

# **Testimony on the Benefits of Intercity Passenger Rail**

before the  
Subcommittee on Railroads, Pipelines  
and  
Hazardous Materials  
of the  
House Committee on Transportation and Infrastructure

By  
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STATEMENT OF WILL KEMPTON  
DIRECTOR,  
CALIFORNIA DEPARTMENT OF TRANSPORTATION  
(DEPARTMENT)  
BEFORE THE  
HOUSE TRANSPORTATION AND INFRASTRUCTURE  
COMMITTEE, SUBCOMMITTEE ON RAILROADS, PIPELINES  
AND HAZARDOUS MATERIALS

JANUARY 28, 2009

CHAIRMAN BROWN, RANKING MEMBER SHUSTER AND  
DISTINGUISHED MEMBERS OF THE COMMITTEE;

MY NAME IS WILL KEMPTON AND I AM THE DIRECTOR  
OF THE CALIFORNIA DEPARTMENT OF  
TRANSPORTATION, ALSO KNOWN AS CALTRANS. THANK  
YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU  
TODAY ON THE BENEFITS OF INTERCITY PASSENGER  
AND FREIGHT RAIL.

BEFORE GOING INTO MY PREPARED REMARKS, I WOULD  
LIKE TO TAKE A MINUTE TO EXPRESS MY APPRECIATION  
TO THIS SUBCOMMITTEE AND TO THE COMMITTEE AS A

WHOLE FOR YOUR EFFORTS AND SUPPORT IN THE PASSAGE OF THE "PASSENGER RAIL IMPROVEMENT AND INVESTMENT ACT" (PRII) CONTAINED IN LAST SESSION'S HR. 2095. TWO MAJOR COMPONENTS OF THAT LEGISLATION WILL AID IN THE FURTHER DEVELOPMENT OF A NATIONWIDE INTERCITY PASSENGER RAIL PROGRAM. FIRST, THE FINANCIAL STABILIZATION OF AMTRAK WILL MAKE IT EASIER FOR STATES TO PLAN FOR THE FUTURE. FROM A STATE PERSPECTIVE, THAT EFFORT WAS OFTEN HINDERED BY THE UNCERTAINTY OF WHETHER OR NOT YOUR NATIONAL PARTNER WOULD CONTINUE TO BE IN EXISTENCE. THE SECOND IS THE CAPITAL MATCHING GRANT PROGRAM CONTAINED IN THE LEGISLATION THAT ESTABLISHES THE SAME FEDERAL/STATE PARTNERSHIP THAT ALREADY EXISTS FOR HIGHWAYS AND AVIATION. THAT SAME PARTNERSHIP CAN NOW BE USED TO GROW AND DEVELOP INTERCITY RAIL. THE CHALLENGE AHEAD WILL BE TO SECURE THE FUNDING FOR THE PROGRAMS AUTHORIZED IN THE ACT.

I WOULD ALSO LIKE TO APPLAUD THIS COMMITTEE'S EFFORTS TO CRAFT, IN CONJUNCTION WITH THE APPROPRIATIONS COMMITTEE, THE TRANSPORTATION COMPONENT OF THE ECONOMIC STIMULUS LEGISLATION. COMING FROM A STATE WITH A ROBUST RAIL CAPITAL IMPROVEMENT PROGRAM, A STATE THAT BY ITSELF HAS \$340 MILLION OF "SHOVEL READY" PROJECTS, WE BELIEVE THAT A GREATER AMOUNT COULD GO TO PASSENGER RAIL PROJECTS. I KNOW THE STATES FOR PASSENGER RAIL COALITION IDENTIFIED ANOTHER \$1.2 BILLION WORTH OF PROJECTS IN OTHER STATES THAT COULD BE OBLIGATED WITHIN 90 TO 180 DAYS. HOWEVER, I APPRECIATE THE CHALLENGES THAT THE APPROPRIATIONS COMMITTEE FACED IN THIS EFFORT. I WANT TO ASSURE YOU THAT WE ARE WORKING WITH OUR LOCAL PARTNERS TO ENSURE THAT WHEN ECONOMIC STIMULUS FUNDS BECOME AVAILABLE, CALIFORNIA WILL BE IN A POSITION TO USE THEM QUICKLY AND EFFICIENTLY.

AS THE DIRECTOR OF CALTRANS, I OVERSEE A DEPARTMENT WITH MORE THAN 23,000 EMPLOYEES, A \$13.8 BILLION DOLLAR BUDGET, AND A STATE HIGHWAY SYSTEM OF MORE THAN 50,000 LANE MILES. WE ALSO CONTRACT WITH AMTRAK FOR INTERCITY PASSENGER RAIL SERVICES AND ARE HOME TO THE 2<sup>ND</sup>, 3<sup>RD</sup> AND 6<sup>TH</sup> BUSIEST INTERCITY PASSENGER RAIL CORRIDORS IN THE COUNTRY.

EVERY DAY I SEE THE POTENTIAL OF INTERCITY PASSENGER RAIL TO HELP ADDRESS, NOT ONLY CALIFORNIA'S, BUT THE NATION'S, MOBILITY, ENVIRONMENTAL, AND ECONOMIC CHALLENGES. I AM A REGULAR USER OF THE CAPITOL CORRIDOR SERVICE TO TRAVEL BETWEEN SACRAMENTO AND THE BAY AREA. I FREQUENTLY TRAVEL THROUGHOUT THE STATE AND, WHENEVER POSSIBLE, I USE CALIFORNIA'S OTHER STATE-SUPPORTED INTERCITY RAIL SERVICES. TO ENCOURAGE MY OWN STAFF, AND OTHER STATE EMPLOYEES IN NEARBY BUILDINGS, TO USE INTERCITY TRAINS, I HAVE HAD AN AMTRAK "QUIK-TRAK" TICKET MACHINE INSTALLED ON THE FIRST FLOOR OF OUR

HEADQUARTERS BUILDING IN SACRAMENTO. I BELIEVE THIS IS THE ONLY AMTRAK TICKET MACHINE WEST OF THE MISSISSIPPI THAT IS NOT HOUSED IN AN AMTRAK STATION.

CALIFORNIA IS OFTEN CITED AS BEING "ON THE CUTTING EDGE." I DON'T THINK IT WOULD BE INACCURATE TO SAY, "THE CHALLENGES WE ARE FACING TODAY ARE ONES THAT MANY STATES WILL FACE IN THE NOT TOO DISTANT FUTURE."

LIKE MANY PARTS OF THE COUNTRY, CALIFORNIA ONCE HAD A ROBUST PASSENGER RAIL NETWORK RUN BY THE PRIVATE RAILROADS. THESE RAILROADS CARRIED BOTH FREIGHT AND PASSENGERS AND WERE FASTER, MORE RELIABLE, SAFER, AND LESS EXPENSIVE THAN OTHER MODES OF TRANSPORTATION.

FOLLOWING THE SECOND WORLD WAR, HOWEVER, THE ECONOMICS OF RAIL TRANSPORTATION BEGAN TO SHIFT. THE RAPID ECONOMIC GROWTH THAT OCCURRED FOLLOWING THE SECOND WORLD WAR

PRODUCED UNPRECEDENTED WEALTH FOR OUR CITIZENS. THAT WEALTH MADE THE PRIVATE AUTOMOBILE AFFORDABLE TO A MAJORITY OF FAMILIES. THE AVAILABILITY OF INEXPENSIVE LAND, THE EXPLOSION IN AUTOMOBILE USE, AND CHEAP ENERGY RESULTED IN A MIGRATION OUT OF THE CITIES TO LESS DENSELY POPULATED SUBURBS. THAT GROWTH PATTERN WAS STRENGTHENED BY A FEDERAL TRANSPORTATION FUNDING STRUCTURE THAT ENCOURAGED FUEL CONSUMPTION AND A LAND USE PLANNING THAT ENCOURAGED SUBURBAN SPRAWL.

DURING THAT SAME PERIOD, WE SAW OUR FREIGHT AND PASSENGER RAIL INFRASTRUCTURE SHRINK UNDER THE PRESSURES OF COMMUNITY DEVELOPMENT, HIGHWAY AND AVIATION SYSTEM EXPANSION, AND FEDERAL FUNDING POLICIES. THE RAILROAD'S RETURN ON INVESTMENT DWINDLED TO LESS THAN THE COST OF MAINTAINING THEIR TRACK. OFTEN THIS RESULTED IN TRACK BEING REMOVED AND THE RIGHT-OF-WAY SOLD. AS A RESULT, IN MANY AREAS OF THE COUNTRY

PEOPLE HAVE BEEN LEFT WITH NO MOBILITY OPTIONS OTHER THAN DRIVING.

OVER THE PAST SEVERAL YEARS IN CALIFORNIA, HOWEVER, WE HAVE SEEN A RESURGENCE OF INTEREST IN AND USE OF INTERCITY PASSENGER RAIL. FOR THE STATE FISCAL YEAR, ENDING LAST JULY, MORE THAN 5.3 MILLION PASSENGERS RODE CALIFORNIA'S THREE INTERCITY PASSENGER RAIL CORRIDORS—A JUMP OF 13 PERCENT OVER THE PRIOR YEAR. CALIFORNIA IS SECOND ONLY TO NEW YORK IN TOTAL AMTRAK RIDERSHIP. TWENTY PERCENT OF ALL AMTRAK RIDERS COME FROM CALIFORNIA. OUR STATE SUPPORTED CORRIDORS INCLUDE:

- THE PACIFIC SURFLINER CORRIDOR PARALLELING CALIFORNIA'S COAST FROM SAN DIEGO THROUGH LOS ANGELES AND NORTH TO SANTA BARBARA AND SAN LUIS OBISPO IS THE NATION'S SECOND BUSIEST INTERCITY RAIL CORRIDOR SERVING 2.8 MILLION PASSENGERS ANNUALLY. ONLY THE NORTHEAST CORRIDOR IS BUSIER AND, AT TIMES LAST SUMMER,

RIDERSHIP ON THE CORRIDOR EXCEEDED THE RIDERSHIP ON THE ACELA IN THE NORTHEAST CORRIDOR.

- THE CAPITOL CORRIDOR CONNECTS THE CITY OF AUBURN THROUGH SACRAMENTO AND OAKLAND TO SAN JOSE. AT 1.6 MILLION RIDERS, THIS ROUTE IS AMTRAK'S THIRD BUSIEST AND ITS FASTEST GROWING. WITH 16 ROUND TRIPS BETWEEN SACRAMENTO AND OAKLAND, THE CAPITOL CORRIDOR HAS THE SAME LEVEL OF FREQUENCY AS THE NEW YORK-BOSTON SEGMENT OF THE NORTHEAST CORRIDOR.
- THE SAN JOAQUIN CORRIDOR CONNECTS THE BAY AREA AND SACRAMENTO WITH THE CITIES OF CALIFORNIA'S CENTRAL VALLEY. IT IS AMTRAK'S SIXTH BUSIEST CORRIDOR, SERVING JUST UNDER 900,000 PASSENGERS ANNUALLY. THE SAN JOAQUIN ROUTE IS UNIQUE BECAUSE ITS EXTENSIVE FEEDER BUS NETWORK CONNECTS THE TRAIN WITH ALL

PARTS OF CALIFORNIA, AS WELL AS THE STATES OF OREGON AND NEVADA.

THE FOLLOWING GIVES A PERSPECTIVE TO THE POTENTIAL I THINK INTERCITY RAIL HAS TO MEET OUR MOBILITY NEEDS. BETWEEN JULY 2001 AND JULY 2008, CALIFORNIA'S POPULATION GREW JUST OVER 9.7 PERCENT. DURING THAT SAME PERIOD, THE NUMBER OF VEHICLE MILES TRAVELED GREW APPROXIMATELY 6.6 PERCENT. INTERCITY RAIL RIDERSHIP, ON THE OTHER HAND, GREW BY MORE THAN 56 PERCENT DURING THAT PERIOD AND THE TOTAL NUMBER OF PASSENGER MILES GREW BY JUST OVER 40 PERCENT. ALTHOUGH THE ORDER OF MAGNITUDES ARE CLEARLY DIFFERENT—HUNDREDS OF MILLIONS OF PASSENGER MILES VERSUS BILLIONS OF VEHICLE MILES OF TRAVEL, IT CLEARLY DEMONSTRATES THE POTENTIAL OF INTERCITY RAIL TO HANDLE A SIGNIFICANT SHARE OF OUR TRAVEL MARKET.

THIS GROWTH SHOULD NOT BE DISMISSED AS SOLELY THE OUTCOME OF THE RECENT INCREASES IN THE

PRICE OF GASOLINE AND THE COST OF AIR TRAVEL. THE PERFORMANCE OF THE SAN JOAQUIN CORRIDOR OVER THIS PAST YEAR, I BELIEVE TRULY REFLECTS THE UNDERLYING POTENTIAL OF INTERCITY PASSENGER RAIL TO MEET OUR MOBILITY NEEDS. FOR THOSE UNFAMILIAR WITH CALIFORNIA'S SAN JOAQUIN VALLEY, IT STRETCHES SEVERAL HUNDRED MILES THROUGH THE CENTER OF OUR STATE ROUGHLY FROM STOCKTON TO BAKERSFIELD. ITS PRIMARY INDUSTRY IS AGRICULTURE, IT IS ETHNICALLY DIVERSE, IT HAS THE STATES LOWEST PER CAPITA INCOME AND AN UNEMPLOYMENT RATE FOR THE LAST QUARTER THAT AVERAGED IN EXCESS OF 12 PERCENT. IN MANY WAYS IT IS "GROUND ZERO" OF THE MORTGAGE CRISIS IN CALIFORNIA. THIS LAST YEAR, BETWEEN JULY 2007 AND JULY 2008, RIDERSHIP ON THE SAN JOAQUIN SERVICE GREW 13 PERCENT. THE RIDERSHIP GROWTH WAS NOT SURPRISING WHEN GAS PRICES WERE OVER \$4 PER GALLON. WHAT WAS SURPRISING WAS THAT THE GROWTH WOULD CONTINUE EVEN AFTER GAS PRICES DROPPED TO BELOW \$2 A GALLON. WE SAW RIDERSHIP INCREASES IN NOVEMBER AND DECEMBER

NEARLY TEN PERCENT ABOVE THE SAME MONTHS OF THE PRIOR YEAR. CLEARLY, IF YOU PROVIDE A RELIABLE, CONVENIENT, AND REASONABLY PRICED INTERCITY PASSENGER RAIL TRANSPORTATION OPTION, PEOPLE WILL CHOOSE TO USE IT.

IN ADDITION TO PROVIDING A TRANSPORTATION ALTERNATIVE, INTERCITY PASSENGER RAIL PROVIDES A NUMBER OF OTHER BENEFITS. WHEN THE PRICE OF GASOLINE TOPPED \$4 PER GALLON THIS LAST SUMMER AND FALL, WE SAW THE ECONOMIC IMPLICATIONS OF OUR EARLIER LAND USE AND TRANSPORTATION DECISIONS. WE WERE ALL REMINDED THAT OUR SUPPLY OF OIL IS FINITE, THAT WORLDWIDE DEMAND IS GROWING, AND, EXCEPT FOR LIMITED DOMESTIC PRODUCTION, OUR NATION'S ENERGY SUPPLY IS LARGELY CONTROLLED BY OTHERS. INTERCITY PASSENGER RAIL IS ESTIMATED TO USE AT LEAST 15 PERCENT LESS ENERGY ON A PER PASSENGER MILE BASIS THAN THE AIRLINES AND 21 PERCENT LESS THAN THE AUTOMOBILE.

INTERCITY RAIL ALSO PROVIDES SIGNIFICANT ENVIRONMENTAL BENEFITS, PARTICULARLY AS IT RELATES TO THE ROLE CARBON DIOXIDE PLAYS IN GLOBAL WARMING. THE AVERAGE INTERCITY TRAIN PRODUCES 60 PERCENT FEWER CO2 EMISSIONS ON A PER PASSENGER MILE BASIS THAN THE AVERAGE AUTO AND ABOUT HALF THE GREEN HOUSE GAS EMISSIONS OF AN AIRPLANE. IN 2008, WE ESTIMATE CALIFORNIA'S INTERCITY RAIL SYSTEMS HELPED ELIMINATE 82,000 TONS OF CARBON DIOXIDE EMISSIONS. EFFORTS TO CONTROL GREENHOUSE GAS EMISSIONS MUST RECOGNIZE THE ROLE OF THE TRANSPORTATION SECTOR AND ENCOURAGE CHANGES BOTH IN TRAVEL AND IN LAND USE PATTERNS THAT FOSTER THE USE OF RAIL AND PUBLIC TRANSIT.

EVEN WITH A STATE AND FEDERAL FOCUS ON REDUCING CONGESTION ON OUR HIGHWAY SYSTEMS, BOTTLENECKS ARE STILL OCCURRING. AS OUR POPULATION GROWS, SO TOO WILL CONGESTION IN URBAN AREAS. BUILDING ADDITIONAL HIGHWAY CAPACITY IS OFTEN PROHIBITIVELY EXPENSIVE AND

DIFFICULT TO ACCOMPLISH. INTERCITY AND COMMUTER RAIL PROVIDE TRANSPORTATION PLANNERS WITH ANOTHER OPTION TO MEETING MOBILITY NEEDS. PROBABLY ONE OF THE BEST EXAMPLES IS IN SOUTHERN CALIFORNIA BETWEEN IRVINE IN ORANGE COUNTY AND DOWNTOWN LOS ANGELES. THE PACIFIC SURFLINER CORRIDOR ROUGHLY PARALLELS INTERSTATE 5 BETWEEN THESE CITIES. THE STATE SUPPORTED PACIFIC SURFLINER SERVICE, IN PARTNERSHIP WITH METROLINK COMMUTER SERVICE, CARRY THE EQUIVALENT OF ONE FULL LANE OF TRAFFIC DURING COMMUTE PERIODS. EFFECTIVELY, THIS IS A LANE OF URBAN FREEWAY THAT DOES NOT NEED TO BE CONSTRUCTED AT A COST OF HUNDREDS OF MILLIONS OF DOLLARS. PUT ANOTHER WAY, THE RAIL SERVICE RELIEVES CONGESTION IN THIS IMPORTANT CORRIDOR. THERE ARE ALSO TANGIBLE AIR QUALITY AND CONGESTION MANAGEMENT BENEFITS THAT ACCRUE TO THE PUBLIC FROM THE EXISTENCE OF THE RAIL SERVICES AND TO HIGHWAY USERS IN THE FORM OF IMPROVED TRAFFIC FLOW ON THE EXISTING ROADWAY SYSTEM.

FINALLY, OVER THE PAST 30 YEARS THAT THE STATE OF CALIFORNIA HAS HAD AN INTERCITY RAIL PROGRAM, WE HAVE INVESTED NEARLY \$2 BILLION IN PUBLIC FUNDS IN THE INFRASTRUCTURE NECESSARY TO PROVIDE A VIABLE INTERCITY RAIL SERVICE FOR THE STATE. MORE THAN HALF THAT AMOUNT HAS BEEN DIRECT INVESTMENTS IN TRACK AND SIGNALS OWNED BY THE FREIGHT RAILROADS. ALTHOUGH THESE INVESTMENTS WERE PRIMARILY FOR PASSENGER RAIL, MANY HAVE ALSO BENEFITED THE CLASS ONE FREIGHT RAILROADS OPERATING IN CALIFORNIA. FREIGHT RAIL IS VITAL TO BOTH THE STATE'S AND THE NATION'S ECONOMY AND WHEN WE NEGOTIATE WITH THE FREIGHT RAILROADS FOR PASSENGER RAIL IMPROVEMENTS, WE WORK WITH THEM TO ENSURE WE ACCOMMODATE THEIR FUTURE GROWTH POTENTIAL. THIS HAS HELPED US DEVELOP STRONG WORKING RELATIONSHIPS WITH OUR FREIGHT RAILROAD PARTNERS. AT THE SAME TIME, IT HAS ALLOWED THEM TO IMPROVE THE EFFICIENCY AND INCREASE THE CAPACITY OF THEIR INFRASTRUCTURE, AND ENHANCED

THEIR ABILITY TO MOVE GOODS TO MARKET. THESE STATE INVESTMENTS IN RAIL HAVE ALSO HELPED REDUCE CONGESTION AND IMPROVE AIR QUALITY BY REMOVING TRUCKS FROM THE HIGHWAYS AND LOCAL ROADWAYS AROUND PORTS AS WELL AS THROUGH CONGESTED URBAN COMMUNITIES.

ALTHOUGH NOT DIRECTLY RELATED TO PASSENGER RAIL, WE ALSO WORK WITH OUR CLASS ONE FREIGHT RAIL PARTNERS TO ENHANCE GOODS MOVEMENT IN CALIFORNIA. AMONG THE COMPONENTS OF THE "HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT" ENACTED IN 2006, WAS \$2 BILLION FOR IMPROVEMENTS TO THE TRANSPORTATION INFRASTRUCTURE TO IMPROVE THE FLOW OF GOODS THROUGH OUR MAJOR TRADE CORRIDORS. AMONG THE PROJECTS ELIGIBLE FOR FUNDING WERE FREIGHT RAIL IMPROVEMENTS. THIS THE MARKED THE FIRST TIME PUBLIC FUNDS WERE MADE AVAILABLE TO FREIGHT RAIL PROJECTS IN CALIFORNIA.

INTERCITY PASSENGER RAIL HAS CLEARLY DEMONSTRATED ITS CAPABILITY TO BE A VIABLE, COST-EFFECTIVE WAY TO PROVIDE AN INTER- AND INTRA REGIONAL MOBILITY OPTION. THIS HAS BEEN WELL DOCUMENTED BY THE SUCCESSES OF SERVICES NOT ONLY IN CALIFORNIA, BUT ALSO IN STATES LIKE WASHINGTON, WISCONSIN, ILLINOIS, NORTH CAROLINA, FLORIDA, AND THE STATES OF THE NORTHEAST CORRIDOR.

HOWEVER, IF WE ARE ALSO GOING TO BE SERIOUS ABOUT REDUCING OUR DEPENDENCE ON FOREIGN OIL, ENHANCING OUR ENVIRONMENT BY REDUCING GREENHOUSE GAS EMISSIONS, DEVELOPING SUSTAINABLE AND LIVABLE COMMUNITIES, AND FOSTERING ECONOMIC DEVELOPMENT, WE NEED TO MAKE INTERCITY PASSENGER RAIL A FULL PARTNER IN OUR TRANSPORTATION SYSTEM. WE CAN NO LONGER AFFORD, AS A POLICY, TO CHOOSE TO NOT INVEST IN INTERCITY PASSENGER RAIL. ALTHOUGH LAST SESSION'S PASSENGER RAIL INVESTMENT AND IMPROVEMENT ACT MARKED A POSITIVE START WITH

\$1.9 BILLION OVER FIVE YEARS FOR STATE MATCHING GRANTS FOR CONVENTIONAL RAIL AND \$1.5 BILLION FOR HIGH-SPEED RAIL, IT SHOULD ONLY BE VIEWED AS A DOWN PAYMENT.

AMONG THE MYRIAD OF THE CHALLENGES BEFORE THIS CONGRESS WILL BE THE AUTHORIZATION OF A NEW SURFACE TRANSPORTATION BILL. INTERCITY PASSENGER RAIL SHOULD BE AN ELEMENT OF THAT LEGISLATION. THE SURFACE TRANSPORTATION POLICY AND REVENUE COMMISSION, IN ITS FINAL REPORT ISSUED LAST JANUARY, SUGGESTED A FEDERAL INVESTMENT OF BETWEEN \$5 AND \$6 BILLION PER YEAR. THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS, OR "AASHTO" ALSO BELIEVES INTERCITY PASSENGER RAIL MUST BE A STRONGER COMPONENT IN OUR TRANSPORTATION SYSTEM. IN ITS ADOPTED SURFACE TRANSPORTATION AUTHORIZATION POLICY, AASHTO IS RECOMMENDING NEARLY \$35 BILLION FOR INTERCITY RAIL INVESTMENT OVER FIVE YEARS. WE BELIEVE THESE FUNDING LEVELS WARRANT SERIOUS

CONSIDERATION DURING DELIBERATIONS ON THE NEW SURFACE TRANSPORTATION BILL.

IN CLOSING, I WOULD LIKE TO COMPARE OUR INVESTMENTS IN INTERCITY RAIL WITH ANOTHER GLOBAL ECONOMIC COMPETITOR. THE NEW YORK TIMES, IN A JANUARY 23<sup>RD</sup> ARTICLE, CITES A WORLD BANK REPORT THAT IN 2008, THE PEOPLE'S REPUBLIC OF CHINA WILL BE INVESTING \$88 BILLION IN ITS INTERCITY RAIL PROGRAM AFTER SPENDING \$44 BILLION LAST YEAR ALONE. THIS IS ON TOP OF MASSIVE INVESTMENTS IN HIGHWAYS AND PORTS OVER THE PAST SEVERAL YEARS.

IN ADDITION, THE EUROPEAN UNION CONTINUES TO INVEST HEAVILY IN ALTERNATIVE FORMS OF TRANSPORTATION, NOTABLY PASSENGER RAIL. SPAIN, WHICH IS SIMILAR IN POPULATION AND GROSS DOMESTIC PRODUCT TO HAS SPENT NEARLY \$30 BILLION OVER THE LAST FOUR YEARS TO UPGRADE ITS RAIL SYSTEM. THAT NATION INTENDS TO DEVELOP A 6,200 MILE HIGH SPEED RAIL NETWORK BY 2020 AT AN

ESTIMATED COST OF APPROXIMATELY \$150 BILLION.  
THAT DOESN'T INCLUDE AN ADDITIONAL \$13 BILLION  
FOR CONVENTIONAL AND COMMUTER RAIL.

IF WE ARE TO BE TRULY COMPETITIVE IN THE GLOBAL  
MARKETPLACE, WE HAVE TO ADDRESS OUR  
INFRASTRUCTURE NEEDS. IMPROVED MOBILITY AND  
THE DEVELOPMENT OF ALTERNATIVE SYSTEMS OF  
TRANSPORTATION ARE VITAL—MAKE THAT ESSENTIAL—  
TO OUR NATIONAL ECONOMY, OUR QUALITY OF LIFE,  
AND OUR STANDING IN THE WORLD COMMUNITY.

THAT CONCLUDES MY PREPARED REMARKS, I'LL BE  
HAPPY TO ANSWER ANY QUESTIONS.