

Funding and Northeast Project Overview



RAIL— *Moving America Forward*

Who We Are

The Federal Railroad Administration (FRA) enables the safe, reliable, and efficient movement of people and goods for a strong America, now and in the future.

- Safety is our number one priority
- Continuing a rigorous oversight and inspection program based on strategic use of data
- Advancing proactive approaches for early identification and mitigation of risk
- Predictable dedicated funding to improve infrastructure through capital investments and robust research and development
- Laying a foundation for higher performing rail



Our Success and Accomplishments

Rail has never been safer.

FRA is committed to continuous safety improvement:

- Maintaining onsite inspections identifying safety violations;
- Development rules, regulations and guidance; and
- Workforce training

FRA is the Chief Safety Regulator for all Passenger and Freight Railroads Nationwide

- FRA employs nearly 900 people
- With eight regional offices strategically located across the Nation
- Dedicated to our vision:
RAIL-*Moving America Forward*



Laying a foundation for higher performing rail

Our Multi-Billion Dollars Portfolio Includes:

- Amtrak Operating and Capital Programs - \$7 billion
- High Speed and Intercity Passenger Rail (HSIPR) Grants - \$10.1 billion
- Research and Development - \$30 million
- Railroad Rehabilitation and Improvement Financing (RRIF) Program – \$1.7 billion
- Transportation Investment Generating Economic Recovery (TIGER) Programs - \$465 million
- Rail Line Relocation Grants - \$86 million
- Disaster Assistance Grants -\$18 million



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- A wide-angle, low-angle photograph of the main concourse of Grand Central Terminal in New York City. The image captures the grandeur of the space, with its high, vaulted ceiling and three massive, arched windows at the top. The walls are a warm, reddish-brown color, and the floor is a light, polished stone. In the center, a large, ornate clock tower is visible, surrounded by a crowd of people. To the left, there are several digital display boards showing train schedules. The overall atmosphere is one of a busy, historic public space. The text is overlaid in the upper-middle section of the image.
- GROW AMERICA Act
 - Title IX – Rail for America Act

The GROW AMERICA Act – 12 focus areas



1. Providing **environmental protection**
2. Expanding our ability to **move freight**
3. Growing **surface transportation** in America
4. Making critical investments in **highways and bridges**
5. Promoting **innovative financing**
6. Building **ladders of opportunity**
7. Empowering **local decision makers**
8. Creating more **efficient project delivery**
9. Investing in **rural America**
10. Improving **transportation safety**
11. Supporting safe, reliable **public transportation**
12. Shaping a pathway to **transportation careers**

The **GROW AMERICA Act**
provides **predictable, dedicated**
funding for rail



Five Priorities for Rail

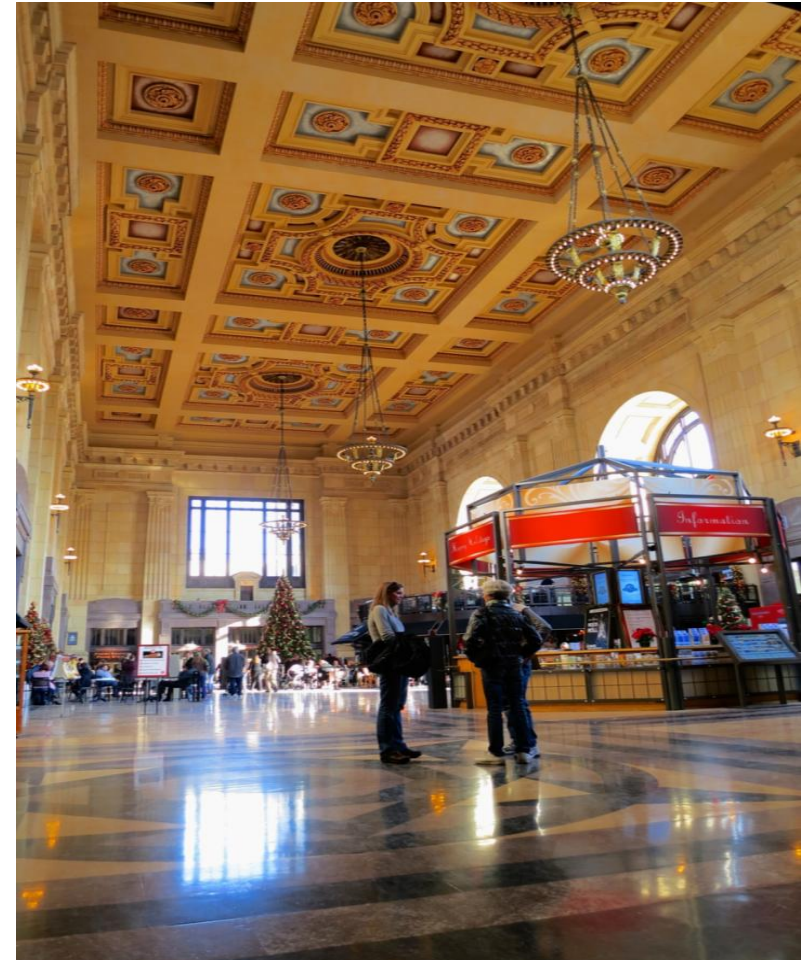
Enhancing World-Class Safety

Modernizing Rail Infrastructure

Meeting the Growing Market Demand

Promoting Innovation

Ensuring Transparency & Accountability



#1. *Enhance America's World-Class Rail Safety*

FRA is dedicated to ensuring continuous safety improvement

- **POSITIVE TRAIN CONTROL:**
 - merit-based extensions of PTC deadline
 - funding to help commuter railroads and Amtrak implement PTC
- **UNIFORM OPERATING RULES:**
Harmonizes railroad operating rules in joint operation areas
- **HOURS OF SERVICE:** Allows for hours of service regulation based on sound science



#2. Modernizing America's Rail Infrastructure

Building upon the investments made by previous generations

- **ADA COMPLIANCE:** Provides full funding to make all stations ADA-compliant
- **INFRASTRUCTURE BACKLOG:** Funds substantial backlog of repair needs on public rail assets
- **OBSOLETE EQUIPMENT:** Funds replacement of old and obsolete passenger equipment
- **PLATFORMS:** Standardizes passenger equipment and platforms



#3. Meeting the Growing Market Demand

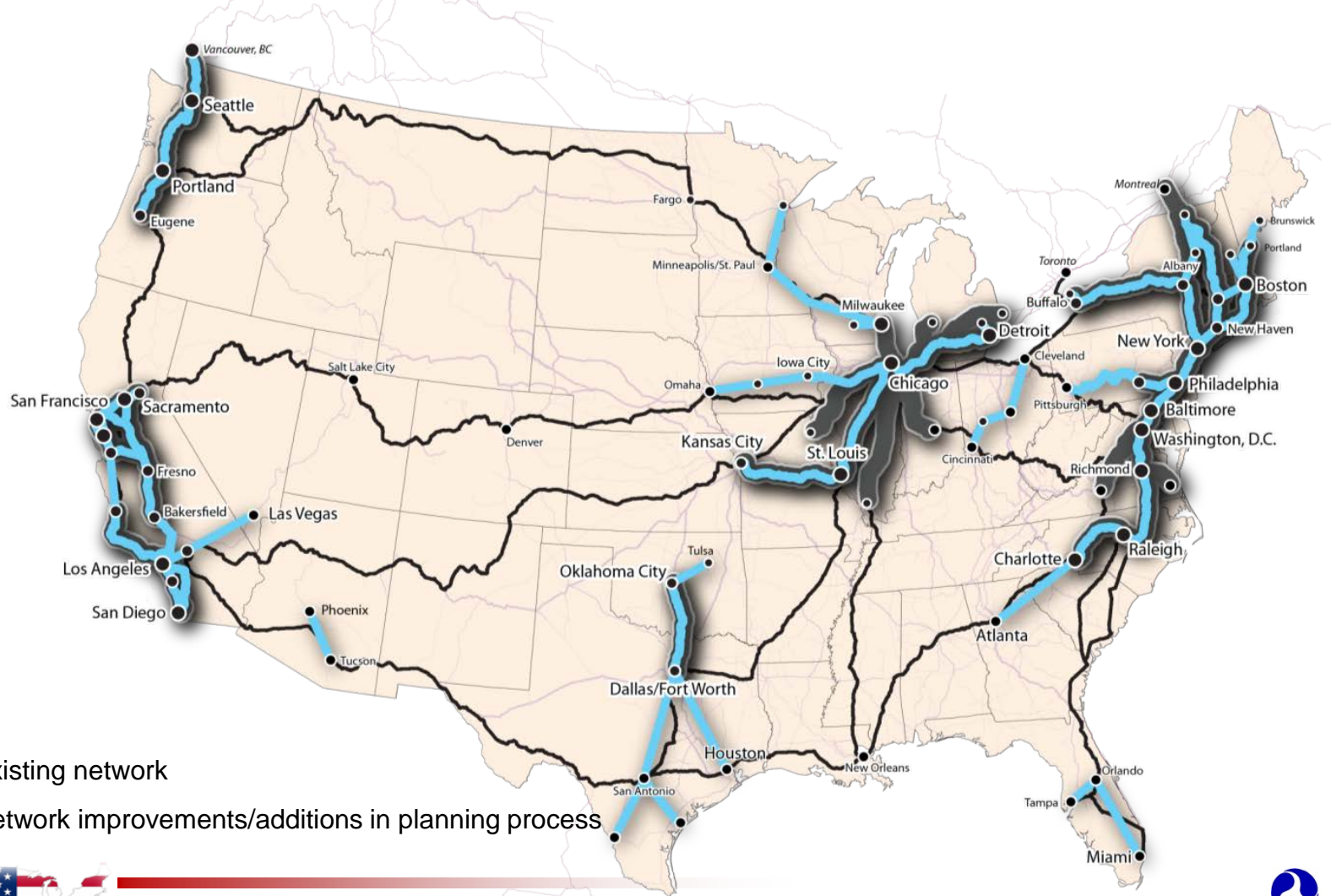
New programs to promote market-based investments in enhancing and growing rail

	FY 15	<i>Total</i> (FY15-18)
CURRENT PASSENGER RAIL SERVICE	2,450	9,500
Northeast Corridor	550	2,600
State Corridors	225	600
Long-Distance Routes	850	3,120
National Assets, Legacy Debt, and Amtrak PTC	475	1,780
Stations - ADA Compliance	350	1,400
RAIL SERVICE IMPROVEMENT PROGRAM	2,325	9,550
Passenger Corridors	1,300	6,400
Commuter Railroads - PTC Compliance	825	2,350
Local Rail Facilities and Safety	125	500
Planning & Workforce	75	300
TOTAL	4,775	19,050

- **\$19 billion investment package** from Rail Account of Transportation Trust Fund
- Addresses both **current needs and future improvements**
- Appx. 40% dedicated to **“one-time” backlog needs**



Developing a pipeline of future projects



Existing network

Network improvements/additions in planning process



#3. Meeting the Growing Market Demand

New *policies* to promote market-based investments in enhancing and growing rail

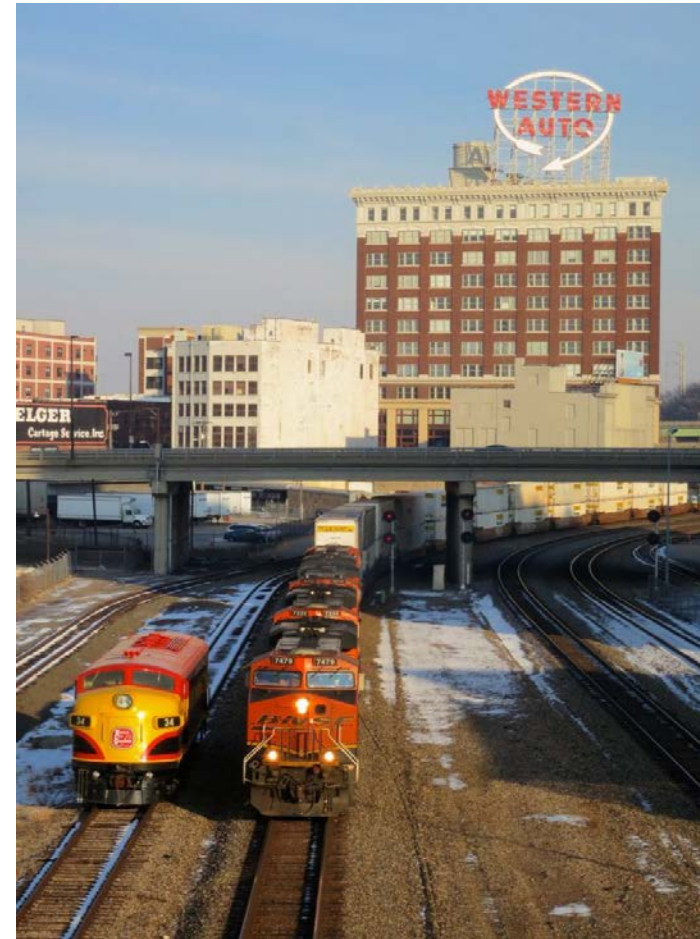
- **RRIF LOAN PROGRAM:** Authorizes subsidy of credit risk premiums
- **REGIONAL FOCUS:** Establishes Regional Rail Development Authorities to support planning, development, and operation of multi-state rail networks
- **SHARED-USE CORRIDORS:** requires comprehensive analysis of all aspects of shared-use corridor arrangements



#4. Promoting Innovation

Ensuring the U.S. has the world's best rail workforce and technologies

- **RESEARCH & DEVELOPMENT:** Continues focus on rail R&D to improve safety and develop new technologies
- **BUY AMERICA:** Strengthens “Buy America” requirements and ensures uniform applicability to all of FRA’s financial assistance programs
- **WORKFORCE CAPACITY:** Supports University Transportation Centers and the Transportation Research Board to advance intellectual capacity in rail industry



#5. Ensuring Transparency & Accountability

Clarifying taxpayer investments and delivering public benefits

- **ALIGNMENT OF FUNDS:** Aligns funds for current passenger rail services by “business lines”
- **PLANNING STANDARDS:** Outlines rigorous planning standards for national and regional rail development, as well as for Amtrak investments
- **STREAMLINED PROGRAMS:** Consolidates agency programs into 4 coordinated accounts

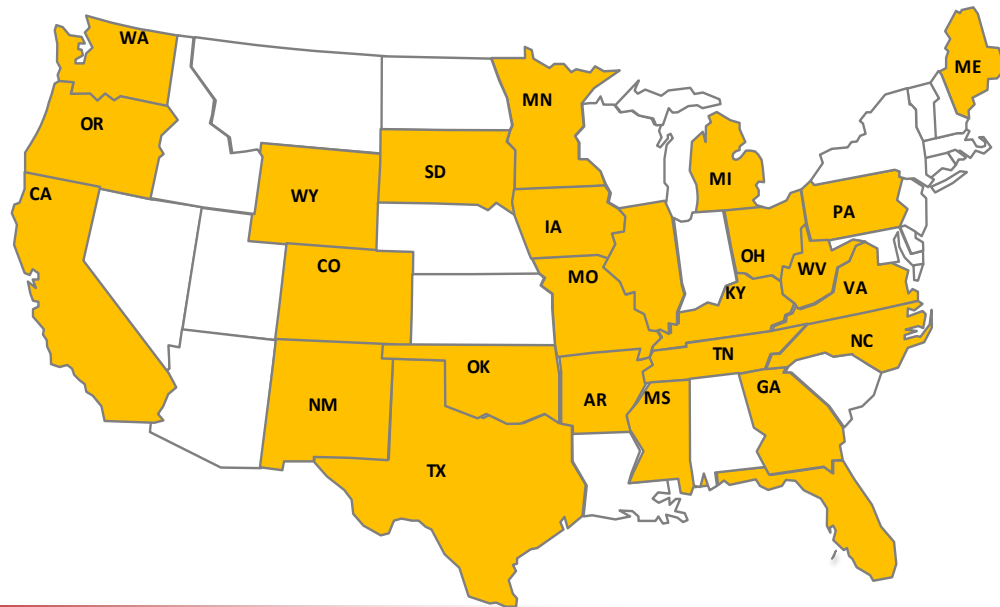


RAILROAD REHABILITATION AND IMPROVEMENT FINANCING (RRIF) PROGRAM



RRIF Overview

- Program Goal: Provide loans and loan guarantees to finance railroad infrastructure that results in public benefits (safety, environmental improvements, economic development)
- Authorized to loan up to \$35 billion (\$7 billion reserved for freight railroads other than Class I)
- 33 loans (\$1.7b total) executed in 26 states



Program Priorities

1. Enhance public safety
2. Enhance the environment
3. Promote economic development
4. Enable United States companies to be more competitive in international markets
5. Are endorsed by the plans prepared under section 135 of title 23 by the State or States in which they are located
6. Preserve or enhance rail or intermodal service to small communities or rural areas
7. Enhance service and capacity in the national rail system
8. Materially alleviate rail capacity problems which degrade the provision of service to shippers and would fulfill a need in the national transportation system

Eligibility

- Eligible applicants:
 - Railroads
 - State and local governments
 - Government sponsored authorities and corporations
 - Joint ventures that include at least one railroad
 - Solely for the purpose of constructing a rail connection between a plant or facility and a second rail carrier, limited option rail freight shippers that own or operate a plant or other facility that is served by no more than a single railroad
 - Interstate compacts consented to by Congress under section 410(a) of the Amtrak Reform and Accountability Act of 1997 (49 U.S.C. 24101 note)
- Eligible projects:
 - Acquire, improve, or rehabilitate intermodal or rail freight or passenger equipment or facilities, including track, components of track, bridges, yards, buildings, and shops
 - Refinance outstanding debt incurred for the purposes listed above
 - Develop or establish new intermodal or railroad facilities

Basic Terms and Borrower's Costs

- Direct loan can fund up to 100% of eligible project costs
- Maximum repayment period is 35 years from date of execution; repaid no later than end of useful life of the project it is used to fund
- Interest rate is equal to rate on Treasury securities of a similar term on date of execution
- Interest begins accruing on date of first disbursement; principal and interest amortized over life of loan
- Can request to defer repayment up to 6 years, from date of first disbursement; deferral does not affect maturity date

Basic Terms and Borrower's Costs

- Investigation Fees
 - Must pay Independent Financial Advisor (IFA) fee regardless of whether loan is ultimately approved
 - May also be required to pay external counsel fee(s) for certain transactions (in addition to IFA fee)
 - Total investigation fees charged may not exceed one half of 1% of requested loan amount
- Credit Risk Premium (CRP)
 - Assessed as a percentage of total loan amount and varies based on overall risk of each transaction
 - Can be reduced by pledging collateral or other credit enhancements, although pledging collateral is not a requirement
 - CRP attributable to each drawdown request must be paid on a pro rata basis prior to each disbursement

Compliance with Federal Laws

- National Environmental Policy Act (NEPA)
 - Requires federal agencies to consider potential environmental impacts of their proposed actions
 - Complete environmental analysis depends on concept and design of proposed project or action
 - Regardless of any NEPA clearance by other Federal agencies, FRA must issue its own decision for RRIF loans
- Buy America
 - Furthers two of the eight program priorities:
 - Promote economic development
 - Enable U.S. companies to be more competitive in international markets
 - Steel, iron, and manufactured goods used in projects funded by RRIF must be produced in the U.S.; includes the purchase of new or existing goods, or the refinance of assets, including rolling stock and railroad infrastructure
 - If project includes financing or refinancing of assets not produced in the U.S., then applicant can submit a waiver request

Application Process



Application Components

- Four key components to Draft Application:
 - **Application Form:** show how intend to spend and repay RRIF funds
 - **Financial Documentation:** provide 5-year historical financial statements (Balance Sheet, Income Statement and Statement of Cash Flows, if available) and 5-year pro-forma financials (capital plans for the entity and future revenue projections) to provide a clear picture of the financial health of the entity applying for RRIF funds
 - **Environmental Documentation:** provide environmental analysis that complies with NEPA (note: FRA will determine level of analysis needed)
 - **Engineering Documentation:** provide engineering drawings sufficient to determine the scope, schedule and cost of the project(s) proposed to be financed (in whole or in part) with RRIF funds

FRA Funded Rail Projects in the Northeast



Phases of Project Development

Service Development Plans/NEPA

- Ridership/Market Analysis
- Service Planning
 - Frequencies/Scheduling
 - Projected Revenues/O&M Costs
- Capital Investment Needs
 - Track, signals, grade crossings, stations, equipment, maintenance facilities
 - Conceptual Engineering
 - Capital Cost Estimate
- Environmental Review (Tier 1)

Preliminary Engineering/NEPA

- Advance design work to 30% level
- Environmental Review (Tier 2)

Final Design/Construction

- Complete design work
- Construct the project

Planning/Design Projects in the Northeast

Service Development Plans/NEPA

- Empire Corridor (New York-Niagara Falls)
- Downeaster Corridor
- New York-Vermont Bi-State Study (Ethan Allen Service)
- Boston-Concord Study

Preliminary Engineering/NEPA

- Boston South Station Expansion
- Livingston Ave. Bridge Replacement
- Niagara Falls Maintenance Facility

Track Work in the Northeast

Double Tracking

- New Haven-Springfield (CT): 26 miles
- Albany-Schenectady (NY): 17 miles
- Downeaster Corridor (MA/ME): 3 miles



Track Work in the Northeast

Track Rehabilitation

- Vermonter Rehab (VT): 150 miles
 - Commerce Connection: 18 miles
 - Western Corridor: 10 miles
- Knowledge Corridor (MA): 50 miles
- Downeaster Corridor (MA/ME): 35 miles



Station Work in the Northeast

New Stations

- Rochester (NY)
- Niagara Falls (NY)
- Meriden (CT)
- Wallingford (CT)
- Greenfield (MA)
- Northampton (MA)
- Brunswick (ME)
- Freeport (ME)



Station Work in the Northeast

Station Improvements

- Buffalo-Depew (NY)
- Schenectady (NY)
- Albany-Rensselaer (NY)
- Hartford (CT)
- Berlin (CT)



Signal System Work in the Northeast

Installation of New/Upgraded Signal Systems

- Downeaster Corridor (Royal Jct.-Brunswick)
- New Haven-Springfield
- Knowledge Corridor (Springfield-East Northfield)
- Empire Corridor (Poughkeepsie-Schenectady)



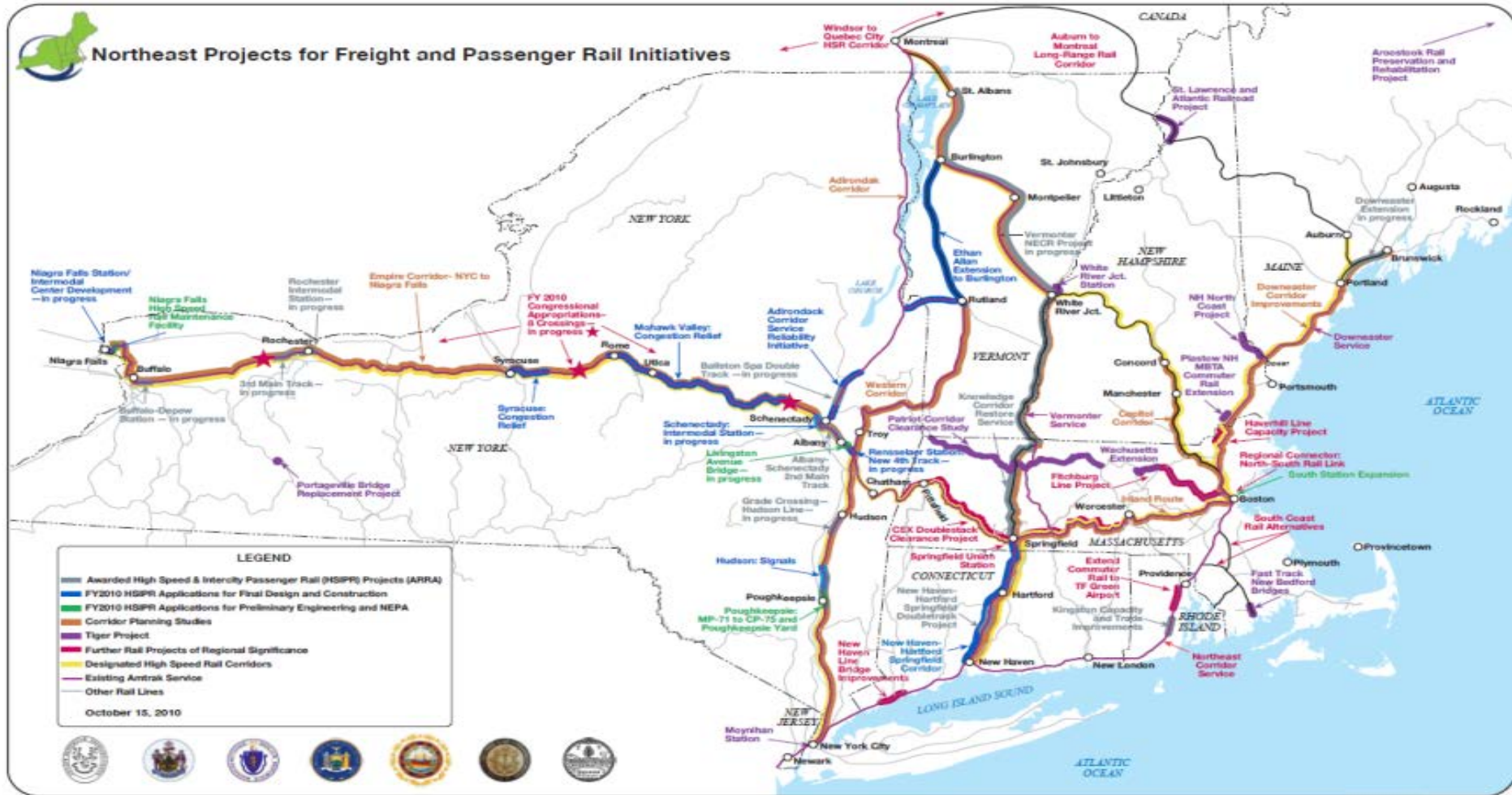
Grade Crossing Work in the Northeast

New/Upgraded Warning Devices Installed:

- Downeaster Corridor
 - Downeaster-Portland North
 - Downeaster-MBTA Improvements
- New Haven-Springfield
- Knowledge Corridor
- Empire Corridor
 - Hudson Line Crossing Improvements
 - Albany-Schenectady Double Track
- Vermonter Rehab (VT)
- New Hampshire Northcoast



Work Underway and Planned for the Future



FRA - Office of Communications & Legislative Affairs

12/12/2014



Questions?

