



MYTH BUSTERS from the NLX ALLIANCE

APRIL 2022

Cost Estimate Questions

Question 1: What is the cost estimate? Is this estimate accurate? If this estimate is not accurate, who is on the line for the difference?

Answer 1: NLX is a \$425 million investment in transportation. This is much lower than earlier estimates that called for higher speeds, the purchase of equipment and building a maintenance facility. Amtrak has indicated their ability and willingness to provide the latest equipment and maintenance. This lowers the capital cost. The project is on existing BNSF Railway tracks that are in use, so unlike light rail transit (LRT) we won't have to build our own infrastructure or pay 100% of its maintenance. We don't anticipate a shortage on the budget.

Question 2: How current is this cost estimate?

Answer 2: The cost estimate was calculated during our process to earn federal approval, which was completed the end of 2018. Today's figure of \$425 million includes inflation factors.

Question 3: What is included with the cost estimate?

Answer 3: We will ensure each grade crossing (especially rural crossings) has auditory and sensory warnings and gates. Stations in Duluth and Minneapolis (Target Field) will be upgraded. New stations will be constructed in Coon Rapids, Cambridge, Hinckley, and Superior. Track improvements will allow for safe, on-time service for both passenger and freight traffic.

Question 4: What about the upgrade to the Grassy Point Swing Bridge, is that included with this estimate?

Answer 4: This work is necessary to increase the speed of passenger trains over the bridge. The way to speed up passenger trains is not by going faster on already fast portions of the trip but to speed up the slowest parts by eliminating choke points like the Grassy Point Draw.

Improving the reliability of the bridge will also benefit all three class 1 freight railroads that are critical to cargo going into and out of the Port of Duluth.

Question 5: Would we have to pay back the \$340 million federal grant if NLX does not meet expectations or something causes it to shut down?

Answer 5: NLX is being built to provide fast, reliable and frequent passenger rail service, three critical factors for success in any form of transportation.



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Because the federal funding is coming from the just passed bi-partisan infrastructure law, the guidelines for how the money will be allocated or if it must be refunded are in the process of being decided and not known at this time.

Operation Questions

Question 6: Who will pay for operating losses on this project?

Answer 6: NLX will operate under the Amtrak program, called State Supported Train, which is currently active in 16 other states. If there is an operating subsidy for NLX, it would be on the State of Minnesota and Wisconsin because Superior is also a destination.

Question 6.1: What are the factors for this operating subsidy?

Answer 6.1: There are a lot of different factors that go into the subsidy:

a. Ridership

Our estimate for ridership in the first year alone is 700,000- 750,000. In 2040, our annual estimate is about 1 million riders.

b. Federal grant

In the latest federal railway administration act, we are eligible for funds to help cover our operating cost subsidy on a sliding scale for six years. As ridership increases over those six years the operating cost subsidy will decrease.

Question 6.2: What is the ACTUAL operating cost for the first year?

Answer 6.2: The cost would be \$18.9 million in the first year. The farebox recovery over the first few years would average 63%. The operating deficit could be \$6.9 million dollars. That amount would be reduced by a federal grant for the first six years. After that, Amtrak would look to the states of Minnesota and Wisconsin to cover the difference between operations and farebox recovery. Wisconsin is already one of the sixteen states participating in Amtrak's State Supported Train Program.

Question 7: Who owns the rail that we are investing money into?

Answer 7: The entire track is owned by BNSF. In 1971 the Congressional Rail Service Passenger Act established Amtrak and gave this new national entity the power to operate passenger trains on any railroad. Amtrak has the authority to tell railroads where it will operate its passenger trains.

Amtrak has working agreements with BNSF all over the country. NLX will be an additional service on BNSF rails. We expect favorable arrangements based on the investment NLX will be making in BNSF's infrastructure.



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Question 8: Is there a pre-contract signed with BNSF guaranteeing us rights to use the tracks?

Answer 8: No, it is not in place yet. By statute, State of Minnesota funds, whether through bonding or allocation, are not to be released until there is approval of all aspects of any authorized project. If money is granted to NLX for construction, no funds will be released until there are signed agreements with BNSF and Amtrak before any construction can begin.

Question 9: Is this track just for NLX?

Answer 9: It is not just for NLX. We are also sharing a very important rail corridor with freight trains coming to and from the Duluth international harbor. BNSF owns the line but has granted trackage rights to Canadian Pacific and Union Pacific. All together there only are about ten to twelve trains a day on the line and most of them travel overnight. The line has plenty of excess capacity for four passenger trains a day.

The improvements NLX will be making to the corridor will benefit freight service and improve vehicle and pedestrian protection at grade crossing to enhance safety along the line.

Question 10: Will there be a problem with running the freight and NLX on the same line? Could they possibly overlap each other? Who will run this operation safely and effectively?

Answer 10: The capital cost estimate includes track and safety improvements to allow NLX to speed up and pass the slower freight trains. Building longer, five-mile sidings will allow freight and passenger trains to pass without having to stop. This will improve both freight train efficiency and passenger train travel time. The responsibility for the safe and timely operations would be shared by BNSF and Amtrak. The Passenger Rail and Improvement Act of 2008 mandated railroads and Amtrak to set new and improved metrics and standards to insure on time performance of passenger trains over freight trains.

Why NLX?

Question 11: What makes NLX different from other projects? How much confidence can we have in the current estimates?

Answer 11: NLX is a PASSENGER RAIL service. It is real train travel between connected cities. Comparisons to other services are incorrect. Take Northstar as an example. Northstar is a commuter train not an intercity train. If it were the latter, it would have been built all the way to St. Cloud and not stopped in Big Lake. This is because it is a Federal Transit Administration funded project, not a Federal Railroad Administration project like NLX. The



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pandemic adversely affected all transit services, Northstar and commuter buses, because 95% of their ridership was from business people going to work downtown, which was interrupted by COVID 19.

Light rail, like the Blue and Green Lines in the Twin Cities region, are also different from intercity trains.

The differences between LRT, commuter rail and intercity passenger trains, like NLX, are extreme. LRT has to lay down its own tracks and assumes 100% of the maintenance cost for that infrastructure. NLX shares an existing line with three other carriers who pay their fair share of those expenses.

Farebox recovery for commuter rail nationally is averaging 31%. For intercity passenger trains the fare box recovery is between 65 and 70 percent.

Question 12: What are some of the NLX highlights?

Answer 12: Lots of things!

1. It has received the FONSI (Finding of no significant impact) on our environment study.
2. NLX will have 4 round trips per day, max speeds of 90 mph and a travel time of just under 2.5 hours. The service will be fast, frequent and reliable, the three most important factors to guaranteeing a successful operation.
3. MN Department of transportation studies showed a solid return on investment. The FRA accepted cost/benefit analysis showing a return of \$1.10-\$1.69 for every \$1 invested.
4. NLX will create 3,000 construction jobs plus 500 ongoing jobs.
5. NLX leverages \$340 million of federal investment, 80%, with just 20% of state dollars. That local match will build a modern transportation system that benefits all Minnesotans. Those Federal funds are going to be spent somewhere in America. Minnesota taxpayers deserve to have their hard earned tax dollars returned to our state.
6. It has a solid and growing list of supporters representing businesses, labor, education, and residents.
7. Passenger rail is proven to be environmentally sound. It reduces greenhouse gasses. Trains have the lowest carbon footprint per passenger mile than any other form of mass transit other than ferry boats.

To learn more:

www.NorthernLightsExpress.org

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