

The City of Wichita is not currently served by passenger rail. In October 1979, rail service south of Newton, Kansas was eliminated (cutting service directly to Wichita and eliminating service south in the Wichita - Oklahoma City - Fort Worth corridor). In 1999, a portion of the former *Lone Star* route was re-established as the *Heartland Flyer*, linking Oklahoma City with Fort Worth. The legislative agenda of the City has long supported the completion of studies required to seek federal funding for rail service. The State has also been supportive of enhancing passenger rail service. Extending the Heartland Flyer to Newton could require an estimated \$87.5 million (not including costs for final design and construction oversight) and could require an annual operating subsidy. Depending on actual ridership, this annual subsidy could vary up to \$4.4 million. These costs could be financed with combinations from Federal, State and perhaps local funding. Ridership is estimated at 200,500 per year, providing 39 million passenger miles annually.

### **Background**

Until 1979, the *Texas Chief* (later re-named the *Lone Star*) route provided service on the Kansas City - Fort Worth corridor. This route serviced Wichita, providing a link to both Oklahoma City and Fort Worth. Since 1979, the only rail service in the area has been the *Southwest Chief*, a route connecting Chicago to Los Angeles, that provides service from Kansas City to Newton, then west to Hutchinson, Garden City and Dodge City. In 1999, service was restored from Fort Worth to Oklahoma City, and since that time, Oklahoma and Texas, along with Kansas and Missouri, have researched opportunities to expand the *Heartland Flyer* to once again provide passenger rail service between Kansas City and Fort Worth.

The 2010 Kansas Legislature passed Senate Bill 409, which empowered the Secretary of Transportation to establish a passenger rail program. The Legislature has also approved participation in the Midwest Interstate Passenger Rail Compact, which supports efforts to develop rail service. A 2010 Amtrak study identified four alternatives for enhancing service in the Kansas City - Fort Worth corridor. This led to a 2011 Service Development Plan jointly funded by the Kansas Department of Transportation (KDOT) and the Oklahoma Department of Transportation (ODOT) with cooperation and assistance from the State transportation departments of both Texas and Missouri, as well as BNSF Railway company, AMTRAK and the Federal Railroad Administration (FRA). The 2011 study examined two options in more detail: extending the Heartland Flyer from Oklahoma City to Newton (serving Wichita); and creating new service from Kansas City to Fort Worth (serving Wichita).

### **Benefits of Rail Service**

Enhancing passenger service is directly linked to the three guiding principles in KDOT's Long Range Transportation Plan:

- preserving the transportation network;
- promoting safer travel; and
- supporting economic development.

Of the three, the discussion about economic development has been the most dynamic in recent times. For the past two years, the City of Wichita has led a public discussion about the merits of pas-

senger rail as it relates to the economic growth on a local, state and regional level. Several key elements have emerged that will impact future cost/benefit analyses. Those elements include:

- Changing information technology that makes train travel much more conducive to business productivity compared to other transportation modes;
- Changing demographic trends that feature an aging population more reliant on public transportation than personal vehicles, as well as a college-age public that values passenger rail service as a cost-effective transportation alternative; and
- A Federal Railroad Administration emphasis on economic development corridors that heightens the importance of interconnected regional economies.

The 2011 study calculated a cost/benefit ratio of .93. This was calculated using FRA guidelines. Basically, the model attempts to monetize costs and benefits, then discount those back to a net present value. However, the modeling is considered to be conservative, since some benefits (such as increased economic development) are not included based on FRA guidelines. In addition, the cost amounts are inflated by a 15% contingency (the cost benefit ratio is .88 if a 30% contingency is used). Subsequently, this ratio has been re-evaluated and revised upward to 1.00126:1. It should be noted that other cost benefit studies (prepared under differing methodologies) have put the cost benefit ratio at between 1.17:1 and 4.5:1.

Other significant benefits from improving the rail network (in addition to facilitating passenger rail) would be the potential shift of freight traffic from highways to rail. This could preserve pavement surfaces and reduce highway maintenance costs. Studies have indicated that rail travel is four times safer than highway travel, so shifting traffic to rail should support safer travel. Improving the rail linkage to Wichita would also increase accessibility options and enhance economic development.

### **Capital and Operating Cost Estimates**

To initiate passenger service, capital investment would be required. The track between Newton and Oklahoma City is generally maintained for a maximum speed of 55 miles per hour. Passenger traffic would travel at a maximum speed of 79 miles per hour, which would require improvements. Sidings or double tracks would be required to handle the increased train traffic. Based on a 2011 study, estimated infrastructure costs would total \$87.5 million, including \$49 million for tracks in Kansas, with \$38.5 million for the Oklahoma track improvements. With the inclusion of 20% for "soft costs" (planning, studies, design, and construction oversight), 30% for project contingency, and a \$4 million allocation for additional rolling stock, the total estimated capital costs could reach \$136.5 million, based on the 2011 study.

Aside from capital costs, an operating subsidy would probably be required. The 2011 study indicated the current *Heartland Flyer* (operating between Oklahoma City and Fort Worth) required an annual subsidy of \$4.5 million, split equally between Texas and Oklahoma. Using these costs as a model, the study estimated incremental revenues of \$3.0 million from extending the *Heartland Flyer* to Newton,

with incremental operating costs estimated at \$7.4 million. The estimated net would be an annual subsidy of \$4.4 million. However, depending on actual ridership, any required subsidy could be less.

### **Planning Grant**

The City, with KDOT as a partner, in 2013 applied for a Transportation Investment Generating Economic Recovery (TIGER) grant to fund the National Environmental Policy Act (NEPA) review (environmental assessment) and engineering design of the route from Newton to Oklahoma City. This grant was not awarded. This year the City is preparing a new, smaller application for a NEPA review and preliminary (25%) engineering only. Again, the City will be the grantee and KDOT will support the application. The 2013 grant application was for \$9.7 million in federal funds, matched with \$3 million from KDOT. The revised application will be for \$3 million in grant funds. KDOT and ODOT have both pledged matching funds for the application. The City of Wichita and other communities have the option of providing matching funds, which enhances the appeal of the grant application.

### **Summary - Funding Gap**

Extending the *Heartland Flyer* route to Newton would provide an important passenger rail link for the City of Wichita. The capital investment required would have many benefits, including economic development and safety considerations. A conservative cost benefit calculation of 1:1 has been estimated. A preliminary step in completing this project is securing a TIGER planning grant for the environmental assessment and preliminary engineering work. The likelihood of grant funding would be enhanced if the City committed \$25,000 in matching funds to the grant.

Infrastructure costs are estimated at \$87.5 million, with the amount reaching \$136.5 million depending on assumed soft costs and contingencies. There are currently no funds budgeted for this effort, but there are many potential funding sources. Federal funds, if appropriated, would be expected to cover 80% of any capital costs. The 20% match (\$27.3 million assuming \$136.5 million in project costs) could be funded with State of Kansas resources, coupled with some combination of contributions from other states or possibly local governments. However, at this point, none of these funds are budgeted. The route could require an annual operating subsidy; perhaps up to \$4.4 million. There are no funds budgeted for this. Most likely, operating funding, if needed, would come from some combination of state and local resources.