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Rail service in N.H.: 'very' shovel-ready

Pan Am Systems, owner of the track, estimates work can be completed in a year

By Bob Sanders

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Commuter rail service from Boston to Nashua in a year or two? What once seemed an impossible pipe dream has suddenly become a strong possibility.

One thing is clear: The federal economic stimulus package currently working its way through Congress is widely expected to include billions for rail projects that are "shovel-ready." And New Hampshire is ready, says just about everyone involved in extending rail service to Nashua, and perhaps to Manchester, even Concord.

Most of the engineering has been done. The legal authority to operate a commuter rail system is in place. The liability issue is almost resolved. An initial operating subsidy is in place. And some \$200 million to \$300 million earmarked just for rail in New Hampshire – if Congress passes the economic stimulus package at the urging of President Barack Obama – may be in the state's hands by spring.

"All the pieces of the puzzle are on the table," said Mike Izbicki, interim executive director of New Hampshire Rail Transit Authority. "This is a very real project. This is the closest we've ever seen it — a real chance for rail to Manchester and maybe even to Concord."

"This is very ready," agreed New Hampshire Department of Transportation Commissioner George Campbell, who estimates that it would take two years for service to be put in place once the money is renewed.

But Dave Fink, president of Pan Am Systems, which owns the track and would presumably be doing most of the "shoveling" is even more optimistic. He thinks the necessary work can be done in a year. According to Fink, it would take a month to order the materials, and, in the current economy, there would be no problem calling back people, or hiring new ones, to do the work.

But a year? Come on.

"We did it down in Connecticut," he said.

Econ development 'centerpiece'

Before you rush out to buy your tickets, there are still a lot of obstacles to overcome:

- The stimulus package has yet to pass, and nobody knows how much will be set aside in the end for rail.
- It's unclear how the money would be distributed, and what chance New Hampshire has in getting it.
- The state rail authority has no paid staff, and it's unclear who will do the work necessary to apply for the money.
- The state is broke and is unlikely to give a penny to rail, and may withhold mitigation funds that have already been committed.
- An operating agreement still has to be sealed with Pan Am, and a third-party operator, probably Massachusetts Bay Transportation Authority, which currently runs the line up to Lowell, Mass.
- The rail authority still has to find a politically acceptable and sustainable way to raise about \$5 million a year as an operating subsidy after the first few years.
- There remains some opposition and skepticism New Hampshire should commit itself to rail.

“I think we still have a disconnect with some people,” said Peter Griffin, president of the New Hampshire Rail Revitalization Association. “It’s how we define transportation. To some, it’s, ‘All we need is roads.’ But a majority is beginning to accept the fact that rail is part of the balance.”

People don’t realize that rail is not only a means of transportation, but “the centerpiece for economic development,” said Mark Richardson, who heads up a business group in support of more rail service in New Hampshire.

To be sure, the Legislature did set up a rail authority in 2007, giving it the powers to do everything from issuing bonds to taking land. And last year it passed a \$75 million liability cap to partially satisfy Pam Am’s demands for such a limit.

But these moves didn’t cost the state a cent, and everybody agreed that nothing was going to be done until the federal government chipped in the hundreds of millions dollars for rail. No one expected such a windfall to come down the pike anytime this soon.

Still, the rail authority board was appointed and slowly began to organize itself. At first, former state Sen. Peter Burling – representing the Senate – chaired the group, but had to step down when he left office. That’s when the vice chair, Steve Williams – executive director of the Nashua Regional Planning Commission – took over as acting chairman.

Williams takes issue with the claim that road projects are more “shovel-ready” than rail. Highways involve a long process that includes engineering a right of way, obtaining land, through purchase and eminent domain, and complex environmental impact statements. But since the right of way for rail is already in place for freight, it just has to be upgraded for commuters. And since the rail is on private land, there doesn’t have to be as much of a public process.

“It’s much simpler,” Williams said.

More roads instead?

Proponents of commuter rail in New Hampshire say it will cost roughly \$125 million to open up a line to Nashua, and another \$175 million to get to Manchester – adding up to the \$300 million on the Department of Transportation’s wish list for rail.

But if and when the money comes through, the biggest hurdle will be working out a way to subsidize the railroad in the long run, said to Williams.

And Williams doesn’t shy away from the word “subsidy.” All means of transportation require subsidies, he said. The gas tax doesn’t pay for maintaining the roads, he argues. The cities and state help maintain them out of general funds, with snow plowing, fixing potholes, policing them, and so on.

Similarly, he said, ticket sales on a commuter rail line will likely only pay for about half of an estimated \$12 million operating cost. Throw in another \$1 million raised by advertising and concessions, ranging from coffee to Wi-Fi, and you have a \$5 million gap to fill.

The DOT plans to fill that gap for the first few years out of federal mitigations funds, said Williams (and confirmed by Campbell) though not all lawmakers are on board.

“We need to have a conversation about that,” said Rep. Candace Bouchard, D-Concord, who chairs the House Public Works Committee, which hammers out the capital budget.

But Bouchard also made it clear she was no fan of rail, rather preferring to see the funds spent on east-west highway links, such as upgrading roads between Concord and Portsmouth.

But mitigation funds can only be used for three years, Campbell said. When such money ran out in Maine for the Amtrak Downeaster that runs between Portland and Boston, lawmakers agreed to fund it out of general funds. Williams doesn’t think it’s safe to rely on annual state budget item.

“The wind will change every two years,” he said.

Thus the rail authority is examining various sources for the money, from some kind of levy from the localities that benefit from the expected economic development that rail would create. The authority also is looking at various alternatives used around the country, but what looks most politically feasible for New Hampshire, said Richardson, is creating tax incremental financing districts around the rail stations.

The theory is that rail stations would spawn development and increase property values, raising assessments, which would translate into increased property taxes. Instead of all that increase going to the municipality, a portion would go to the rail authority.

Expertise on board

Whatever method is decided on, it is the rail authority that will play the central role running the system, as well as applying for capital funds to extend the lines in the first place. The money might come in through the state, but Campbell said DOT “would be only a conduit. The authority will be fully in charge. We don’t oversee it.”

That is quite a daunting task to an organization that wrote its bylaws in mid-January, hasn’t even set up a Web site and has no paid staff. The next state fiscal year doesn’t start until July, in the unlikely event the Legislature puts funding for authority staffing in the next budget.

But Williams isn’t too worried about the staff situation. He doesn’t expect to see any actual federal money before July. When it does come, it is possible that some can be used to pay for staff. And besides, there is enough expertise on the board now to move ahead.

One of those experts is Izbicki, the unpaid interim executive director. Izbicki’s company, BNI Transportation Consulting, in Bedford, has helped build and run railway control centers for transit authorities throughout the country, including the MBTA.

“I have experience operating railroads for 32 years,” said Izbicki.

Yet it will be difficult to move forward when so much is up in the air. What if the state gets less money than it asks for? Do you put in a double track only to Nashua, or a single track all the way to Manchester, with some long spurs for passing? And how could you apply for the funds when you aren’t even sure where they will wind up, or what special rules Congress puts on them?

Currently, explained Campbell, there are two types of pools of funds available for rail: from the Federal Transit Administration, which is mainly for commuter rails into larger cities, like the MBTA, and the Federal Rail Administration, which handles transportation between cities.

The extension from Lowell to Nashua would likely be a candidate for FTA funds, because it is closer to Boston and more of the engineering and planning has been completed, enabling it to pass muster with the stricter FTA guidelines. Extending it to Manchester may be considered intercity, meaning looser standards might apply.

Campbell is getting some heat from including such a large request for rail on his wish list in the first place. The conservative Josiah Bartlett Center for Public Policy recently issued a report that criticized Campbell from deviating from the 10-year highway plan passed by the state Legislature in drawing up his stimulus package wish list.

“It’s up to states like New Hampshire to make sure its priorities are addressed, rather than waiting to receive money for projects that lawmakers don’t want and can’t afford,” wrote Grant Bosse, the report’s author.

But Campbell said that he put every shovel-ready road project – some \$210 million worth – on the list. It would be “irresponsible” not to go after money earmarked for shovel-ready rail projects, simply because the money can’t be spent on highway projects in the 10-year plan or not, he said.

“People are totally confused with highway funds,” he said. “They aren’t the same program.”

So how shovel-ready is New Hampshire when it comes to rail?

Fink, of Pan Am, said that he could knock out an agreement with the state in a month, and it would take another month to begin construction. While liability is an issue, it could be bridged if the state is willing to pay for the insurance.

“We have the union agreements, we have the equipment, we have the right of way. We make our own ties. We just have to order the track and the aggregate. We could do it in a year if we do it on the cheap.”

Few people would consider \$300 million cheap, but Fink said people should look at it another way: One railway line could move as many people as 28 highway lanes. You can lug a ton of freight 415 miles with a gallon of fuel. And there are limits to how wide a highway can be expanded.

“You can’t use asphalt to cover the world,” he said.

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