

Southwest Chief Commission (SWC Commission)

Center for American Values – 101 S. Main St. #100, Pueblo, CO 81003

Thursday, October 6, 2016 10:00 a.m.

Call in: 1-719-583-2009 - Guest Meeting ID: 1114# - Guest Password: 2151#

Commission Members: Sal Pace, Chairman
Rick Klein, Vice Chairman
Elena Wilken
Jim Souby
Pete Rickershauser
Mark Imhoff
Ray Lang

- I. ATTENDANCE / EXCUSED
 - A. Call to Order / Roll Call / Opening Remarks (Chairman Pace)
 - B. Approval of Minutes (July 7, 2016)

- II. REGULAR AGENDA
 - A. Welcome from Chairman Pace & Introduction of Guests
 - B. TIGER GRANT VI update (Pete Rickerhauser)
 - C. TIGER GRANT VII update (Rick Klein)
 - D. SWC Technical Assistance (David Krustinger)
 - E. Thru Car Update

- III. SPECIAL DISCUSSION
 - A. Recommendation to General Assembly Post-Sunset of SW Chief Commission

- IV. ADJOURN

Desirable Powers and Possible Delineation of a Colorado Front Range Passenger Rail Authority
Jim Souby, ColoRail

Big Questions (General Powers in statute):

1. Purpose? Single Purpose Passenger Rail Organization with all necessary powers to develop, finance and operate corridor passenger rail service in cooperation with transit agencies in the corridor
2. What is the corridor geographic area? A corridor comprising 11 – 13 – 15 counties along the Front Range of Colorado (i.e. can be expanded as scale increases)
3. What is the Governance Structure? Independent authority similar to RTD but encompassing the Front Range Corridor. With an independent, representative of the corridor and necessary transportation expertise (elected or appointed?) Could be housed within CDOT for administrative support. Issue: how to incorporate RTD's rail services into the organization
4. What is the best way to fund such a major project both for initial development and construction and for continuous operation? Initial sales or property tax with federal matching funding. Ongoing funding from a transit sales tax such as RTD's at a level sufficient to meet operating requirements not covered by fares and other revenues from operations. Other opportunities such as Tax Increment Financing may exist, particularly for communities in the corridor in order to finance stations facilities and parking.
5. What liability caps or protections may be afforded to the Authority? Needs research

Desirable Powers that must be conferred in Statute:

Authority to levy taxes within the corridor and enforce their collection subject to state law

Authority to incur debts, liabilities and other obligations

Authority to make, hold and dispose of investments

Authority to enter contracts and partnerships for lawful purposes connected with its mission

Authority to acquire and dispose of real property including real estate; to mortgage or pledge such property

Authority to enter any land within the corridor to conduct necessary surveys, borings, soundings and examinations

Authority to construct, manage, maintain or operate any building, works or improvements

Powers of Annexation and Dominant Eminent Domain

Authority to establish offices, departments, and other necessary administrative functions

Authority to employ and remove agents and employees and to provide wages, salaries and employment benefits for their service and the authority to negotiate and enter into labor contracts

Authority to set fares and charges for its services

Authority to establish a police force for the security of its employees, customers and property

Authority to set safety standards and rules consistent with higher authority

Authority to sue and be sued

Authority to design and construct a system that does not impede freight movements and to consult with affected parties within and without the corridor on ways to mitigate freight impacts

Possibly: Authority to establish local improvement districts and issue special assessments on the increased property values in order to bond for improvements

Passenger Rail Meeting Notes

Participants:

Sylvia Brady
Bob Brewster
Andy Goetz
David Krutsinger
Pete Rickershauser
Ira Schreiber
Jim Souby
Sharon Terranova
Jack Tone

Purpose to see if agreement can be reached on key issues, advantages, obstacles and opportunities facing front range passenger rail in Colorado and on strategies to advance the mode

Describe the environment we are operating in?

Lack of funding is the crucial obstacle. There is no dedicated source of revenue against which bonds can be sold to fund development of a system. There are innovative financing mechanisms available such as TIF, RRIF, other value added schemes but in every other case examined a perpetual revenue stream has been established by property, sales or some combination of these measures. This means strong public support and strong leadership are required.

The CDOT Rail Plan and the upcoming legislative session offer important opportunities to advance Front Range Passenger Rail. The Rail Plan will be completed by December, 2017, which means strong legislative direction would be ideal. This legislation will be keyed on the expiration of the Southwest Chief Commission charge in 2017. Strong legislation and the State Freight and Passenger Rail Plan will tend to protect development of the system from political opponents.

CDOT needs to maintain its status as the neutral engineer. Every dollar allocated to rail is viewed as a dollar taken from some other mode's limited funding.

There appears to be latent public support for rail development based on our experiences with the Southwest Chief and Winter Park Express, but strong support needs to be developed. There is little understanding of passenger rail systems or how they can be developed in stages. The overall "sticker shock" of total system costs belies the advantages that a "building block", incremental approach can bring to public acceptance. Highway development has avoided this argument due to sunk costs from the Interstate program and incremental improvements that are never compared appropriately to alternatives.

The common approach to generating public support is misguided in that advocates try too hard to sell their favored mode or system and fail to make the case for the system self-apparent. A passenger rail component should become self-apparent given the demographics of the I-25 corridor.

DRCOG sees three passenger rail initiatives in play:

RTD's Fastracks build out
I-25 North Plans

I-25 South interest (Planning and Environmental Linkage study C-470 to Monument is just beginning)

The freight railroads have carefully defined the principles under which they will cooperate with official entities planning and operating passenger rail systems. BNSF principles and the Ohio State Passenger Rail plan are good examples of this.

It is important to realize the Front Range is a Denver centric system. Other regions in the nation have the advantages of metro city pairs, for example, Sounder. This will induce problems with any build out such as difficult north south connections to and through DUS, limited track capacity at DUS, and RTD engineering limitations (catenary height, platforms, bridge weight tolerances, light rail track limitations).

A through line will be very important eventually to reduce passenger inconvenience. However, at the outset, few passengers are expected to travel from north of Denver to south of Denver.

This whole north south route scenario is built on using freight railroad right of way. While the right of way with some major exceptions is generally wide enough (100') for the addition of passenger service, the current track capacity can support only limited service. Future service demands will require additional tracks and sidings. In any event signaling improvements will be required.

We anticipate tremendous growth in the Northern and northwestern suburbs such as Boulder, Erie, Longmont and Fort Collins. This should create public support for passenger rail service and voter support for ballot measures to fund it. Problems may arise from the continuing disappointment over the delay of RTD's northwest area line and interim bus service. Voters in this area are not likely to favor additional transit taxes until the issue is resolved. In fact, the entire Fastracks buildout creates challenges for further Front Range passenger rail acceptance.

Describe the System You Envision

In both the north and south segments we envision limited passenger service at the outset, 3 trains at peak times and a noon return train. This could perhaps grow to 5 trains at peak. These trains have to be sequentially scheduled and dispatched in order to maintain reliable schedules and thus gain public acceptance. The trains would be interoperable with RTD lines, e.g. north metro, in order to access Denver Union Station, though the Consolidated Main Line (CML) right of way may be utilized for through service eventually.

While interstate service, say Cheyenne to Albuquerque, is part of the big picture for Front Range rail, the corridor from Fort Collins to Pueblo is the main focus of the effort.

This initial passenger rail service must be exemplary in order to gain public support for expansion. Even limited service must be on time, convenient and reasonably fast.

The north I-25 segment is further along in planning with a completed and updated EIS. The BNSF right of way which may be used has reduced freight service and is considered a secondary line therefore limited passenger service would presumably be acceptable. Furthermore, mobility options are becoming more limited in this region as I-25 expansion consumes all the available footprint and population continues to grow. Transit Oriented Development is already contemplated by developers in the north I-25 corridor, a major factor in generating support for passenger rail service here.

The north I-25 EIS envisioned 55 trains per day, a level of service that cannot be financed or sustained at the present time. This level of service was presumably set in order to demonstrate impacts on I-25 congestion and justifying additional funding, e.g. CMAC. This expectation must be tempered by a realistic, incremental plan.

The system should be built out incrementally as demand warrants expansion, the “building block” strategy. This strategy requires policies that prevent foreclosure of important access points, rights of way, for example construction of overpasses that limit rail capacity.

The trains may be powered by lighter weight DMU or dual use DMU-EMU engines that can use RTD’s system. Otherwise, bridges will have to be shored up.

The Sounder and NorthStar systems are good examples to look to for guidance. The BNSF operates the Sounder.

The system would be financed primarily by development taxes (e.g. Tax Increment Financing/Value Added Taxes from development in the vicinity of stations), federal grants and federal loans supported where appropriate under the Transportation Infrastructure Finance Innovation Act (TIFIA) program and the Railroad Rehabilitation and Improvement Financing (RRIF) program. Any of these low interest loan programs will require dedicated funding sources.

RTD and the Utah Transportation Authority have underlying perpetual transit sales tax revenue. RTD has a uniform rate (.75%?) while UTA has graduated rates in the counties served (.25 - .685%?). Recent transportation projects in Colorado have relied on both sales taxes and property taxes (need examples cited – Lone tree extension?). Denver Union Station provides an example for mixed sources of funding.

Some right of way may be purchased

Governance Structure

The Southwest Chief Commission sunsets in 2017. This provides an opportunity to recreate an entity with a broader scope, for example the Front Range I-25 Corridor, perhaps a “Front Range Rail Authority”.

The SWCC is a useful model for the new entity, for example it’s commissioners favor its mission. Expanding both the mission and representation of the SWCC would be a good way to proceed. Representatives to the entity should be primarily from population hubs that the system will serve, either by direct appointment or recommendation. For example, MPO’s may provide qualified representatives.

The entity must have the power to control funding and funds, including Tax Increment funding generated by TOD at stations. Bonds may be issued against TIF revenues.

The Regional Transportation Authority (RTA) is not a good model for a Front Range system as any county could “veto” the system.

The mission could be similar to the description in HB 09-1134 (lines 101-106). Issues are likely to arise over tax authority and eminent domain authority.

Taxation could be handled in separate legislation or later amendments.

Costs and Cost Estimates (see handout)

While we tend to think in terms of cost per mile of track constructed, the ancillary costs such as grade crossings, powered turnouts and signaling are enormous and are included in the various costs for different rail projects. For example, signaling, PTC/CTC, is as expensive as track construction.

The North I-25 update study estimated \$19-22 million per mile for a system capable of handling 44 trains per day, with double track, and spacing of 25 feet. At some locations a third passing track was called for.

Limited initial service for the North I-25 corridor would not require this level of expenditure but some grade crossing, track and signal improvements would be necessary. As the service gains in popularity additional service will be defined. First trains will be lengthened, then new trains added eventually reaching a tipping point where dedicated passenger track improvements become necessary.

The public does not understand the costs of highways and motor traffic. Highway systems have been developed incrementally since the early Interstate construction boom but their cumulative costs are enormous and only half are covered by fuel taxes.

The costs of expanding highways have now escalated to the point they are comparable to rail with less capacity. For example, the Denver I-70 expansion project is now estimated at \$1.2 billion. Thus the question of mobility expansion becomes one of allocating available resources to the most efficient/best system not simply expanding existing modes.

Tasks and Research

Transcribe notes

Draft PEL letter for Sal Pace

An analysis of the capitol and M&O costs of the I-25 highway system would be useful, adjusted for inflation.

Take up legislation at the next SWCC meeting (date?)

Contact WA and MN for information on Sounder and NorthStar examples.

Determine how we can have north and south I-25 projects ready for stimulus funding in next administration