Rail Passengers Webinar Series: Passenger Rail Under the Big Sky & Beyond

An update from Montana’s Big Sky Passenger Rail Authority

February 23, 2022
Today’s Webinar

• Welcome
  • Joe Aiello, National Field Coordinator, Rail Passengers

• Featured Presentation
  • Dave Strohmair, Chairman, Big Sky Passenger Rail Authority
  • Jim Mathews, President & CEO, Rail Passengers

• Q&A

• A look ahead to RailNation:DC
Passenger Rail Under the Big Sky & Beyond

Dave Strohmaier, Chairman
Big Sky Passenger Rail Authority
Passenger Rail Service through Southern Montana ended 42 years ago, and with it, tremendous economic, sustainability, and equity opportunities.
Simply trying the same thing and expecting different results will likely yield the same results
OUR MISSION

To Further The Health, Safety, And Economic Prosperity Of The Region By Advocating For Rail As Public Transportation Option.
NATIONAL NETWORK: AN OPPORTUNITY FOR REVITALIZATION

PEOPLE LIVE HERE!
MILESTONES

- ESTABLISHED NOVEMBER 2020
- 2021 BOARD CONVENED JANUARY
- FIRST IN-PERSON MEETING AUGUST
- ADOPTED FIRST BUDGET
- HELPED PASS KEY LEGISLATION
12 FOUNDING MEMBER COUNTIES
THE BOZEMAN DESTINATION
Up and Coming Brewery Historic District Nearby
Station Infrastructure Ready to be Rehabilitated
Less than One Mile to Downtown
Commute to Work
Vibrant Technology and Financial Sector
STREAMLINE Bus Service Around Bozeman
Watch A Concert and Stay the Night
THE LIVINGSTON DESTINATION
Vibrant Downtown
Station Infrastructure Established
Easy to Stroll
Eat and Drink
Art Galleries
Go Shopping
Spend an Afternoon or a Night
PROJECTED START-UP RETURNS FOR THE NORTH COAST HIAWATHA

Annual Economic Return to U.S.
$271 million

Annual Economic Return to Montana
$44.6 million

Annual Ridership of 426,000
Interstate cooperation & collaboration is critical
<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>IIJA</td>
<td>Utilize provisions of the IIJA to study and plan for passenger rail expansion</td>
</tr>
<tr>
<td>Create</td>
<td>Urge the secretary of transportation to form a Greater Northwest Working Group</td>
</tr>
<tr>
<td>Collaborate</td>
<td>Continue collaboration with partners throughout the region</td>
</tr>
<tr>
<td>Implement</td>
<td>Work with members of Congress, USDOT, FRA, Amtrak, and host railroads to implement to restore the North Coast Hiawatha</td>
</tr>
</tbody>
</table>
### The Power of Local Government

<table>
<thead>
<tr>
<th>Authority</th>
<th>Is there statutory authority to establish a regional rail authority/commission?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Think Big</td>
<td>Cross boundary, multi-jurisdictional, regionally, nationally, and internationally</td>
</tr>
<tr>
<td>Stay Focused</td>
<td>Don’t be deterred by recalcitrant legislators, just-say-no bureaucrats, and well-meaning but circular firing squad passenger rail advocates!</td>
</tr>
<tr>
<td>Stay Positive</td>
<td>Passenger rail is bipartisan. We can do this!</td>
</tr>
</tbody>
</table>
Website: [https://www.bigskyrail.org/](https://www.bigskyrail.org/)
Facebook: [https://www.facebook.com/BigSkyRail](https://www.facebook.com/BigSkyRail)
Twitter: [https://twitter.com/bigskyrailmt](https://twitter.com/bigskyrailmt)
North Coast Hiawatha Restoration: A Solid Return for Taxpayers and Business

Jim Mathews, President + CEO
Rail Passengers Association
“Rail Passengers assesses that restoring the *North Coast Hiawatha* as a daily Amtrak service would generate **$271 million each year in economic benefits** to the seven states served while costing Amtrak **roughly $68 million per year to operate** – a cost offset **66%** by collection of **$41 million each year in fares and other customer revenue**. As many as **426,000** passengers can be expected to take this train each year once it reaches a steady state of operation, including perhaps as many as **29,000** new passengers who would not otherwise travel at all using any travel mode if the train did not exist.”
Summary of Findings

Strong ridership, cost-recovery ratio, ROI

Compelling case for restoration

• Broad benefits across the served states

<table>
<thead>
<tr>
<th>County/State (Station)</th>
<th>Visitor Spending</th>
<th>Reduced Pollution</th>
<th>Reduced Crash Fatalities</th>
<th>Avoided Road Maintenance</th>
<th>Avoided Travel Costs (vs Other Modes)</th>
<th>Rail Operations &amp; Maintenance Spending</th>
<th>Labor income</th>
<th>Value Added</th>
<th>Output*</th>
<th>Total Economic Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>$1,487,513</td>
<td>$136,143</td>
<td>$204,670</td>
<td>$8,834,689</td>
<td>$9,364,360</td>
<td>$21,407,785</td>
<td>$15,262,719</td>
<td>$28,441,028</td>
<td>$50,580,668</td>
<td>$89,828,035</td>
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<tr>
<td>Idaho</td>
<td>$72,011</td>
<td>$1,897</td>
<td>$2,791</td>
<td>$90,476</td>
<td>$139,425</td>
<td>$3,015,181</td>
<td>$1,323,565</td>
<td>$2,788,197</td>
<td>$5,084,784</td>
<td>$8,408,565</td>
</tr>
<tr>
<td>North Dakota</td>
<td>$398,093</td>
<td>$36,264</td>
<td>$53,372</td>
<td>$1,730,122</td>
<td>$2,621,575</td>
<td>$12,633,608</td>
<td>$5,598,393</td>
<td>$13,742,490</td>
<td>$22,966,672</td>
<td>$40,339,726</td>
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<tr>
<td>Minnesota</td>
<td>$1,026,217</td>
<td>$91,669</td>
<td>$90,606</td>
<td>$2,940,046</td>
<td>$4,339,968</td>
<td>$11,427,636</td>
<td>$7,922,037</td>
<td>$18,347,013</td>
<td>$26,926,625</td>
<td>$46,311,747</td>
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<tr>
<td>Wisconsin</td>
<td>$591,376</td>
<td>$34,285</td>
<td>$50,431</td>
<td>$1,834,783</td>
<td>$2,400,475</td>
<td>$7,085,675</td>
<td>$4,389,067</td>
<td>$8,421,857</td>
<td>$16,583,083</td>
<td>$28,780,105</td>
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<tr>
<td>Illinois</td>
<td>$339,983</td>
<td>$12,243</td>
<td>$16,009</td>
<td>$583,782</td>
<td>$671,073</td>
<td>$2,593,056</td>
<td>$2,596,102</td>
<td>$4,253,697</td>
<td>$7,450,121</td>
<td>$11,865,266</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$4,866,181</strong></td>
<td><strong>$336,585</strong></td>
<td><strong>$495,094</strong></td>
<td><strong>$18,049,211</strong></td>
<td><strong>$23,291,697</strong></td>
<td><strong>$70,917,056</strong></td>
<td><strong>$44,112,981</strong></td>
<td><strong>$88,216,388</strong></td>
<td><strong>$154,687,552</strong></td>
<td><strong>$270,643,375</strong></td>
</tr>
</tbody>
</table>

* - Includes Labor Income and Value Added values, but will not total

Source: Rail Passengers Railway Benefits Calculator, IMPLAN Economic Modeling Tool
Summary of Findings

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

• Significant benefits from service restoration
  ○ Value to the served states: **$270.6 million annually**
    ▪ Annual Amtrak op cost: **$68.3 m** / Annual Amtrak op revenues: **$45.1 m**
  ○ Benefits
    ▪ New incremental visitor spending: **$4.9 m**
    ▪ Avoided road maintenance, pollution and fatalities: **$16.9 m**
    ▪ Traveler cost savings: **$23.3 m**
    ▪ New labor income: **$44.1 m**
What Did We Study?

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

- Four initial service scenarios outlined
  - Due to limited time, only one was selected to model; the three others could be modeled at a later date
    - RPA calculated 602 variables for 43 counties in which Big Sky suggests stations could be located, across Washington, Idaho, Montana, North Dakota, Minnesota, Wisconsin, and Illinois
    - Not included, but could be modeled later, were stops in Mineral, Powell, Deer Lodge, and Jefferson
How Did We Do It?

Assessed county population, income data and ridership behavior

- Using updated Census data, compared population and income for the served counties to ridership data for similarly situated counties on the *Empire Builder*, the *Sunset Limited* and the *Texas Eagle* to derive estimated North Coast ridership

- RPA modeling since 2016 suggests that most rural counties are outsized users of passenger rail, generating multiples of population for ridership
Calculated benefits generated by riders

- Spending on lodging, restaurants, shopping, entertainment and local travel; spending generated by Amtrak state-wide; savings to passengers using rail relative to costs of other travel modes; savings from avoiding vehicle miles traveled (VMTs); savings from reduced highway fatalities
- This work relies on an in-house *Rail Passengers* model co-developed in 2017 with the University of Southern Mississippi’s Trent Lott Center
How Did We Do It?

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

- **Used off-the-shelf IMPLAN model to assess more benefits**
  - Spending and savings figures from the RPA/USM model were used as inputs to the IMPLAN tool to estimate additional effects as those economic benefits work through the larger economy.
  - After Rail Passengers’ model identifies the spending that enters a particular economy from the rail service, the IMPLAN tool traces the flow of that money through other parts of the local economy and the extent to which those flows generate additional labor income, value-added benefits, and tax effects.
What Did We Not Do?

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

- **Model all possible scenarios**
  - Four potential service scenarios initially considered, and each could still be modeled

- **Conduct a full Operations Analysis**
  - Timetables, scheduling, crew basing options, qualitative adjustments for specific stations, etc., were all beyond the scope of this assessment
  - Adjustments to particular destination characteristics could take place in a subsequent study phase
What Did We Not Do?

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

○ **Determine specific alignments**
  - Significant changes have taken place since Amtrak’s 2009 PIP study in the various territories, and these will need re-examination

○ **Independently verify capital spending required**
  - Amtrak 2009 capital estimates were taken at face value and adjusted for inflation; benefits from a 5-10-yr capital program were considered, but not included in the final tally because a full study of the needed construction was beyond the scope of this assessment
Summary of Findings
Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

• Broad benefits across the served states
Summary of Findings

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

- Lodging, restaurants, entertainment, shopping, car rental sectors benefit from “induced visitors”

<table>
<thead>
<tr>
<th>State</th>
<th>Lodging</th>
<th>Restaurants</th>
<th>Entertainment</th>
<th>Shopping</th>
<th>Local Transportation</th>
<th>Total New Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>$357,003</td>
<td>$386,753</td>
<td>$208,252</td>
<td>$252,877</td>
<td>$282,627</td>
<td>$1,487,513</td>
</tr>
<tr>
<td>Idaho</td>
<td>$26,644</td>
<td>$17,283</td>
<td>$7,201</td>
<td>$10,802</td>
<td>$10,082</td>
<td>$72,011</td>
</tr>
<tr>
<td>Montana</td>
<td>$86,140</td>
<td>$152,357</td>
<td>$98,528</td>
<td>$64,605</td>
<td>$152,357</td>
<td>$553,987</td>
</tr>
<tr>
<td>North Dakota</td>
<td>$65,743</td>
<td>$120,197</td>
<td>$51,220</td>
<td>$87,124</td>
<td>$73,809</td>
<td>$398,093</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$143,667</td>
<td>$246,286</td>
<td>$256,560</td>
<td>$258,560</td>
<td>$123,143</td>
<td>$1,026,217</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$267,672</td>
<td>$257,758</td>
<td>$138,793</td>
<td>$198,275</td>
<td>$128,879</td>
<td>$991,376</td>
</tr>
<tr>
<td>Illinois</td>
<td>$104,426</td>
<td>$74,743</td>
<td>$27,121</td>
<td>$34,595</td>
<td>$88,837</td>
<td>$329,722</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,051,295</strong></td>
<td><strong>$1,255,377</strong></td>
<td><strong>$787,675</strong></td>
<td><strong>$904,839</strong></td>
<td><strong>$859,734</strong></td>
<td><strong>$4,858,920</strong></td>
</tr>
</tbody>
</table>

Source: Rail Passengers Railway Benefits Calculator, IMPLAN Economic Modeling Tool
Summary of Findings

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

- Lodging, restaurants, entertainment, shopping, car rental sectors benefit from “induced visitors”
  - Visitors who would not make the trip without the train
    - RPA modeling estimates this is between 5% and 7% of ridership at a given station
    - Visitor spending presented is only for the induced fraction; spending by visitors arriving by train is captured in Output values
Induced visitors also produce incremental tax receipts as their spending generates additional taxable activity at local, county, state and federal levels.
Summary of Findings

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

• Induced visitors’ spending generates sales taxes on their purchases, as well as stimulating taxes on transactions between businesses
Ridership

Estimated ridership is strong at 426K
Broadly distributed among the seven served states, with the exception of Idaho
What About The *Empire Builder*?

Strong ridership, cost-recovery ratio, ROI

Compelling case for restoration

• Ridership diversion is likely to be minimal
  ○ Visitors who would not make the trip without the train
    ▪ In sheer numbers, ridership is almost always induced at a higher rate than seats made available, much like the phenomenon of induced demand that plagues new urban highways instantaneously with gridlocked traffic
    ▪ Our ridership estimate is based only on “organic” traffic generated by population size and other Census factors
Other Notes, Considerations

Strong ridership, cost-recovery ratio, ROI
Compelling case for restoration

○ VMT savings are extremely conservative
  ■ Emissions costs could be re-examined and increased with newer data
  ■ US DOT currently estimates the value of a saved life (VSL) at $11.7 million, or more than twice the figure we modeled

○ Annual benefits are ongoing operations; estimated ~$795 million in capital spending and construction would significantly increase benefits in the first decade
Q&A
NEXT EVENT:

**RailNation:DC**
Spring Advocacy Summit & Day On The Hill

**Sunday, March 27 – Wednesday, March 30**

Embassy Suites by Hilton
1900 Diagonal Rd
Alexandria VA 22314

MORE INFO: railpassengers.org/spring2022