

**REMARKS FOR  
JOSEPH SZABO  
ADMINISTRATOR  
FEDERAL RAILROAD ADMINISTRATION  
BEFORE THE  
NATIONAL ASSOCIATION OF CITY TRANSPORT OFFICIALS  
CHICAGO, IL  
May 11, 2009**

- Thank you, Janette, for your kind introduction for having me here today.
- As you know, I'm pretty new on the job at FRA, but my roots in railroading go back five generations.
- I was just out of high school when I started working as a railyard switchman for the old Illinois Central, and I moved on to road trainman, commuter passenger conductor, union officer, and Illinois legislative director for the United Transportation Union.
- I grew up in the trenches of the railroad industry, but it was with my time with UTU that I first got to know President Obama many years ago. Even back then he took a great interest rail, both passenger, freight and the networks each used to enjoy.
- And now that he is in the White House, we all know he personally wrote into the Recovery Act bill \$8 billion to develop high-speed rail, and \$1.3 billion to help Amtrak repair its infrastructure.

- President Obama has a vision of changing the way we travel in America, and we have the strongest advocate for rail in the White House since President Lincoln pushed for the transcontinental railroad while he was fighting the Civil War.
- The \$8 billion in the Recovery Act and the \$5 billion in the President's budget signal a new chapter in American public transportation.
- For the first time, we're going to integrate passenger rail corridors of 100 to 600 miles with the rest of our transportation network -- and bring rail into the 21<sup>st</sup> century.
- This is a large part of what I call the Rail Renaissance in America, which will integrate our national freight network with fully developed high-speed passenger network.
- Moving ahead, we will build these corridors on a regional basis so that one day, millions of Americans will have seamless access to a network of airports, light rail stations, and robust urban centers, creating livable cities and inspiring new development.
- While all this Recovery Act money sounds good from a passenger railroad perspective, you may ask what's in it for freight.
- With the prospect of significant public funding flowing through states to support capital investments – often in existing, privately owned rail lines – partnerships will be needed between states and the private railroads that own and improve that infrastructure.
- We are holding a series of listening workshops with our state, regional, municipal, industry and labor partners to hear what they think about their regional vision of what high speed rail should look like....and how freight fits in.
- You need to be part of this discussion, because you are also an important part of the planning process.
- You can play an important role to develop comprehensive corridor improvement programs with state and municipal railroad

agreements to ensure public investments will further the development of high-speed rail corridors.

- What type of projects are we talking about? Track replacement and improvements, double and triple tracking, removal of highway-rail grade crossings, grade separations, improving interlockings, and the installation of Positive Train Control.
- The Congressional-mandated deadlines for PTC under the Railroad Safety & Improvement Act of 2008 is helping push this vital technology forward. It has heightened cooperation among the freight railroads, opened brand new dialogues among the passenger railroads and their partners in joint operations, and led to very constructive conversations in the Railroad Safety Advisory Committee, which has given FRA a foundation to create new regulations for PTC.
- Just two weeks ago, FRA circulated the proposed rule to the full RSAC for concurrence.
- Meanwhile we have been working very long hours to finalize the proposed rule, and our colleagues at the Office of the Secretary and the Office of Management and Budget are apparently game to do an expedited and concurrent review.
- We want to get the proposal out, do a quick comment period, and call the RSAC working group back together to refine the product in areas where further light might be shed or additional agreements might be reached.
- Without question, differences may remain, but not so many we can't move forward.
- While the coming deployment of PTC technology will prevent train-to-train collisions and greatly enhance safety, the freight industry faces other challenges.
- Freight traffic on Class I railroads continues to decline. This trend is expected to continue for at least the first half of 2009, but these lower volumes have permitted service levels to improve.

- Significant volume declines have been observed for most commodities. Container traffic reflects the slump in U.S. and global commerce. This seen most widely in the Port of Los Angeles, which fell by a 30% in February from 2008, signaling continuing weakness in the U.S. consumer market and directly impacting the U.S. rail network.
- And although traffic is down, we still have overall congestion problems to address. Constraints in transportation capacity leading to congestion adds significant costs to the national economy. Congestion wastes fuel, adds extra hours to travel time, and leads to other significant costs that are more difficult to quantify. This include lost productivity and increased levels of harmful emissions, with their associated health disorders.
- All these costs are borne by society in one way or another. Constrained capacity adds extra cost to virtually all goods and services produced in the economy.
- The resulting congestion adds to direct transportation cost and also forces companies to carry larger inventories and invest in increased warehouse space—making U.S. businesses less competitive here and abroad.
- The U.S. Department of Transportation estimates that as the roads become busier, demand for rail-freight transportation will increase to 37 billion tons in 2035 from 19 billion tons in 2007, a 93 percent increase.
- The reasons for this are simple. Coal can't be hauled on an airplane. Containers ships from Europe or Asia need a cost-effective distribution system. There aren't enough tanker trucks in existence to carry the amounts of chlorine or other hazardous materials needed for our economy.
- And while many other loads could be carried by air or truck, no one can do it as cheaply and efficiently as a train.

- Railroads can handle all of this, but it can put a strain on reliable commuter rail services in urban areas. On main railroad lines, where traffic is steadily increasing, new or expanded commuter operations may require additional investments in capacity, to accommodate both passenger and freight needs.
- But for now, congestion levels in the railroad industry have dropped since the recession started in November 2008.
- Significant volume declines have allowed railroads to improve operating speeds and on-time performance indicators.
- The STB published a report concluding that it is only at choke points at critical locations on the network, such as Chicago terminals and UP's Sunset Corridor in Arizona, are the real problem.
- The merger of Canadian National and EJ&E will help relieve some congestion on the rails in Chicago, and the CREATE project will offer additional relief for both the railroads and the public.
- You'll be taking the tour on Wednesday, but this is a landmark public/private partnership among the City of Chicago, the State of Illinois, six of the Nation's Class I freight railroads, and Chicago's commuter railroad, Metra.
- The CREATE program, comprised of over 53 rail and 25 grade separation projects, will restructure, modernize, and expand the existing freight and passenger rail facilities and construct new highway/rail grade separations in the Chicago metropolitan area while reducing the negative environmental and social impacts of rail operations on the general public.
- All told, this will be a \$2.7 billion project, and it represents the type of investment that creates a win-win situation for the railroads and communities we are looking for.
- These types of quality of life issues, like congestion relief, are important to us. One issue that has suddenly come up for us this year is parked rail cars.

- We are aware of increases in the incidence and number parked rail cars and the negative impacts they have on the livability of communities.
- Parked railroad cars are viewed as blight, a magnet for children, an invitation to loiterers or vagrancy, and an attractive target of graffiti artists. The decreasing demand in freight rail service and the slump in the scrap markets have caused railroads and car owners to simply park their equipment on their right-of-way.
- The FRA has no legal authority or jurisdiction to order parked rail cars to be moved or relocated. Railroads, shippers and rail car owners may legally store cars in this manner as long as doing so creates no other safety hazard specifically covered by federal or state laws or regulations.
- For example, loaded hazardous material tank cars are prohibited from such storage. Additionally, parked trains cannot block highway-rail grade crossings or improperly activate automatic warning devices at those locations.
- To remedy the problem, I urge you to work with your constituents and elected officials to talk with representatives of the railroad or rail line owners. We've seen this type of constructive dialogue work in moving rail cars to other locations.
- And, if you believe parked railroad equipment is being stored in violation of federal safety or security regulations, please contact us.
- There is another quality of life concern you often have to deal with which has been greatly misunderstood: our new rules on the routing of hazardous materials.
- The fact is, FRA is not designating the routes for hazmat shipments. We charged the railroad to conduct an analysis on the safest and most secure route to ship hazmat, plus an alternative route.

- We've established a team to evaluate these routes, and I can tell you our review will not be made on business decisions, the shortest route, or the timely delivery for the recipient of the material. They will be based on the safest and most secure route for that shipment. Period.
- On top of this, we will be issuing regs on tank car standards that will make tank cars 500% more impervious to punctures than some of the older tank cars now in operation.
- As you know, I'm new to the Federal Railroad Administration, so I don't have all the answers to all your questions right now, but I will be happy to get back to you with the answers I don't have.
- I'd really like to hear from you on any thoughts or concerns that you would like to share with me about issues in your community, the railroads, and how we may be able to foster into a dialogue that can help solve your issues with the railroad community.
- Thank you