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Key Findings & Recommendations

Key Findings

- Modern, high-speed passenger rail service, long a transportation staple in Europe and Asia, is about to blossom in the United States, with important implications for Minnesota. A new federal study documents rail’s benefits of safety, energy conservation, highway congestion relief, environmental protection, economic development, emergency preparedness, mobility for the aging and global competitiveness.

- Congress has approved by veto-proof bipartisan majorities $13 billion over five years for passenger rail initiatives. A planned high-speed route from Minneapolis to Duluth could be among the first in line for some of that money. A St. Paul-Chicago connection is also a strong contender. Local and multistate planning and engineering for both are well underway.

- Together, these two projects would bring Minnesota more than 15,000 jobs, $648 million in added personal income, nearly $2 billion in enhanced property values and at least $1.2 billion to $2.3 billion in savings from reduced travel times, congestion and pollution.

- Minnesota’s costs for these projects – a total of between $700 million and $750 million, according to the latest estimates – would be reduced to no more than $150 million in general obligation bonding with the help of 80 percent federal funding approved by Congress. Operations, possibly by private-sector concessionaires, are projected to produce healthy profits.

- Most of the progress toward high-speed rail in Minnesota has been achieved by a broad coalition of cities, counties and the Mille Lacs Band of Ojibwe, who have taken the lead in financing early planning for a Duluth-Minneapolis link. With Gov. Tim Pawlenty’s recent vetoes of $6 million in bonding appropriations for Minnesota passenger rail projects, state government support has lagged, especially in comparison to $80 million of bonding authority already on the books in Wisconsin.

- Other rail links are being promoted by Minnesota officials in places such as Albert Lea, Rochester and Willmar, but these proposals are little beyond the talking stage.

Recommendations

- President Bush, who previously sought to defund Amtrak and has threatened to veto the current passenger rail legislation, should sign the bill into law.

- Minnesota should step up its financial commitment to both the Duluth and Chicago high-speed links to ensure their prompt development once federal funding becomes a reality.

- Proposals for other routes will need well-organized support and funding from city and county officials and other prospective beneficiaries in order to compete for federal and state grants.
Introduction

How did the flood of immigrants who built Minnesota in the 1800s get here? Few came by riverboat or covered wagon. Most of them rode the railroad.

In our time, the airplane and automobile have largely supplanted passenger trains for long- and medium-distance transportation. But myriad forces are now combining to usher in a new era of fast, economical, convenient and comfortable cross-country travel by rail. If Minnesota is to regain its fast-disappearing prosperity, it dare not miss an historic opportunity to get on board and join a growing national trend back to the future – a future when a region’s economic fortunes will reflect its embrace of modern intercity rail connectivity.

A recent federal study has mapped out four proposed high-speed rail lines in Minnesota. Congress last week approved by veto-proof majorities greatly broadened passenger rail funding, for which a Minnesota route could be among the first in line. Local officials across the state are gathering support and initiating planning to reestablish long-lost passenger train service in their communities. And while high fuel prices plus freeway and airport congestion are driving down travel by car and plane, Amtrak’s passenger counts are soaring above 2007’s record levels.

It adds up to a watershed moment for American transportation policy, a chance for elected officials from Washington, D.C., to City Hall to steer the nation toward safer, more efficient and environmentally sound means of mobility.

An important catalyst in this movement is a gathering consensus that the right mobility investments will spur job growth in both the short and long terms. Proposed Minneapolis-Duluth high-speed rail service alone is projected to add 13,778 jobs, $617 million in annual income and $1.8 billion in increased property values to Minnesota’s economy.

A federal advisory group has concluded that the coming decades will be a “time to rebuild a vibrant intercity passenger rail network.” It called for an initial $5 billion in annual funding nationwide (about two weeks of U.S. spending in Iraq), with the federal government picking up 80 percent of the capital costs – the same formula as for U.S. and Interstate highways.

Minnesotans broadly support this vision. In a February 2008 poll commissioned by Minnesota 2020, 72 percent of respondents agreed that “the state should be exploring more ways to expand and promote regional rail services as a means of affordable and efficient transportation.”

Local leaders in Minnesota are listening. They are advancing plans for several passenger rail routes:

- Locally funded preliminary studies are under way for the Northern Lights Express, a proposed service of up to 16 daily 110-miles per hour trains between Minneapolis and Duluth.

- Minnesota is a member of the Midwest Regional Rail System, a 12-year-old consortium of nine states planning and promoting a 3,000-mile high-speed passenger rail system stretching from Cleveland to Omaha and Green Bay to Kansas City. Minnesota’s portion extends 125 miles from St. Paul’s Union Depot to La Crescent, a route that would continue through La Crosse, Madison and Milwaukee to Chicago.
• In Albert Lea, the City Council and Freeborn County Board have unanimously endorsed the concept of a high-speed rail line along Interstate Hwy. 35 between Des Moines, Iowa, and the Twin Cities.

• Bipartisan legislators have launched an initiative to link Minneapolis and Willmar via a corridor they have dubbed the Little Crow Transit Way.

• In Rochester, elected officials, the Mayo Clinic and the local Chamber of Commerce are pressing for passenger rail connections to the Twin Cities and Chicago.

Minnesota could have even more of a head start in these directions but for Gov. Tim Pawlenty’s line-item vetoes this year of $6 million in state borrowing for planning of rail lines to Chicago, Duluth and Rochester. He axed another $5.75 million passed by legislative supermajorities for development of Twin Cities rapid bus and rail transit facilities, which are key complements to intercity rail service.
The Benefits of Fast Intercity Rail

Enhanced passenger trains can offer significant downtown-to-downtown travel-time advantages over cars and airplanes on trips of 100 to 500 miles, the Passenger Rail Working Group of the National Surface Transportation Policy and Revenue Study Commission reported in December.  

For example, on the two Minnesota routes recommended by the working group, high-speed trains would run from the Twin Cities to Duluth in about 2 hours and from the Twin Cities to Chicago in about 5-1/2 hours, beating both cars and planes when traffic jams, security delays, airline schedule unreliability and ground transport from remote airports are factored in.

Amtrak has reported that more than 90 percent of non-auto travelers already are choosing trains over planes on medium-range corridors such as Los Angeles-San Diego, Washington-Philadelphia and New York-Philadelphia. Between 1996 and 2006, ridership on state-supported intercity rail routes – most in the medium-distance range now seen as the “sweet spot” for fast passenger trains – grew by 88 percent, compared with a 17 percent increase on other, mostly long-distance, Amtrak routes.

In addition to time savings, convenience, comfort and competitive pricing for travelers, intercity rail service provides significant non-user benefits that merit public sector financial support:

- **Safety.** Rail travel’s historic accident fatality rate per passenger mile is 4 percent of that for autos. The nation’s 40,000-plus annual highway deaths – the equivalent of the recent California train accident that killed 25 repeated every six hours -- have brought tragedy and hardship for individuals as well as a $230.6 billion national cost, or 2.3 percent of the U.S. gross domestic product, in 2000. Only a quarter of those costs were paid by those involved in the crashes.

- **Energy.** Intercity passenger rail service consumes 17 percent less energy per passenger-mile than airlines and 21 percent less than autos.

- **Highway congestion relief.** For example, three California regional rail routes have reduced annual highway travel by more than 500 million passenger miles.

- **The environment.** The average intercity passenger train emits 60 percent less carbon dioxide per passenger-mile than the average auto and half the greenhouse gas of an airplane, whose high-altitude emissions have about three times the warming effect of those at ground level. In addition, these data probably understate the environmental benefits of rail service because they do not reflect its stimulation of energy-efficient, walkable real estate development.

According to the United Nations Intergovernmental Panel on Climate Change, “modal shifts from road transport to rail and public transport systems” will offset projected growth of global emissions or reduce emissions below current levels.

- **Economic development.** The 3,000-mile Midwest Regional Rail System proposed by nine states, including Minnesota, is projected to create 15,200 construction jobs for 10 years, 58,000 new permanent jobs, $1.1 billion in increased household income and $4.9 billion in increased property values around 102 train stations.
• **Emergency preparedness.** Modal redundancy of highways, air and rail can lessen the human impact of natural disasters and terrorism. Rail was the only transportation option in and out of Manhattan for thousands of people after the 9-11 attacks.19

• **Mobility for an aging population.** Americans age 75 and over are projected to increase from 17 million, or 6 percent of the 2000 population, to 46 million, 11 percent of the 2050 population. Many of the future elderly won’t ride trains now, but will want to as they age.

• **Global competitiveness.** Most other developed nations, as well as many in the developing world, are far ahead of the United States when it comes to passenger rail service. Our nation was a global leader in this area from 1850 to 1950, spurring our economic ascendancy. But since then the U.S. rail system has atrophied as highway and air infrastructure proliferated with the help of growing government subsidies.

The United States budgets about $113 billion annually for transportation infrastructure, less than 1 percent of gross domestic product. China spends 9 percent of its GDP that way, with a top priority on high-speed intercity rail. It has laid 620 miles of high-speed track in each of the past 10 years, and it plans to nearly quadruple its annual investment in railroads to almost $200 billion by 2010. Shanghai already has the world’s first 270 m.p.h. magnetic levitation train linking the city to its airport.

In the developed world, Australia, Canada, France, Germany, Great Britain, Italy, Japan, Russia, South Korea, Spain and Taiwan all are aggressively improving their extensive passenger rail networks with more and faster service. For example, Russia plans to upgrade its 1,500-mile railroad through mountains from Moscow to Sochi, site of the 2014 Winter Olympics, to 153 m.p.h., slashing travel time from 30 hours to 15.20
The first rail connection between Chicago and Minneapolis opened in 1867. By 1889, there were 20 independent railways branching out from Minneapolis to all regions of the country and to Canada. In 1891, an average of 1,080 railcars per day entered Minneapolis.21

Between 1880 and 1910, five major railroads were headquartered in the Twin Cities, putting the area among the nation’s top 10 rail centers. Over the same period, the population more than doubled, St. Paul’s economy grew tenfold as measured by bank clearings and Minneapolis’s surged a hundredfold, from $10 million to $1 billion.22

Minnesota’s railroads have suffered a long, slow decline since then. Track sections are abandoned every year and others are left to deteriorate. Passenger service is down to two slow-moving Amtrak Empire Builder trains a day -- one eastbound, one west – with only five Minnesota stops: Winona, Red Wing, St. Paul Midway, Staples and Detroit Lakes. With speeds as low as 14 m.p.h., the trip to Chicago takes more than 8 hours.

Northern Lights Express
Amtrak service between the Twin Cities and Duluth was halted 23 years ago, after few travelers opted for a 4-hour trip that was easily beaten by cars on Interstate Hwy. 35. But now prospects are brightening for the proposed high-speed Northern Lights Express on that corridor, thanks largely to early investments by counties, cities and the Mille Lacs Band of Ojibwe, whose Grand Casino Hinckley would be a major destination along the rail route. If all goes well, service could start as early as 2012, said Steve Raukar, a St. Louis County commissioner and chairman of the project’s multijurisdictional Passenger Rail Alliance. “We’re in a good position, listed as one of the primary viable corridors in the country,” he said. “It’s really become a question of when, not if.”23

In two years of work, the alliance has planned a 155-mile high-speed route mostly over existing Burlington Northern Santa Fe Railway right-of-way. The estimated capital cost of $360 million to $394 million for track and signal improvements and stations would be largely covered by federal grants. Alliance projections show an annual operating surplus of $11.1 million if a short track spur is built to bring passengers directly to the Hinckley casino, which attracts 3.5 million visitors a year.24

More than 1.3 million Northern Lights Express riders are projected in the first year of operation, growing to 2.3 million by 2040.25 Alliance consultants have recommended Minneapolis-Duluth full fares of no more than $80, with discounts to as little as $30. That would offer up to a 50 percent saving off air fare.
at the top end and closely compete with bus service at the low end.  

Pawlenty vetoed $1.5 million in state bonding this year for further studies of the project, but it is moving forward anyway with local funding, a 2006 state bonding grant of $1.3 million and a $1.1 million federal grant awarded Sept 30. The local partners -- Hennepin, St. Louis, Lake, Anoka, Isanti and Pine counties in Minnesota, Douglas County in Wisconsin, the cities of Minneapolis, Duluth and Superior and the Mille Lacs Band – have committed more than $1.4 million to the project so far. In addition, Burlington Northern has provided technical assistance that Raukar valued at at least $250,000.  

The alliance is near to launching a programmatic environmental impact statement, a necessary step to pursue further federal funding. It has budgeted $2.2 million for that 18-month effort.

“Right now, freight is king on the rails,” said Peter McLaughlin, chairman of the Hennepin County Regional Rail Authority and a member of the Northern Lights alliance. “We need a better balance, with federal policy, resources and a commitment to intercity passenger rail.”

High-Speed Rail to Chicago

Minnesota was a charter member of the Midwest Regional Rail Initiative in 1996, but since then has taken only a few tentative steps to advance its part of the planned high-speed rail link to Chicago. Starting in 2006, a $4 million federal grant has financed a few safety improvements needed to protect Minnesota drivers from collisions with 110 m.p.h. trains at Canadian Pacific Railway grade crossings. Pawlenty, however, vetoed a $4 million state bonding appropriation this year for more of that work.

Besides Department of Transportation staff time over the past 12 years, Minnesota’s chief contributions to the project so far have been $250,000 in track improvements and $30,000 in annual dues to the multistate rail compact. By comparison, Wisconsin, with strong early support from former Gov. Tommy Thompson, has $80 million in bonding authority on the books awaiting federal matching funds that would jump-start the entire system.

In addition, Wisconsin completed a $4.8 million environmental assessment and preliminary engineering study for the Milwaukee-Madison rail link, which was approved by federal authorities in 2004. It also spent $7 million to purchase 32 miles of railroad right of way from Watertown to Madison.

Connecting the Twin Cities to the broader Midwest Regional Rail System with six daily round trips would offer Minnesota significant economic benefits – projected aggregate savings of $1.2 billion to $2.3 billion in reduced travel times, eased congestion for other travel modes and reduced air, bus and auto emissions. In addition, the project’s mobility improvements are expected to produce 1,570 new permanent Minnesota jobs, $31 million in extra annual household income and up to $180 million in higher property values and new development near stations in the Twin Cities, Red Wing and Winona.

The state’s cost to obtain all this stimulus would be surprisingly small: about $76 million in general obligation bonding. That’s figuring an 80 percent federal share of current estimated Minnesota costs of $380 million for track improvements and train equipment.

An added benefit to Minnesotans from this project would be opportunities for the proposed Red Rock commuter rail line from Minneapolis to Hastings and passenger service between St. Paul and Red Wing to piggyback on the Chicago route’s track improvements, said Tim Mayasich, director of the Ramsey County Regional Rail Authority.
The success of existing Amtrak Hiawatha trains between Chicago and Milwaukee has fueled continued interest in extending the service to Madison and St. Paul, said Leanne Walls, project manager for the Wisconsin Department of Transportation. The Hiawatha keeps breaking ridership and on-time records every year, she said. In 2007, it carried 618,000 passengers.\textsuperscript{35}

“We keep adding trains, and they keep getting full,” she said. “It was an inspiration, and we thought: ‘Wow, if Milwaukee to Chicago is so successful, then Madison to St. Paul is a no-brainer.’”\textsuperscript{36}

Midwest Regional Rail System plans call for service to reach St. Paul two years after the Milwaukee-Madison link is completed. Once further build-out from Milwaukee to Green Bay is completed, the Chicago-Wisconsin-Minnesota portion of the Midwest system is projected to attract more than 3.7 million passengers annually with fares set to maximize revenues, not ridership. Finishing the entire 3,000-mile network would increase Wisconsin-Minnesota ridership by 20 percent.\textsuperscript{37}
Little Crow
For decades, west-central Minnesota leaders have fought in vain for a better highway connection to the Twin Cities than bumpy, two-lane Hwy. 12. A four-lane bypass under construction at Long Lake will relieve some congestion on the edge of the metro, but further improvements remain a distant dream.

So state Reps. Al Juhnke, DFL-Willmar, and Dean Urdahl, R-Grove City, are looking to public transportation to fill the gap. One alternative they’re considering would be passenger trains from Willmar to Minneapolis on existing Burlington Northern track.

“What’s the transit plan for that part of the state?” Urdahl said. “There isn’t one. The state shouldn’t just ignore this area.”

Urdahl and Juhnke have jointly proposed the Little Crow Transit Way, which could take forms ranging from commuter bus service to railroad cars. They hope to head off serious traffic problems from a projected 50 percent increase in car traffic on Hwy. 12 at Litchfield in the coming years. The Little Crow name, honoring a 19th-century Mdewakanton Dakota leader, was codified in the 2008 transportation bill enacted over Pawlenty’s veto, but that’s the extent of official support so far.

“We’re in the very early formative stages,” Urdahl said. “We want to raise awareness, heighten our visibility. If it has a name, it at least has a little more potential for the future. Whatever we can do to take cars off Hwy. 12 makes sense. We may propose a task force to study the feasibility of a rail connection. But it has to make sense for everybody, including economic sense. We’re not looking for a rail boondoggle.”
I-35 Corridor
In July, both the Freeborn County Board and the Albert Lea City Council unanimously approved a resolution supporting development of high-speed passenger rail service between Albert Lea and Minneapolis.\(^{40}\)

While this potential rail corridor along Interstate Hwy. 35 has not received wide discussion in Minnesota, it is included in the report of the Passenger Rail Working Group of the National Surface Transportation Policy and Revenue Study Commission.\(^{41}\) It would comprise the northern leg of a route reaching to Des Moines, Kansas City, Tulsa, Oklahoma City, Dallas and Houston.

“Passenger rail is a critical component of a modern, multimodal transportation system, and should have dedicated financial support, unified policy development and oversight similar to that afforded to our air, highway and mass transit modes,” the resolution states. It also touts passenger rail’s benefits of safety, quality, reliability, efficiency and mobility, adding that “a balanced, integrated and diverse transportation system is needed by senior citizens, veterans and all of the American people.”

The resolution has been forwarded to Congress and the Minnesota counties of Steele, Rice, Scott, Dakota, Ramsey and Hennepin.

Southeast Express
Connecting Rochester and the Twin Cities by passenger rail has been a longtime dream of southeastern Minnesota leaders. Some have proposed routing Minnesota’s proposed high-speed rail line to Chicago through Rochester rather than the Midwest Regional Rail Initiative’s planned alignment along the west bank of the Mississippi River. And Minneapolis Mayor R.T. Rybak has proposed linking the Twin Cities and Rochester airports by rail as a way to ease runway congestion at the former.

All of these concepts face a significant obstacle: Unlike most other proposed passenger rail corridors in Minnesota, the Twin Cities-Rochester route lacks suitable existing rail right-of-way. Acquiring land and laying 83 miles or more of track could be cost-prohibitive. But state Rep. Kim Norton of Rochester said the concept still deserves consideration.

“The Mayo Clinic is very interested in this, and the Rochester Chamber is involved, too,” she said. “Rochester is one of the economic engines of the state. We need to do what we can to make certain people can get here.”\(^{42}\)

Last month, Rochester Mayor Ardell Brede and other officials announced the formation of the Southeast Minnesota Rail Alliance, a collaboration of the city, Olmsted County, the Rochester Area Chamber of Commerce and the Mayo Clinic. The alliance hopes to enlist other partners as well.\(^{43}\)

Earlier this year, Norton sponsored $500,000 in state bonding for a study of the proposal. It was passed by the Legislature but killed by a Pawlenty veto.
Other Routes
Other high-speed routes included in the report of the Passenger Rail Working Group would connect Minneapolis with Los Angeles via Mankato, Sioux Falls, Denver and Las Vegas and with San Francisco via Denver, Salt Lake City, Reno and Sacramento.

“The United States should have rail linkages to connect west with east,” said Tom Skancke, a member of the working group from Salt Lake City. While he said ridership studies have not been conducted on these routes, their inclusion in the report “was more of a vision for what our nation could be and look like if we wanted to make the bold move to do so.”
Funding Prospects

Amtrak, created by Congress in 1970 to operate passenger service as the railroads were abandoning that part of their business, has been locked in a congressional funding stalemate since 2002, when its last multiyear authorization expired. Despite flat yearly funding and declining on-time reliability of aging equipment and infrastructure, Amtrak’s ridership and revenues have soared to record levels in recent years. During this period, the Bush Administration has repeatedly sought to cut the system’s funding.

Now, however, the logjam is beginning to break up. Strong bipartisan congressional majorities have approved doubling national passenger rail funding from the current $1.3 billion a year. Some of the increase would directly boost Amtrak’s capital and operating appropriations, but significant amounts would go to the states to improve intercity rail corridors.

Under the $13 billion, five-year authorization sent to President Bush last week, states could compete for $3.4 billion for passenger rail projects while ponying up only a 20 percent share. Grants would be awarded on the basis of economic performance, expected ridership and other factors.

According to Congressional Quarterly, Bush had threatened to veto the $14.9 billion Amtrak bill that passed the House in June, but has been silent on the smaller measure given final passage by the Senate on Oct. 1. House Transportation Chairman James Oberstar of Minnesota said he is optimistic Bush will sign it.

Minnesota officials expect both the Minneapolis-Duluth and St. Paul-Chicago high-speed rail proposals to contend for the new federal grants. The Duluth line, with planning well underway, would have a particularly strong and timely claim, especially if state government steps up its financial support.

Under current cost estimates and federal funding scenarios, one-time state and local investments of $150 million, much of which could be borrowed and paid off over 20 years, would provide fast passenger rail connections from Duluth to Chicago through the Twin Cities.

That figure represents a fraction of what Minnesota spends every year on roads and bridges. And it’s a small price to pay for the promise of 15,000 new jobs and up to $5 billion in economic benefits.

The choice is clear: Minnesota and the nation as a whole will either climb on board a global trend toward high-speed passenger rail development or be left outside the station, stuck in traffic and airport lines as economic also-rans.
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