



U.S. Department of Transportation  
**Federal Railroad Administration**

## **Report to Congress:**

### **Restoration and Enhancement Grants Program**

**Fixing America's Surface Transportation Act,  
Public Law 114-94 (December 4, 2015)**

# Restoration and Enhancement Grants Program

## Legislative Direction

Source: Section 11303(a) of the Fixing America's Surface Transportation Act (FAST Act), Public Law 114-94 (December 4, 2015), codified at 49 U.S.C. § 24408(j)

*Not later than 4 years after the date of enactment of the Passenger Rail Reform and Investment Act of 2015, the Secretary, after consultation with grant recipients under this section, shall submit to Congress a report that describes (1) the implementation of this section; (2) the status of the investments and operations funded by such grants; (3) the performance of the routes funded by such grants; (4) the plans of grant recipients for continued operation and funding of such routes; and (5) any legislative recommendations.*

## Background

The Federal Railroad Administration (FRA) administers the Restoration and Enhancement (R&E) Grants Program, which funds operating assistance grants for initiating, restoring, or enhancing intercity passenger rail transportation for up to 3 years per route. The Federal share of operating support decreases each year—80 percent the first year, 60 percent the second year, and 40 percent the third year. Eligible projects include those adding frequency to or extending current service; establishing new service; offering new on-board services; or restoring previously operated service. Eligible expenses are costs to initiate, restore, or enhance intercity rail passenger transportation. Examples of such expenses include payroll for train engineers, conductors, and on-board service crew members; diesel fuel or electricity for train propulsion; station costs such as ticket sales, customer information, train dispatching services, and utilities and maintenance; lease payments on rolling stock; maintenance of equipment and train cleaning; host railroad fees; train yard operations; and management, marketing, sales, and reservations.

Eligible recipients include:

1. A state, including the District of Columbia;
2. A group of states.
3. An interstate compact.
4. A public agency or publicly chartered authority established by one or more states.
5. A political subdivision of a state.
6. Amtrak or other rail carrier that provides intercity rail passenger transportation.
7. Any rail carrier in partnership with at least one of the entities described in 1. through 5.
8. Any combination of entities described in 1. through 7

FRA has published in the Federal Register two notices of funding opportunity (NOFO) for these grants. The first NOFO—published February 21, 2018—made \$4,796,500 in Fiscal Year (FY) 2017 funding available to applicants. The second NOFO—published November 6, 2019—made

\$26,337,600 in FYs 2018 through 2020 funding available to applicants. Currently, FRA is drafting a NOFO to make approximately \$8,450,000 in funding available to applicants in FY 2021.<sup>1</sup>

## Implementation and Status

FRA announced R&E Grants Program selections for almost \$27 million. In making these selections, FRA gave priority to proposed projects that:

- a. Showed completed or nearly completed planning, design, environmental reviews, negotiation of agreements, acquisition of equipment, construction, and other actions necessary for initiation, restoration, or enhancement of service.
- b. Restored service over routes formerly operated by Amtrak.
- c. Provided daily or daytime service over routes where such service did not previously exist.
- d. Included significant participation by state, regional, and local governments and private entities.
- e. Included a funding plan to sustain the service financially beyond the 3-year grant period.
- f. Provided service to regions and communities underserved or not served by other intercity public transportation.
- g. Fostered economic development, particularly in rural communities and for disadvantaged populations.
- h. Provided other non-transportation benefits, such as livability benefits.
- i. Enhanced connectivity and geographic coverage of the existing intercity rail passenger service network.

The following chart shows the awardees and grant amounts. Obligation of the funds is in process and operations are in the planning stages for each selection. The [appendix](#) to this report has more information about each project.

<b>Funding Fiscal Year</b>	<b>Awardee: Project</b>	<b>Amount (\$ millions)</b>
2018 to 2020	Wisconsin Department of Transportation: Twin Cities-Milwaukee-Chicago	\$ 12.60
2018 to 2020	Southern Rail Commission: Gulf Coast	\$ 5.45
2018 to 2020	Connecticut Department of Transportation: CTRail – Hartford Line Rail Enhancement	\$ 4.40
2017	Southern Rail Commission: Gulf Coast	\$ 4.36

<sup>1</sup> The FY 2021 R&E NOFO will make available \$4,527,896 in FY 2021 funding and \$3,922,784 in previously appropriated funding that has not been awarded.

<b>Total Awards</b>	<b>\$ 26.81</b>
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### FRA and Applicant Initial Observations

The R&E Grants Program is unique among FRA’s competitive grants because it exclusively funds operating costs, even when states have not—but communities have—committed to supporting intercity passenger rail operations. Communities can pilot such services for up to 3 years while demand and revenue increase for new or enhanced service. Demonstrated public support and use could then lead state and local governments to fund future operations.

The two R&E Grants Program funding rounds were undersubscribed, with only six eligible applicants and FRA carrying funds into the next NOFO. FRA, based in part on conversations with potential applicants, identified two possible reasons for this limited interest. First, states and localities might be reluctant to apply until they secure funding for capital projects needed to enable the enhanced or new service. Second, the R&E Grants Program’s 3-year limit on Federal operating support creates uncertainty, which might deter some applicants who lack state and local commitments to continue service after Federal funds expire.

Obligating these grant funds will likely take years to complete, in part because the projects need capital improvements to deliver the service. The infrastructure investment needs precede the operating assistance needs. Federal funding for capital projects is not guaranteed, as it is subject to annual appropriations and the competitive grant application and selection process. Recently announced Consolidated Rail Infrastructure and Safety Improvements grants are funding capital investment projects for at least two R&E Grants Program recipients. The proposed operator for another grantee announced it intends to start service with minimal station-related capital improvements. Because FRA and the grantees are working to obligate these grant agreements, we cannot assess route performance or ascertain how these projects contribute to the grantee’s future operating and funding decisions regarding these routes.

As Congress and the Administration discuss potential policy and programmatic changes to surface transportation legislation in the coming year and during the regular FY 2022 appropriations cycle, FRA looks forward to providing Congress any technical assistance and information it might require to make informed decisions regarding the R&E Grants Program.

## Appendix: R&E Grants Program Selection Summaries

### Wisconsin Department of Transportation (FYs 2018 to 2020)

Twin Cities-Milwaukee-Chicago Intercity Passenger Rail Service Project, \$12,569,200  
Chicago, Illinois, to Saint Paul, Minnesota

The project adds a second daily roundtrip passenger train between Union Depot in Saint Paul, Minnesota, and Union Station in Chicago, Illinois. These endpoints are currently served by Amtrak's Empire Builder long distance service. This second train between Saint Paul and Chicago will provide travelers more reliable service at convenient times, compared to the current daily Empire Builder eastbound from Saint Paul, which has poor on-time performance. The proposed service will make 12 station stops: Saint Paul, Red Wing, and Winona, Minnesota; La Crosse, Tomah, Wisconsin Dells, Portage, Columbus, Milwaukee, and Sturtevant, Wisconsin; and Glenview and Chicago, Illinois. The project supplements the existing Empire Builder and Hiawatha routes with passenger rail service approximately four to six hours apart from the Empire Builder schedule and increases intercity transportation options and connectivity for rural communities between Saint Paul and Milwaukee.

### Southern Rail Commission (FY 2017 and FYs 2018 to 2020)

Restoring Intercity Passenger Rail Service along America's Gulf Coast, \$9,810,000<sup>2</sup>  
New Orleans, Louisiana, to Mobile, Alabama

The project restores intercity passenger rail service along the Gulf Coast with state-supported Amtrak service from New Orleans, Louisiana, to Mobile, Alabama. It will serve regions that are underserved, and the project is expected to foster economic development, enhance connectivity, provide other non-transportation benefits, and fill a critical geographic gap in Amtrak's National Network. The Gulf Coast region was previously served by Amtrak's tri-weekly Sunset Limited long-distance service. In August 2005, Amtrak suspended service between New Orleans, Louisiana, and Orlando, Florida, due to Hurricane Katrina, which caused extensive damage to the rail infrastructure over which the service operated. Two daily round trips will make six station stops in New Orleans, Louisiana; Bay St. Louis, Gulfport, Biloxi, and Pascagoula, Mississippi; and Mobile, Alabama.

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<sup>2</sup> Total funding to the Southern Rail Commission includes \$4,360,000 from FY 2017 and \$5,450,000 from FYs 2018 to 2020.

### Connecticut Department of Transportation (FYs 2018 to 2020)

*CTrail* - Hartford Line Rail Enhancement Project, \$4,395,616

New Haven, Connecticut, to Springfield, Massachusetts

The project provides two additional weekday trains between New Haven, Connecticut, and Springfield, Massachusetts, on the *CTrail* service, which began operations in June 2018.

The project also includes adding a customer service representative in Hartford Union Station to enhance and ease passengers' experiences with ticket vending machines and access to and from the platform. These additional frequencies to a well-served existing corridor will provide a 7:35 a.m. northbound departure from New Haven and a 9:55 a.m. southbound departure from Springfield and enable more connections with Metro-North and Amtrak trains. Currently, there is a one hour, 44-minute gap between the morning trains from Springfield and a one hour, 40-minute gap between morning trains from New Haven. *CTrail*, which is operated by TransitAmerica Services, currently runs eight weekday trains between New Haven and Hartford with three trains continuing to Springfield. (Amtrak operates an additional weekday train through this corridor.)