Federal Railroad Administration

*Rail – Moving America Forward*

AASHTO Standing Committee on Rail Transportation Annual Meeting

Columbus, Ohio

September 23, 2013
Agenda

1. Freight Rail – Changes Ahead *(R. Hynes, FRA)*

2. Federal Program Update and Project Delivery *(C. Hill, FRA)*

3. Surface Transportation Board: Requirement and Resource *(J. Rennert, STB)*

4. Monitoring Successes and MTAC Launch *(C. Hill, FRA)*

5. Updates from the DOT Office of Inspector General *(M. Behm, DOT OIG)*

6. Rail Planning Pipeline Assessment *(A. Nothstine, FRA)*

7. Moving into the Future: Five Key Priorities *(P. Nissenbaum, FRA)*
Freight Rail – Changes Ahead

1. MAP-21 Updates
2. National Freight Advisory Committee
3. DOT’s Freight Policy Council
4. Misconceptions
5. Upcoming Policy Concerns
MAP-21 Issues That Affect Rail:

- Focus Primarily on Highway
- Truck Size & Weight Study
- Primary Freight Network
- National Freight Advisory Committee
- Development of a National Freight Policy
MAP-21 Updates

Truck Size & Weight Study:

- Contractor work products are coming in for review.

- Focus areas:
  1) Safety & Crash Analysis
  2) Pavement Analysis
  3) Bridge Analysis
  4) Mode Shift
  5) Enforcement

- Diversion of traffic from rail to highway
Primary Freight Network:

- Federal Register Notice, allows opportunity for comments.

- Network is essentially a highway freight network with intermodal connectors at end-points and port connectors.

- **Important** - need to indicate that this is a study of the “Highway Freight Network,” rather than the current “Freight Network.”
National Freight Advisory Committee

Formed to advise the Secretary on matters related to Freight Transportation, including:

- MAP-21 implementation
- National Freight Strategic Plan
- Development of strategies to help states implement State Freight Advisory Committees and State Freight Plans
- Develop measures of conditions and performance
- Legislative recommendations
- Develop freight transportation investment, data, and planning tools
Policy Statement: To Improve the condition and performance of an integrated national freight transportation system that is safe, economically efficient, environmentally sustainable, and global competitiveness.

- Structured at a High Level at DOT; chaired by the Deputy Secretary
- Purpose: To oversee MAP-21 freight policy provisions (including National Freight Policy)
- National Freight Strategic Plan
- Can make recommendations to the Secretary on freight policy issues
Freight Transportation Mode Share: How do we measure freight?

**Tons**

- Rail: 15%
- Pipeline: 5.60%
- Water: 3.50%
- Truck: 75%

*Trucks move more tons, mostly over short distances*

**Ton-miles**

- Rail: 41%
- Pipeline: 20%
- Water: 10%
- Truck: 29%

*Freight Rail has the largest share of freight per ton-mile*
Most rail transportation does not involve truck delivery

Percent of Tons-Miles Handled

- Merchandise: 32.3%
- Intermodal: 15.5%
- Unit Train: 52.2%
## Rail’s Role in the Freight Transportation Network

The potential advantage of different modes with respect to weight and distance

<table>
<thead>
<tr>
<th>Weight</th>
<th>Intercity Distance in Miles</th>
<th>0-250</th>
<th>250-500</th>
<th>500-2000</th>
<th>&gt;2000</th>
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</thead>
<tbody>
<tr>
<td>Retail Goods / Light</td>
<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
</tr>
<tr>
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<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
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<tr>
<td>Bulk Goods / Heavy</td>
<td>Truck</td>
<td>Truck</td>
<td>Truck</td>
<td>Rail</td>
<td>Rail</td>
</tr>
</tbody>
</table>

*R: The various modes of transport are ranked in each of the cells by the comparative efficiency of each.*

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*Image credit: Federal Railroad Administration*
Added Value: Safety and Fuel Efficiency

Comparison Between Modes

**Freight Fatalities (per billion ton-miles)**

- Water: 0.24
- Rail: 0.32
- Truck: 3.10

**Ton-Miles per Gallon**

- Water: 576
- Rail: 413
- Truck: 110

1. Fatality Rates 2006-2010
2. FRA Comparative Evaluation of Rail and Truck Fuel Efficiency on Competitive Corridors, 2009
Rail’s Public Benefits

**Safety**
Accidents/Injuries/Fatalities - That Can Be Avoided

**Economic Competitiveness**
Energy, Infrastructure, and Shipper Savings - Passed on to the Public

**Sustainability**
Huge Fuel Savings - Greatly Reduced CO2 Emissions

**Livability**
Reduced Congestion - Reduced Freight on Public Highways

**State of Good Repair**
Reduced Wear & Tear – Avoidance for Public Costs to Repair/Replace
1. Federal Programs Update

2. Keeping Projects On Schedule

IL – Englewood Flyover under construction this summer
($126M HSIPR Project)
FRA Funding Highlights

$20 Billion in Grant and Loan Funding

99% Of Grant Funding Obligated

9/16 Grant Programs Fully Obligated

49% Of Obligated Funding Outlaid

$2.4 Billion Outlaid within Last Year
TIGER 2013 – Selected Rail Projects

$146 Million Selected

17 Projects Selected

16 States

Selection Highlights

• Over 30% of TIGER 2013 funds rail

• TIGER 2013 brings TIGER rail total to $800M in program history

• 582 applications from all 50 states

• $9B in applications received for $474M in funding
TIGER Update

Program Highlights

- $161.3M for freight rail, including $46M for bridge rehabilitation
- $172.3M for passenger rail
- 9 projects - Construction underway or complete
- 8 projects - Planning/design underway

Project Status as of 9/20/2013
RRIF Update

33 Loans Issued

$1.7 Billion Obligated

8 Applications Under Review

Program Highlights

- Investments in 26 states
- 72% of loans have been executed with Class II and III railroads

- New pilot program to connect short lines to RRIF (Ohio RDC)
- Program evaluation/improvements underway
## RRIF Improvements

### Program Evaluation
- Market study to determine/validate needs
- Need for technical resources in specific areas
- Conduct outreach to gather insight on program improvements
- Legislative changes

### Process Changes
- Web accessible program guide
- Pre-application checklist
- Pre-application meeting
- Application tracker
- Workshops and technical assistance
HSIPR Projects – Construction Underway

Construction Highlights

- Construction underway in all six key corridors (85% of funding)
- Summer 2013 has been biggest construction season to date
- 80% of construction projects will be underway by Spring 2014
HSIPR Projects – Completed Projects

33 Projects Completed
19 States
$285 Million Completed

Project Completion Highlights

- Completed Projects:
  - 17 Construction Projects
  - 7 Corridor Plans

- 6 State Rail Plans
- 3 Engineering Designs

Project Status as of 9/20/2013
Keeping Projects On Schedule: Deliverable Submission

Deliverables Due to FRA by Month (2010-2017)

Deliverable Status
- Overdue
- Awaiting Document
- Received

Deliverable Status as of 9/12/2013

269 Overdue Deliverables
57% Are for Construction

U.S. Department of Transportation
Federal Railroad Administration

Deliverable Status as of 9/12/2013
Surface Transportation Board: Requirement and Resource

1. What is STB?
2. Jurisdictional Requirements
3. STB as a Resource
Project Readiness – Regulatory Issues

- What is STB?

- The Requirement:
  
  STB jurisdictional determination and licensing may be required for your passenger rail project

  - Formal proceeding
  - Environmental review

- The Resource:

  In advance, STB offers informal advice on these and other matters
Not Under STB Jurisdiction

- Stations, facilities, equipment (BUT pooling of equipment or other services may be)
- Greenfield or other new track within one state for intrastate service, not part of interstate rail network
- Commuter rail (most)
- Mass transportation (subway, streetcars)
Under STB Jurisdiction

- Greenfield or significant new track for new interstate service
- Greenfield or significant new track for new intrastate service, part of interstate rail network
- New international or interstate service on existing lines
- New intrastate service on existing lines (again, part of interstate rail network)
- Transfer of existing line from railroad to public entity
Under STB Jurisdiction?

• Unlikely – if Amtrak is operator:
  - Improvements to existing line for existing or improved service

• Uncertain – if Amtrak is operator:
  - Improvements to existing line for new market
Factors to Consider

- Evolving area of law
- Funding sources
- STB law is speed and technology neutral
- STB focus on competition
  - New markets, new services
  - Connections with existing or planned passenger rail network in state, region, or across borders?
  - Overlay of services
- Continuing STB role
  - Exit licensing
  - Preemption
  - Rail labor laws
STB as an Industry Resource

STB is working to help grantees and the industry by:

- Working with FRA to identify existing projects within STB jurisdiction
- Conducting outreach about potential jurisdictional issues
- Making staff available to answer questions and provide support

For more information,
contact Jamie Rennert
202-245-0283
rennertj@stb.dot.gov
1. Monitoring Successes

2. MTAC Program

NC – Kannapolis Station Canopy
(Sub-project of $520M HSIPR Piedmont Corridor Program)
### Increased Monitoring, Increased Support

#### Funding Monitored ($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Awards</th>
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<tbody>
<tr>
<td>2012</td>
<td>$1.6</td>
<td>20</td>
</tr>
<tr>
<td>2013</td>
<td>$3.8</td>
<td>89</td>
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</table>

#### What We Heard
- Need for additional guidance on FRA requirements and Federal regulations (from grantees and OIG)
- Unforeseen funding obstacles
- Delays resulting in changes to scope, schedule and budget

#### What We Did
- Published State Rail Plan guidance
- Offered webinars: Buy America, Invoicing, and Reporting
- Developed policies and procedures for alternative payment methods
- Updated materials and guidance on amendments
Monitoring and Technical Assistance Contract (MTAC)

Increased Oversight

- More frequent, higher-quality monitoring reviews
- Improved understanding of unique project challenges
- Faster deliverable reviews

Improved Technical Assistance

- Offerings based on grantee feedback, monitoring, and industry needs
- One-on-one technical support, webinars, workshops and conferences
- Technical guidance development

MTAC Program
MTAC Implementation Schedule

2013

End of October – Contracts awarded

Mid-November – First round of monitoring procedures released for review

Mid-December – Task orders completed and assigned

2014

January – MTAC launch, work underway

February – MTAC Conference sessions
Making MTAC Work for You

Share Your Thoughts

Contact
Susan Herre to review and provide feedback on Monitoring Procedures
(susan.herre@dot.gov)

Visit
MTAC Conference – late February in Washington, DC

Maximize Results

Communicate
training and technical assistance needs to your FRA point of contact

Reference
Monitoring Procedures to be made available to you

Prepare
for monitoring reviews, making key staff, sites, and documents available
Update from the DOT
Office of Inspector General

Mitch Behm
Assistant Inspector General
Rail, Maritime, Hazmat Transport &
Economic Analysis

SCORT Annual Meeting
September 23, 2013
Federal Inspectors General

Inspector General Act of 1978:
- Congress reactions to Watergate-era revelations and an ongoing scandal at GSA
- Dual reporting responsibilities: (1) agency head; and (2) Congress

Inspector General Reform Act of 2008:
- Provided IGs with more independence

Other Facts:
- A total of 73 IG’s across the Federal government
- IG’s provide independent oversight of trillions of dollars in Federal programs
- IG’s find issues and hold agency officials accountable
- IG’s identified $93.9 billion in savings in FY2011
DOT OIG, Who We Are...

- Fully independent oversight entity within DOT
- Direct access to all records and information within the Department
- About 385 employees throughout the country
  - About 220 audit & 110 investigations staff
  - 8 audit & 16 investigation offices around the country
OIG: A Brief Overview

Statutory Responsibilities:

- Conduct independent and objective audits and investigations
- Promote economy, efficiency, and effectiveness
- Prevent and detect, waste, fraud, and abuse
- Review pending legislation and regulations
- Keep Secretary and Congress fully informed
OIG: A Brief Overview

OIG Audits and Investigations:
- Identify vulnerabilities to DOT programs and operations
- Capitalize on improved approaches for addressing vulnerabilities

FY 2012 Performance Metrics:
- Over $1.8 billion in financial recommendations and about $32 million in fines, restitutions and recoveries
- $23 ROI for every appropriated dollar spent
- 188 audit reports, 8 testimonies, 145 indictments, 95 convictions

Stakeholders:
- Congress, DOT officials, the transportation industry and the public
OIG Investigative Regional Offices

(1) Cambridge, MA
   (617) 494-2701

(2) New York, NY
   (212) 337-1250

(3) Washington, DC
   (202) 260-8580

(4) Atlanta, GA
   (404) 562-3850

(5) Chicago, IL
   (312) 353-0106

(6) Ft. Worth, TX
   (817) 978-3236

(9) San Francisco, CA
   (415) 744-3090
How Our Projects Originate

- Department request
- Congressional request
- Legislative mandates
- Hotline complaints
- Follow-up to previous audits
- Self-initiated
Office of Rail, Maritime, Hazmat Transport & Economic Analysis

- Responsible for oversight of FRA, MARAD, PHMSA and DOT-wide economic issues
- Conducts rail projects related to FRA programs and rail safety
- 22 full time employees, including auditors, economists and financial analysts
- 4 rail-related reports issued in last year
- 3 rail-related reports in progress
We conducted this review as part of our ARRA oversight work because HSIPR represents an unprecedented federal investment in passenger rail.

The objectives of our audit were to assess: (1) FRA's development of stakeholder agreement requirements for long-term corridor projects; and (2) the effects that the requirements' development had on short-term, ready-to-go projects.

We found that while FRA ensured that Stakeholder Service Outcome Agreements for long-term corridor projects were in place before obligation of the funds, project stakeholders faced challenges and consequent delays in completing these agreements.

We also found that FRA’s initial focus on long term projects delayed short term project obligations and the determination of requirements for short-term project agreements.

- We conducted this audit as mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

- The objectives of our audit were to assess whether APT, Amtrak’s new cost accounting system: (1) tracks Amtrak’s performance by route, line of business, and major activity; (2) addresses concerns with RPS; and (3) calculates Amtrak’s avoidable costs with respect to each of its routes using a sound methodology.

- We found that while APT is a significant improvement, implementation problems and heavy reliance on cost allocation have affected the timeliness and precision of its reports.

- We also found that APT will be costly to maintain and that the avoidable cost methodology that FRA developed to determine the cost savings from route discontinuance has some significant limitations.
Review of FRA’s Progress in Implementing RSIA (4/17/2013)

The Rail Safety Improvement Act of 2008 (RSIA) requires FRA to undertake several wide-ranging tasks that broaden its safety responsibilities, including the issuance of 17 rules to improve railroad safety.

The objectives of our audit were to assess FRA’s: (1) progress in completing the RSIA required rules; and (2) ability to ensure compliance with the new rules.

We found that FRA issued 8 of the 17 RSIA required rules and made progress on the other 9, but weaknesses in FRA’s planning for its rulemakings caused delays.

We also found that FRA did not provide its oversight staff with the guidance, training and supervision required to oversee compliance with certain RSIA rules.
Recent Rail-Related Reports

Review of Amtrak’s Budget and 5-Year Financial Plan (7/25/2013)

- We conducted this annual review of Amtrak's 5-Year Financial Plan for fiscal years 2013 through 2017 and its revised annual budget for fiscal year 2013 as mandated by PRIIA.

- We found that, while Amtrak’s plan addresses most of the PRIIA requirements, it lacks some required information. Most notably, it lacks information regarding the company’s continued financial stability and other performance metrics intended to ensure the railroad is improving its operating efficiency.

- We also found that unlike previous plans, the current plan omits several important PRIIA required financial metrics (i.e. debt service costs and equipment reliability statistics) that would demonstrate the extent of the railroad's operating efficiency improvement.
Ongoing Rail-Related Work

FRA’s Compliance with the National Environmental Policy Act (NEPA)

- Assessing FRA’s procedures for coordination with FHWA and FTA on NEPA compliance
- Determining whether FRA’s environmental procedures include relevant statutory requirements and guidance.

FRA’s Oversight of the Railroad Rehabilitation and Improvement Financing (RRIF) Program

- Evaluating FRA’s policies and procedures for evaluating and selecting RRIF applicants
- Identifying factors that affect prospective applicants decisions on whether or not to apply for RRIF credit assistance.

FRA’s Progress in Implementing PRIIA

- Examining FRA’s progress to date in implementing its PRIIA responsibilities
- Identifying any challenges to completing the implementation
Future Rail-Related Audit Areas

FRA Programs

- National Rail Plan
- Oversight and Management of Amtrak Grants

Rail Safety

- Management of Safety Data
- Consistency Across Regional Safety Inspections
- Implementation of Positive Train Control
Contact Information

• National OIG Hotline: (800) 424 - 9071
  (202) 366 -1461

• OIG Hotline E-mail: hotline@oig.dot.gov
Any Questions or Comments?

If not, I have one more slide ...
Rail Planning Pipeline Assessment
Since 2009, $59M in Federal funds + additional State/private funds have been building a “pipeline” of future projects.

- Prepare for future funding availability – what are the best market-based investments?
- Determine priorities for next round of planning – what potential markets are still “missing”?
- Identify national vision – where is rail heading in the U.S.?
BASELINE: Pre-PRIIA (2008)
BASELINE: Completion of Current Grants (2018)

23 states + D.C.
3,750 miles
120M people (39%)
<table>
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<tr>
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<th>Pipeline “categories”</th>
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<tr>
<td></td>
<td>Initial Phases</td>
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<td>I</td>
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<td>Planning/Environmental</td>
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<td>Future Phases?</td>
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<td></td>
<td>Yes</td>
</tr>
<tr>
<td>II</td>
<td>No</td>
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<td>Yes</td>
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<tr>
<td>III</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Under Development</td>
</tr>
</tbody>
</table>

|     | Planning/Environmental |
|     | Complete for Future Phases? |
|     | Under Development        |
PIPELINE CATEGORY I: initial phases funded; prerequisites complete for future phases

14 states + D.C.
2,500 miles
100M people (31%)
PIPELINE CATEGORY II: not currently funded, but prerequisites complete

- **9 states**
- **1,000 miles**
- **20M** people (6%)
PIPELINE CATEGORY III: prerequisites under development

25 states + D.C.
5,500 miles
135M people (44%)
10,500 corridor miles
225M (72% of U.S.) people served (190M by corridor trains; 35M by long-distance trains only)
Moving into the Future: Five Key Priorities
Enhancing America’s world-class rail safety
Modernizing our rail infrastructure

Driving the last spike in 1869

Laying new track in 2012
Meeting the growing market demand
Promoting innovation
Ensuring transparency and accountability
Thank You!