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MEMORANDUM



**DATE:** June 27, 2011  
**TO:** Interested Parties  
**FROM:** William E. Hamilton  
**RE:** Michigan's High Speed Intercity Passenger Rail Projects

**Background/History:** The National Railroad Passenger Corporation (AMTRAK) provides rail passenger service along three routes in Michigan: *The Wolverine* (Pontiac – Detroit – Chicago), *The Pere Marquette* (Grand Rapids – Chicago), and *The Blue Water* (Port Huron – Chicago).<sup>1</sup>

*Wolverine* service is part of AMTRAK's core national service. *The Wolverine* service corridor is also part of a designated high-speed rail corridor. In 1992, the U.S. Secretary of Transportation selected the Midwest High Speed Rail Corridor as one of five in the nation with the potential for high speed rail development; the Detroit - Chicago route is a segment of that corridor.<sup>2</sup>

Since 1996, Michigan has been working with 7 other state departments of transportation (Illinois, Indiana, Iowa, Minnesota, Nebraska, Ohio, and Wisconsin), Amtrak, and the Federal Railroad Administration (FRA) to develop the Midwest Regional Rail Initiative (MWRRI), a plan for an improved and expanded passenger rail system in the Midwest. In addition to this effort, state legislators across the region began working together on the development of high speed rail in the region. These legislative activities were formalized in 2000 with the enactment by three states, Indiana, Minnesota, and Missouri, of the Midwest Rail Compact. Seven other states, including Michigan, subsequently joined the compact. Member states work to advance common objectives through participation in the Midwest Interstate Passenger Rail Commission (MIPRC).

Michigan formally entered the Midwest Rail Compact in 2006 through enactment of 2006 PA 173 (House Bill 5638 of the 2005-2006 Legislative Session). Michigan is currently represented on the MIPRC by Representative Wayne Schmidt, Senator Mike Kowall, Tim Hoeffner, of the Michigan Department of Transportation, and Dr. John "Joe" Swartz, of Battle Creek, who serves as the private sector member.

Since 1992, the state, federal government, and AMTRAK have dedicated funds to development of high speed rail service on the Detroit-Chicago rail corridor. Among the stated goals of the program:

Reduce average travel time from 6 hours to under 4 hours through a combination of increased train speeds and reductions in bottlenecks.

Incrementally increase maximum speeds from 79 MPH to 110 MPH through improvements to trackage, signals, grade crossings, stations, and equipment.

Incrementally increase trip frequency from 3 round trips daily to 9 round trips. This would involve a mix of services, some local and some express.

Combined state, federal, and AMTRAK expenditures for capital improvements to track, signals, train sets, and safety on the Detroit-Chicago corridor exceed \$50 million for the 1992 to 2007 period.

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<sup>1</sup> The complete service description and station listing is found on the AMTRAK website at: [http://www.amtrak.com/servlet/ContentServer/AM\\_Route\\_C/1241245664519/1237405732511](http://www.amtrak.com/servlet/ContentServer/AM_Route_C/1241245664519/1237405732511)

<sup>2</sup> The Midwest High Speed Rail Corridor was later renamed the Chicago Hub High Speed Rail Corridor.

### **Increased Federal Support for Intercity High Speed Passenger Rail**

Federal support for the expansion and improvement of high speed rail passenger corridors, including the Detroit-Chicago corridor, increased substantially from 2008 through 2010 with the enactment of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), the American Recovery and Reinvestment Act of 2009 (ARRA), and FY 2009 and 2010 federal appropriations for the U.S. Department of Transportation. Among other things, these acts authorized and provided funding for the federal High-Speed Intercity Passenger Rail Service program (HSIPR). In February 2009, \$8.0 billion was authorized for HSIPR capital and planning grants through enactment of ARRA. FY 2009 and FY 2010 federal appropriations provided an additional \$2.1 billion for the program.

The HSIPR is a discretionary, competitive grant application program; the Michigan and Midwest corridor's share of these non-formula discretionary programs is dependent on projects being submitted and approved for funding. The funds authorized in the ARRA provided 100% of project cost; there was no non-federal matching requirement. Funds provided under authority of FY 2009 and FY 2010 appropriations did have matching requirements.

A series of three announcements in 2010 and 2011 identified over \$400 million in direct HSIPR grants to Michigan. Projects include:

- \$346.5 million for acquisition and rehabilitation of 135 miles of Norfolk Southern track between Kalamazoo and Dearborn
- \$40.3 million to complete construction of two new stations (Dearborn, Troy-Birmingham) and renovation of one station (Battle Creek)
- \$2.8 million for preliminary engineering and environmental clearance for new Ann Arbor station
- \$7.9 million for track improvements at the West Detroit Track Connection
- \$3.2 million planning grant to update the corridor investment plan

Of the \$400 million in direct federal grants to Michigan, \$198.6 million represented ARRA funds redistributed in May 2011 after Florida rejected a previously announced ARRA grant.

In addition to grants made directly to Michigan, over \$204.4 million in announced ARRA/HSIPR grants to Illinois and Indiana will also improve service along the Detroit-Chicago corridor. Projects include: \$133.0 million to Illinois for the Englewood Flyover project; \$71.4 million to Indiana for the Indiana Gateway project. These projects will reduce conflicts between rail passenger service and freight railroads.

AMTRAK was also the direct recipient of \$32.9 million in ARRA grants to for service improvements to the Detroit-Chicago corridor. Projects include: \$166,967 for various AMTRAK facility upgrades; \$798,383 to improve station accessibility; \$6.9 million to install new fiber optic cable from Kalamazoo to Porter Indiana; \$25.0 million to extend Incremental Train Control Systems – required to extend 110 mph train speeds along the entire 97 mile AMTRAK-owned segment from Kalamazoo, Michigan to Porter, Indiana.

Rail passenger service in Michigan will also benefit from \$268.2 million in ARRA funding for a Next Generation Passenger Rail Equipment purchase. This grant will provide for 48 new passenger cars and 7 new locomotives for use in eight Midwest rail corridors, including the Detroit-Chicago corridor. Illinois is the lead state for this grant.

These projects will improve stations and passenger facilities, and will provide for track and system improvements which taken together will allow for 110 mph service on much of the corridor and a 60 minute reduction in trip time.

### **Track Ownership of Pontiac-Detroit-Chicago Route:**

#### **AMTRAK-Owned Track**

Of the 304 mile Wolverine line, from Pontiac to Chicago Union Station, 97 miles is on the AMTRAK-owned segment from Kalamazoo, Michigan to Porter, Indiana. This is the largest AMTRAK-owned track segment outside the Northeast corridor of the United States. Since 1992, this segment has been the focus of capital improvements (track improvements, crossing improvements including crossing eliminations, and train control systems), with the aim of increasing train speeds. AMTRAK currently operates at 95 mph on this track segment, and, once announced system improvements are completed, plans to increase train speeds to 110 mph.

#### **Norfolk Southern Track Acquisition/Rehabilitation**

The longest track segment on the Wolverine route is the 135.7 mile segment between Kalamazoo and Dearborn owned by Norfolk Southern (NS). NS has indicated to both AMTRAK and the Michigan Department of Transportation that due to a reduction in freight business on the corridor, maintaining the track to 79 mph standards was not warranted. In July 2010 NS issued a slow order reducing authorized train speeds from 79 mph to 60 mph on 41.2 miles of the segment. NS has indicated that it anticipates extending the slow order to the entire NS-owned corridor. NS has also indicated that its freight business requires a track standard of only 25 mph. The department has indicated that the gradual downgrading of this line threatens the reliability of rail passenger service on the route and could offset improvements in train speed made to the AMTRAK-owned segment of the route.

The largest single HSIPR-funded project in Michigan would address these issues involving the potential downgrade of NS track. A total of \$346.5 million in federal funds has been committed for the acquisition and rehabilitation of the 135.7 mile NS track segment between Kalamazoo and Dearborn.<sup>3</sup> In October 2009, the department and NS signed a memorandum of understanding (MOU) indicating the intention to negotiate an ownership agreement. This MOU was subsequently reaffirmed in August 2010. The department is currently in negotiations with NS. Once the two parties come to an agreement, an ownership agreement would be subject to approval by the Surface Transportation Board.

The department's grant application indicates that the estimated gross cost of the project, \$385.3 million, represents estimated acquisition and track rehabilitation costs. The acquisition costs were based on a November 2009 appraisal. The track rehabilitation costs were based on cost estimates developed by NS and AMTRAK as part of a 2010 joint high speed rail improvement study.

The department indicates that planned improvements 135.7 million Kalamazoo-Dearborn track segment have the potential of increasing train speeds on that corridor to 110 mph. Combined with the 97 mile segment from Kalamazoo to Porter, Indiana, over 232 miles – 76% of the Wolverine route – would be at the 110 mph standard.

#### **Note on State Appropriations Impact**

Of the \$400.7 million in federal HSIPR grants awarded to Michigan in 2010 and 2011, only the initial award announced award, of \$40.3 million for three station construction projects, has been included in state appropriations to date.<sup>4</sup> The remaining \$360.4 million in federal funds will have to be appropriated at some point in order for the funds to be expended by the state. The State Budget Office has not yet submitted a request for supplemental appropriations. The amount of additional state, local, and private funds to be included in the appropriation request is not yet known.

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<sup>3</sup> As shown in the table on page 5 of this memo, the \$346.5 million granted to this project consists of two separate announcements: \$150 million announced in October 2010, and \$196.5 million announced May 2011. The \$196.5 million grant was made available as a result of Florida's rejection of previously announced ARRA grants.

<sup>4</sup> As shown in the table on page 5 of this memo, the \$40.3 million was authorized in supplemental appropriations act 2010 PA 92 (Senate Bill 928 of the 2009-2010 Legislative Session).

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As shown in the table on page 5 of this memo, some of the announced HSIRP grants require a non-federal match. The amount of non-federal match required, and more specifically the amount on state funding need to meet the required non-federal match, is not yet known. The amount of state match will depend on the results of negotiations with NS. NS has indicated a willingness to participate in some part of the non-federal share associated with the acquisition and track rehabilitation project.

The department estimates the amount of state matching funds required for grants announced to date to be \$27.85 million.

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Michigan High Speed Intercity Passenger Rail Grant Awards				
2010-2011				
	Amount of		Federal	
	Federal Award	Project Description	Share	Notes on Funding
<b>First Round ARRA announcements 1/28/2010</b>				
Battle Creek Station	3,620,552	Final design and construction; renovation of building and passenger service facilities at AMTRAK station.	100.00%	
Troy-Birmingham Intermodal	8,485,212	Final design and construction of new platform and passenger service facility at Troy AMTRAK station.	100.00%	In addition to ARRA funding for the station project, a related transit-center project is being developed using \$350,000 in state funds, \$2.0 million from the cities of Troy and Birmingham, and an in kind contribution of land by private developer.
Dearborn Station	28,204,450	Final design and construction of new AMTRAK station building, platform, and passenger services facility adjacent to Greenfield Village.	100.00%	
Subtotal	\$40,310,214			\$40,310,300 appropriated in FY 2009-10 ARRA Supplemental, 2010 PA 92 (SB 928)
<b>Second Round announcements 10/28/2010</b>				
"Service Development Plan"	150,000,000	Proposed purchase and incremental restoration of 135 miles of track currently owned by Norfolk Southern between Kalamazoo and Dearborn.	80.00%	This is an 80% federal participating project with non-federal sources to provide \$37.5 million of the estimated \$187.5 million total cost; NS has indicated it will contribute 10% of cost or 50% of match. The department is currently in negotiation with NS.
Corridor Investment Plan/EIS	3,200,000	Planning grant	80.00%	Michigan is the lead state for this corridor planning grant. Of the \$4.0 million total cost; 20% non-federal match provided as follows: Michigan, \$400,000; Indiana, \$200,000; Illinois, \$200,000.
West Detroit Track Connection	7,912,773	Replace bridge, .86 mile new track, upgrade to TCS, 5 crossovers.	50.00%	Federal share represents 50% of \$15,825,546 project application; 50% to be provided by state funds. Total project cost estimate \$18,325,238; additional funds provided by \$1,475,893 in Federal Transit Administration grant; \$1,023,799 state funds.
Subtotal	\$161,112,773			
<b>Florida Funding Reallocation 5/8/2011</b>				
Upgrade/Rehab NS Track	196,503,208	Upgrade to Class 6 = 110 MPH	100.00%	
Ann Arbor Rail Station	2,806,400	PE/EIS	80.00%	Of the \$3,508,000 project cost, \$701,600 to be provided by city of Ann Arbor.
Subtotal	\$199,309,608			
Total HSIPR Grants to Michigan	\$400,732,595			
<b>Other Improvements to the Detroit-Chicago Corridor</b>				
Indiana Gateway (Indiana)	71,364,980	Eight separate projects to reduce conflicts between rail passenger and rail freight between Porter Indiana and Indiana/Illinois state line.	100.00%	ARRA Funding January, 2010
Englewood Flyover (Illinois)	133,000,000	Grade separation to reduce conflicts between passenger rail and rail freight in Chicago area.	100.00%	ARRA Funding January, 2010
AMTRAK	32,876,791	AMTRAK facility upgrades, station accessibility, new fiber optic cable and Incremental Train Control Systems extended from Kalamazoo to Porter Indiana.	100.00%	ARRA Funding January, 2010
Midwest Equipment Pool	268,201,084	Next Generation Passenger Rail Equipment purchase; will provide for 48 new passenger cars and 7 new locomotives for use in eight Midwest rail corridors, including the Detroit-Chicago corridor.	100.00%	Illinois is the lead state for this project; Florida fund redistribution, May, 2011