

Moving Forward... Despite the Economy.

By Gordon Kenna

Chief among Georgia's concerns about passenger rail service are the economic issues relating to the operation of the service. Georgia has yet to use available federal funds for passenger rail south of Atlanta to Griffin (the first half of a line to Macon). The primary questions necessary for a sound business case for rail are:

- What is the construction cost of the line to Macon in today's dollars?
- What is the projected operations and maintenance deficit and what sources of revenue are likely to be most productive (in addition to fare box revenue)?
- What is the economic benefit and return on investment of this rail line, and how does that compare to a traditional highway investment?

These questions were raised by an ad-hoc task force that included representatives of the Governor's Office, the Georgia DOT, and the Georgia Regional Transportation Agency (GRTA), and the Atlanta Regional Commission (ARC). With Georgia's constrained budget paired with the restrictive limits of the state's motor fuel tax, the questions and the cost of the study seemed to be enough of a barrier to scuttle the project. But a newly formed private group, Georgians for Passenger Rail (GPR) agreed to take on the issue and negotiated an agreement with the state stakeholders.

The first line proposed is the route from Macon to Atlanta and was chosen for several reasons:

- There are two parallel tracks owned by Norfolk Southern with excess capacity with a willing partner to support the upgrade.
- The line has an existing federal earmark of approximately \$75 million that has not been drawn down. A state match of about \$16 million will make the federal funds available.
- This corridor is part of the proposed high-speed rail corridor, so future federal funding can be anticipated.



- Communities along the line are highly supportive of the effort.
- Macon has already renovated the existing Terminal Station adjacent to the Georgia Sports Hall of Fame and the Georgia Music Hall of Fame.

GPR agreed to raise the necessary funds, estimated at about \$200,000. GPR also identified a group of contractors to study the issues and answer questions raised in building a solid business case. To ensure the study would not simply become just another piece of interesting research, an advisory group of stakeholders representing

public agencies was formed to meet with the study team to make certain that the key issues were thoroughly researched and the study would yield information needed for the state to make a decision about moving forward.

A study team was recruited by GPR and approved by the advisory group. The study team includes national experts in various

aspects of economic analysis. Principles of the consulting team were the Brookings Institution, Robert Charles Lesser & Co, Bleakley Advisory Group, and HDR Engineering.

The group held an initial meeting in early November and has met frequently with members of the advisory group while working through economic issues at the local level.

The study team researched costs and jobs data for projects in other regions, and reviewed various mechanisms available in Georgia law for value capture within the station areas. It also dug deeply into the detailed questions raised by the advisory group.

Preliminary results of the study are very encouraging on all fronts—predictable construction costs, opportunities for capturing the funds needed to support operations and maintenance, and the creation of jobs and economic opportunities along the station areas served by the line. The study is designed to provide an objective business case that will form the basis for Georgia to move forward with a passenger rail program. In many respects this is a public-private partnership that will provide the economic and intellectual basis needed to rebalance Georgia's transportation future. ❖

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