully freight and grade separated. HSR should achieve a favorable safety and energy record per passenger mile compared to other forms of transportation.

HSR should maximize the involvement of private sector developers and operators. All HSR participants should be indemnified for losses above an insurable cap. Long-term, HSR operations should achieve a sustainable revenue/cost ratio. Federal funds should target initial infrastructure needs.

Design and construction standards - nationally and internationally - should be harmonized to allow for interoperability, interchangeability, and improved competition and sustainable operations and maintenance.

Performance and efficiency metrics should be established by USDOT in the NRP and continuously monitored. It should consider trip time, on-time performance, ridership, congestion relief, accessibility, mobility, financial, energy, and environmental among others.

In developing high-speed ground transportation systems, safety and security should continue to be a paramount consideration. Consequently, no high-speed system should operate over lines with highway-rail grade crossings.

ARTBA supports a requirement that all high speed rail planning, design, construction and operations projects funded in whole or in part with federal funds must be awarded through an open, competitive procurement process. ARTBA supports innovative procurement arrangements in the development of HSR projects, including design-build, design-build-operate-maintain (DBOM) and public private partnerships (P3).

The federal government should continue to provide support for the development and testing of next generation high-speed rail technology for service in excess of 150 miles-per-hour, including magnetic levitation transportation technology. ARTBA urges the federal government to move toward implementing this technology in an effort to demonstrate its effectiveness as a key component of the transportation network.

### Public Transportation

The National Rail Plan and the U.S. Department of Transportation's Strategic Plan emphasize livable communities, passenger and freight rail, and public transportation as key priorities. We agree all these policies must be considered as part of a systematic approach and are offering our perspective on public transportation policy in this regard.

Public transportation capital investment is an effective means of adding capacity and mobility options to the overall surface transportation system, thereby reducing traffic congestion and improving the transport of interstate commerce, and overall regional quality of life and productivity. It also encourages mobility and freedom, and provides links to economic and social opportunities.

To achieve these objectives, public transportation systems should not be treated as independent entities serving the demand for travel. These systems should be conceived and coordinated as part of an integrated transportation network where each mode will perform the role that is most appropriate.

### Public Transportation Financing

Data in the U.S. Department of Transportation's 2008 report to the Congress "Status of the Nation's Highways, Bridges and Transit: Conditions & Performance" suggests a \$90.6 billion (in 2006 dollars) investment in public transportation facilities is necessary over the six-year period FY 2010-15 just to maintain the overall system's current operating performance and physical conditions. To provide maximum benefits to the overall surface transportation system, federal public transportation investments should be increased to meet the systems needs as quantified by the U.S.DOT.

ARTBA supports the utilization of a number of financing sources and mechanisms to generate the revenues necessary to achieve these needs based investment levels.

ARTBA recommends continuation of the Highway Trust Fund's Mass Transit Account to help finance federal investments in public transportation. The association also believes that the

current allocation of federal highway user fee revenues between the trust fund's Highway and Mass Transit accounts sets a fair modal balance which should be maintained.

Currently, federal funding for state and local public transportation program is provided through federal Highway Trust Fund Mass Transit Account (HTF-MA) revenues, federal General Fund revenues, and state transportation department "flexing" of their federal highway funding, which is supported by the federal Highway Trust Fund's Highway Account.

Given the magnitude of unmet highway capital needs in every state, ARTBA believes federal investments in public transportation should only be derived from the HTF-MA and the General Fund. The association recommends that the NRP urge Congress to increase the revenue stream from both of these sources to provide the level of investment necessary to meet the needs identified by the U.S.DOT.

ARTBA urges that the budgetary firewalls and funding guarantee mechanism contained in current law be retained and strengthened to ensure maximize federal investments in transit. These guarantees allow transit systems to leverage federal investments, lower project costs and develop public-private partnerships.

Our association believes it is appropriate—and necessary—for state and local governments to increase public investments in transit service and programs. Such state and local investments could be derived from multiple funding state and local sources—including application of appropriate dedicated sales, income, payroll or property taxes; dedicated benefit district revenues; other general revenue; fare receipts; and local bond issuances.

ARTBA supports the use of federal revenues for long-term capital costs, including: right-of-way acquisition, design, construction, project management and oversight of state and local fixed guideway systems, bus facilities and other transit stations and facilities; rehabilitation and reconstruction of existing fixed guideway systems; purchase of rolling stock and major rehabilitation activities that significantly extend the operational life of rolling stock; and the National Transit Cooperative Research Program.

ARTBA also believes that the federal role in funding public transportation should be maintained as a "needs-based system," providing investment in transit facilities, equipment and service where justified.

We oppose the use of federal funding to finance general operating costs of transit systems in urbanized areas over 200,000. These costs are best funded and administered at the state and local level, without federal subsidies.

Our association urges the elimination of the current flexibility in use of federal funds between highway and mass transit programs. This practice limits the effectiveness of scarce federal capital resources

ARTBA urges the elimination of the eligibility for transit agencies in areas with populations above 200,000 to treat maintenance costs as capital expenditures. This practice of "capitalizing" maintenance costs dilutes the financial resources available for capital improvements that add

transit capacity or extend service coverage, and encourages deferral of system replacement and development activities.

We recommend the NRP advocating continued use of federal innovative financing programs—such as Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) loans, State Infrastructure Bank (SIB) assistance, and tax exempt bonds—to provide financing and credit assistance that leverage public and private resources for public transportation capital investments.

ARTBA believes that any federal investments made to assure security on the nation's public transportation systems should be financed exclusively through the General Fund of the U.S. Treasury. Investments in transportation security are critical to the functionality and performance of the nation's public transportation infrastructure network, and are an important aspect of ensuring the safety and security of the American people—particularly in a time of crisis. Transportation agencies should be given a strong role in determining how best to improve the security of public transportation systems.

#### Public Transportation Programmatic Policy Recommendations

Fixed guideway systems represent an effective component of urban transportation networks by serving major travel corridors in large metropolitan areas. They also serve as circulation and distribution systems in major activity centers such as central business districts. Fixed guideway systems can also be an effective component of a comprehensive strategy for urban revitalization.

ARTBA supports the development of these systems where projects can be economically justified by a comprehensive transportation, economic and social analysis.

ARTBA urges the FRA to include maintaining a balanced regional transportation system and rational transportation planning and decision-making process in the NRP where the current federal match share requirements of 80 percent federal and 20 percent state and local for fixed guideway capital investments should be maintained.

If communities choose to utilize Fixed Guideway Capital Investment funds for the development of Bus Rapid Transit (BRT) facilities, ARTBA urges that a majority of a BRT project's funds be allocated for the development of a separate right-of-way (ROW) for the exclusive use of public transportation vehicles. This ensures that public transportation capital investment funds are focused on capital intensive activities, and differentiates these facilities from traditional bus service.

A BRT facility will often operate in the same corridor as a roadway. ARTBA supports the standardization of procurement and contracting regulations throughout the entire transportation corridor to eliminate duplicative or inefficient requirements on project partners.

Our association supports the creation of new "small starts program" for projects receiving less than \$75 million in federal funding. Bus capital projects receiving assistance under this program should operate in a ROW corridor the majority of which is to be utilized for the exclusive use of public transportation vehicles.

ARTBA supports the use of federal funds for bus and streetcar capital projects. The route flexibility inherent in bus transportation combined with the ability of the buses to share roadways with other highway motor vehicles provides significant potential benefits for investment in buses and bus facilities.

To fully realize the benefits of federal investments in bus and bus facilities, highway-related improvements such as preferential lanes, traffic signalization and bus turnoffs must be made. Many streets—particularly in residential areas—must be upgraded to accommodate the weight of buses. These highway-related improvements should be financed with Highway Trust Fund—Highway Account (HTF-HA) funds.

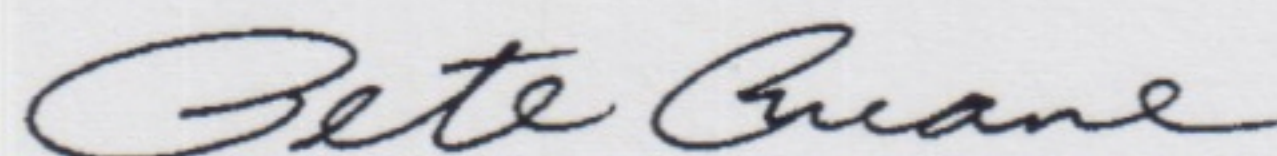
### Research and Development

The National Transit Cooperative Research Program should be continued and expanded. Research should concentrate on improving the convenience, security, safety and comfort of public transportation, in addition to increasing the financial viability of public transportation services. Research efforts should also consider management and marketing techniques, innovative improvements to existing systems and methods of reducing operating costs. Continuation of the university transportation centers program is supported.

In closing, we commend the FRA for moving forward with a National Rail Plan. The Obama Administration, however, must recognize the nation is facing not just a rail crisis, or a public transportation crisis, or a “livability” crisis, but an intermodal transportation crisis. This challenge including the need for increased capacity in all modes including highways and the ability to adequately maintain and upgrade existing facilities. The recurring theme throughout these dilemmas is underinvestment. Accordingly, we urge the Administration to promote revenue solutions that will address the entirety of the nation’s transportation challenges to the benefit of all Americans and help the U.S. economy continue on the path to recovery.

Thank you for the opportunity to provide comments on the development of the National Rail Plan. ARTBA looks forward to continuing to work with the Federal Railroad Association on the development of the National Rail Plan and the development of our nation’s rail and transit system.

Sincerely,



T. Peter Ruane  
President & C.E.O.