



The Northern Flyer Alliance

TALKING POINTS REVISED 10-2008

LIBRARY WEBSITE

First, for our library PassengerRailOK.org/memberfiles/library.htm

This site includes correspondence and information collected through the Oklahoma/Kansas/Texas open records acts and other sources. It continues to be updated.

HEARTLAND FLYER DEFINED

The *Heartland Flyer* is an Oklahoma and Texas funded passenger train, managed primarily by the Oklahoma Department of Transportation (ODOT). Funding is provided by Oklahoma and Texas. Amtrak serves only as a contractor. Texas began contributing in FY 2006. A \$23 million federal tax rebate to non-Amtrak states provided seed money to begin the operation. State funding began following the 2005 Oklahoma legislative session after the \$23 million was exhausted. 2005 HB1078 provided a \$2 million annual contribution and an obscure 1993 bill provided an additional annual \$850,000. Oklahoma annual appropriations are \$2.85 million. Texas funding is year to year.

HEARTLAND FLYER FY2008 COSTS

(October 1, 2007 through September 30, 2008)

- Oklahoma pays **\$2,298,504** (\$191,542 per month)
- Oklahoma pays for the marketing **\$300,000** per year.
- Texas pays **\$1,998,500** (\$166,542 per month give or take a dollar)
- Texas does not contribute to marketing
- Operational funding is about a 50-50 split or \$2 million for each state.

OPERATIONAL - CAPITAL COST ANALYSIS – KDOT 2000 STUDY PROBLEMS

- 206 mile route (7 stations)
- In Fort Worth the train connects with the Chicago and San Antonio train (both North and South)
- This equates to **\$20,559.83** per mile annually = \$4,297,004 / 206 miles.
- Annual per mile figures are typical of state funded routes nationally. Amtrak does not like us using these figures. However, the NFA performed our own study for ballpark talking points. It is the reason we were able to discredit the KDOT 2000 study that effectively stalled Kansas passenger rail progress.

http://www.ksdot.org/burRail/rail/publications/krpt6_1.pdf

Page 27 lists some excessively high capital costs. Scenario 5B lists \$373 million in capital and \$12.7 million annual subsidy for 2 round trips per day between Kansas City and Oklahoma City through Wichita. They were talking about a **110 MPH** passenger train but what we have found is that the big number was **\$373 million**. Upgrades must be incremental because of sticker shock. Even at just **79-MPH** the route was expected to require \$68 million in capital costs with the same \$12.7 million annually subsidy.

COMPARITIVE ANALYSIS

In perspective Oklahoma started the *Heartland Flyer* with just \$2.6 million in capital upgrades on the 206 mile route. A \$3.1 million upgrade has been mentioned in TxDOT correspondence between the Red River and Fort Worth.* An ODOT commissioned Carter Burgess Engineering Study mentioned a \$5 million infrastructure upgrade (\$2.1 million in Kansas and \$2.9 million in Oklahoma) between Newton and Oklahoma City in 2001 and again in 2005. It now operates at 79-MPH between Oklahoma City and the Red River. These costs are borne out within the 1999 Oklahoma – Amtrak contract, in Appendix II located at...

<http://www.passengerrailok.org/memberfiles/OKAMTK1999.pdf>

*<http://passengerrailok.org/memberfiles/2008-08-15-TxDOT-Funding.pdf>

EQUIPMENT COSTS

The NFA has researched equipment costs. Amtrak quoted a repair cost for coaches at \$850,000 with new coaches coming in at around \$1.2 million on a September, 8 KDOT conference call. Locomotives are \$2 million. Amtrak will only have the funding to repair 11 cars during FY2009. This is a major problem but the passage of HR2095 helps dramatically. Amtrak will be able to repair more than this due to HR2095.

COMPARITATIVE AND FISCALLY DISPARATE LOOK AT TRANSPORTATION

Federal highway matching programs can reach \$40 to \$60 billion annually. The FAA, a safety/ navigation program for the nation's airlines, consumes about \$14 billion on average annually. US Senator Tom Coburn complains that Amtrak has consumed some \$30 billion over its 37 year existence. Look at the \$4 million that is expended on a project like the *Heartland Flyer* and the fact that ODOT is a \$1.5 billion annually state agency. Look at the fact that a single rural highway bridge replacement can cost \$2.5 million. Do you see the "conservative" value of passenger rail? Look at the user price comparisons: **412 mile round trip Amtrak = \$50, SW Airlines = \$169, Driving = \$239** (IRS approved rate of \$0.58 per mile).

EXPECTED EXPANSION COSTS

From the above analysis, we use the following figures:

Annual Costs: \$13 million (Split among 3 states)

602 mile corridor between Kansas City and Fort Worth (through Wichita and Oklahoma City)

$\$12,377,018 = 602 * \$20,559.83$ (Est: annual corridor cost-one frequency per day)

\$13 million (Northern Flyer Alliance Annual Cost Estimate)

KS = 279 miles (46%) = \$5.7 million

OK = 255 miles (42%) = \$5.2 million

TX = 73 miles (12%) = \$1.5 million

Capital Costs: \$13 million (Split among 3 states)**

\$2 million per locomotive*

\$1.2 million per coach*

\$5 million track upgrades*

\$10.6 million = (1 locomotive, 3 coaches, track upgrades)

\$13 million (Northern Flyer Alliance Capital Cost w/ error factor)

* NOTE: A 14 hour schedule would require a 2nd train set

** HR2095 passed on October 1. This would bring the \$13 million down to \$2.6 million

ECONOMIC DEVELOPMENT: 2005 CARTER-BURGESS STUDY \$23 Million Return (Jun 1999 – Apr 2005)

This is a hastily assembled document but it is all we have with regard to an economic impact assessment for the *Heartland Flyer*. The benefit is likely more but it is also more difficult to quantify. Amtrak marketing figures have shown some routes providing a 4:1 ratio of economic benefit to subsidy.

http://www.northflyer.org/resources/carter_burgess.pdf

THE NORTHERN FLYER ALLIANCE

The NFA is not a grass roots organization. We are a conglomeration of State, Local, Business, Civic minded individuals who believe this passenger rail corridor must be developed for economic, conservation, and environmental reasons. We have "signed up" Mayors, City Councils, Counties, Chambers of Commerce, Convention and Visitors Bureaus, and Businesses in this effort. The best way to see who supports this mission is to review the www.NorthFlyer.org website. We have a long and growing list of support letters and resolutions under the **Actions** tab.



**Northern Flyer Alliance
Kansas City - Fort Worth
606 Mile Passenger Rail Corridor**



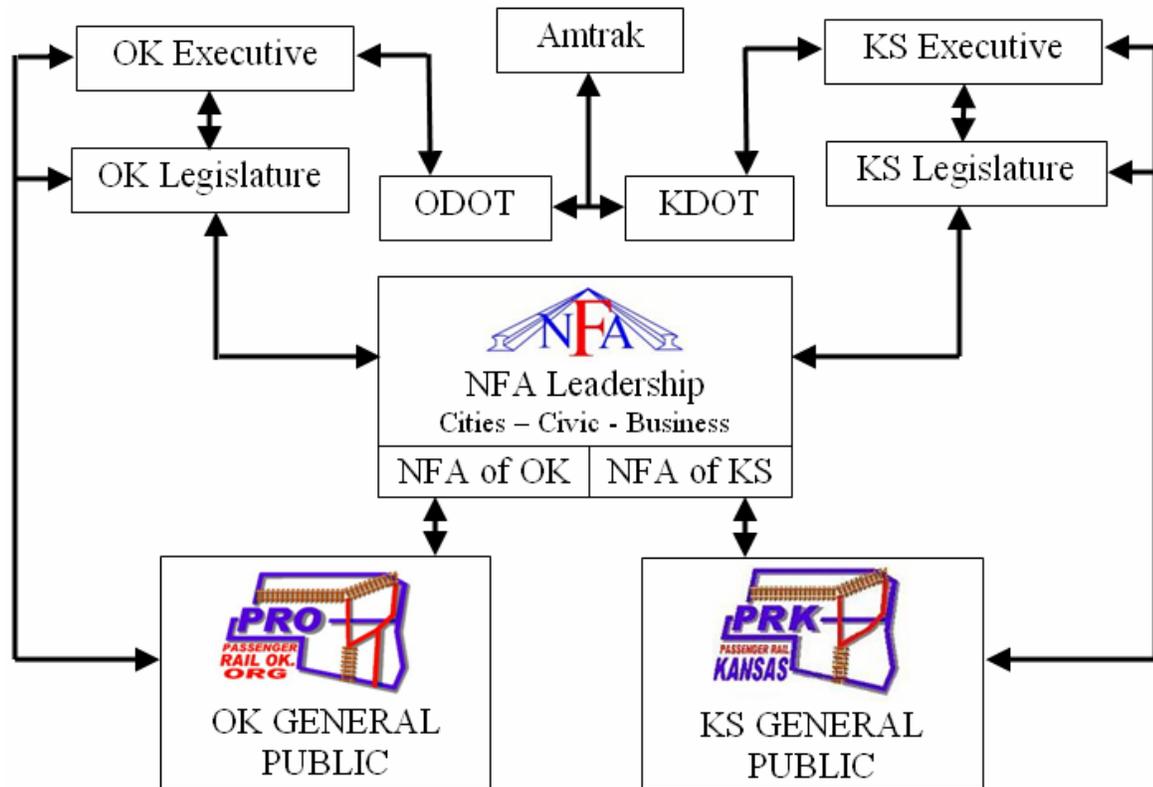


Figure 1: NFA COMMUNICATIONS PATH

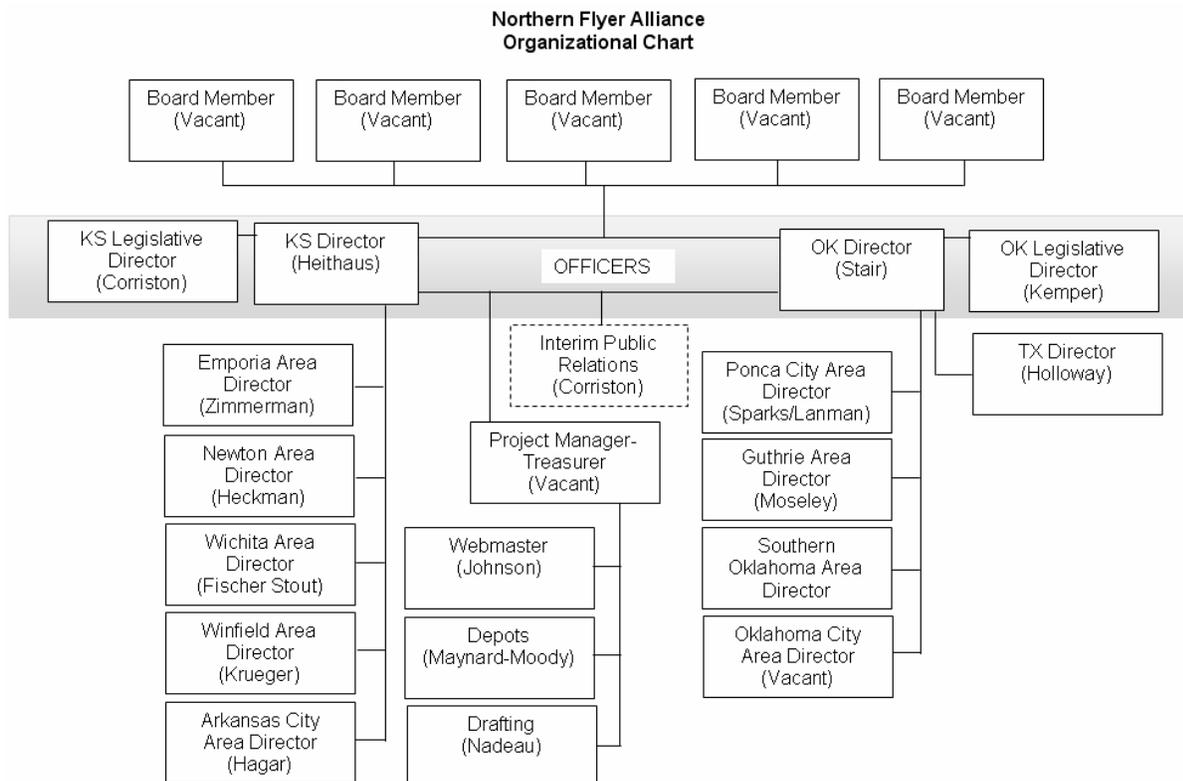


Figure 2: PROPOSED NFA ORGANIZATIONAL CHART