

# Railway Age conference: Passenger, freight rail interests in tune

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If there was one recurring theme at *Railway Age's 14th Passenger Trains on Freight Railroads Conference*, held Oct. 22-23 in Washington, D.C., it was this:

Passenger rail and freight rail operators share common goals and common interests, and each understands that the health and long term growth of both are interdependent. Freight railroads are facing some tough challenges: strained capacity stemming from record volume growth, a need for public investment capital to supplement private funds, and the emergence of various interests—legislators and disaffected shippers, among others—that have banded together in an attempt to impose re-regulation and other sanctions that will ultimately cripple the industry. For their part, passenger rail interests—carrying a banner that declares, “This is one industry”—stand ready to do their part in ensuring the railroads’ future.

“Amtrak’s strategic focus is on development of passenger corridors,” President and CEO Alex Kummant said in his keynote address. “Our goal is fast, frequent, reliable service over shorter distances,” defined as up to 400 miles. To accomplish this, Amtrak is trying to leverage existing infrastructure to develop new corridor-type services. Examples he cited are California’s various corridors, where train frequencies have been added (the best example being the Capitol Corridor); Pennsylvania’s Keystone Corridor, where re-electrification has added frequencies; the Illinois corridors originating in Chicago, which have seen significant growth; and the Boston-Portland, Me., Downeaster, where capital investment has decreased trip time and allowed for a modest service expansion. “We can’t grow corridor services if we can’t provide frequent service, reliable performance, and inter-corridor, long distance, and commuter rail connections,” Kummant said.

Declaring that “future corridor services will operate primarily on freight lines,” Kummant—a former Union Pacific executive—said that Amtrak is “very interested in the condition of those systems. Traffic on freight railroads is growing. **Capacity is growing, too—but not fast enough. The freights invest large sums in their infrastructure, but projected traffic**

**growth will outstrip investment. Traffic increases are great news—if we have the infrastructure to handle them. Without adequate investment, we will see widespread congestion throughout the system.”**

Citing “episodic congestion” during the past decade in Los Angeles-originated container traffic and Texas-based chemical movements, Kummant said that such symptoms as longer actual transit times, lower speeds, and “harder, costlier” maintenance of infrastructure and equipment “are beginning to manifest themselves” on freight railroads. Such congestion, and the resulting lack of fluidity, is a real concern for Amtrak.

“Congestion is not the sole cause of poor Amtrak ontime performance on freight railroads, but it’s a contributing factor,” Kummant said. “Passengers rate OTP highly. Up to a point, it’s better to be reliable than late. Amtrak has temporarily lengthened certain schedules where there are physical impediments to achieving good OTP, in return for host railroad commitments to improve OTP while the impediments are removed—what we call ‘Get Well Plans.’ But lengthening schedules is not a strategy we can continue indefinitely, as it leads to higher crew and other costs, lower revenues, shorter equipment turns, and increased equipment requirements.”

“System fluidity is not a railroad-only problem,” Kummant stressed. “It’s a transportation industry problem. The railroads have re-established themselves as part of the national transportation economy, so the spotlight now shines on both their problems and opportunities.”

Kummant called for “a national investment strategy to keep the rail system fluid. The recent AAR capacity study suggests Class I railroads will be able to generate about 70% of the capital they will need through 2035. This projection assumes no additional freight traffic diverted from highways, and also assumes no increases in intercity passenger or commuter traffic. This is a remarkable statement from the freight rail industry.”

One problem: “Railroads are not rewarded by Wall Street for capital investment,” Kummant noted. “Between 1996 and 2005, U.S. freight railroads invested 17.2% of revenue in recapitalization—five times the national industrial average. This is still not enough, so we need to take some bold steps. America needs significant investment in national transportation infrastructure, and capital improvements take time in the railroad industry. We shouldn’t let signs of [an economic downturn] stop us, if they appear. A

recession will slow growth, but won't stop it entirely. We should invest in anticipation of need—not in response to it. It will be easier to deal with the service disruptions capital improvement projects may cause during a slack period. Public-private partnerships may spur countercyclical investment.”

Echoing the beliefs of many passenger rail interests, Kummant said that there are numerous opportunities for partnership. “There are limits to private capital availability,” he said. “There is growing government interest for promoting rail investment as part of a genuine multi-modal transportation policy. A coalition of freight and passenger rail supporters would cross the political spectrum. Such a coalition would include chambers of commerce, environmental groups, labor, manufacturers, airlines, shippers, and the construction and real estate industries. To do this, Amtrak and the freight railroads will need a federal rail capacity policy. Congressional reauthorization of Amtrak could be part of the solution. Amtrak needs a dedicated funding source, so states and federal government must partner to establish a matching funding program for state investment in passenger rail. This proposal must come from within the industry, and we must work together.”

Kummant said that such a funding program should be managed by states, in close cooperation with freight carriers and Amtrak—“a joint effort on the part of Amtrak, the freight railroads, commuter authorities, and government at all levels. Private property interests must be protected, but we must work with government to address the national mobility crisis.”