

RAILCET INTELLIGENCE REPORT

To: RAILCET TEAM
From: Ray Chambers
Date: January 17, 2025

Subject: Intelligence Report – RAILCET Joins AIPRO and Fast Braking Rail Policy Events

RAILCET JOINS AIPRO

Trustees vote to join RAILCET. At the RAILCET Trustees meeting in San Marco Island, Fla on January 9, following a policy recommendation by me, the Trustees voted to become an Associate Member of AIPRO. Executive Director Tim Ryan will serve as the RAILCET liaison. (See following Attachment – AIPRO and its mission)

AIPRO Annual Meeting – AIPRO Board Member Jeff Joines will host the Annual Meeting. Jeff is National Director for Government Affairs for BMWED. The Board meeting will be held in Washington, DC at Teamsters Headquarters on February 10. The location is 25 Louisiana Ave, NW. This meeting will elect the Chair and Board Members. There will be an in-depth discussion of legislative proposals to reform intercity passenger expansion to create good jobs and increased opportunity for operations and service contractors. The reform proposals will have special focus on the FRA Corridor Identification and Development (CID) program. FRA has funded studies on sixty-nine new projects in forty-one states.

Mason Baxter will follow up with additional details and an agenda. Tim Ryan will represent RAILCET. However, any Trustee or RAILCET principal will be welcome to participate.

POLICY DEVELOPMENTS IN CONGRESS AND ADMINISTRATION.

Duffy Confirmation Hearing – The Senate Commerce Committee held Sean Duffy's confirmation hearing on Wednesday, January 15. Both Republicans and Democrats expressed support for his nomination. His path to confirmation appears easy. There were questions from Senator Shelley Moore Capito and others about creating more flexibility for states to make the key decisions. Duffy responded favorably. A key element in the AIPRO Reform proposal is to give states more flexibility and exclusive access to grant funding from the Federal-State Partnership program for the intercity corridors under 750 miles. Duffy's responses were encouraging.

Political Appointees impacting rail. Trump named Stephen Bradbury as DOT Deputy Secretary. He is a well-known conservative lawyer and was DOT's general counsel in the first Trump term. His Commerce Committee hearing was also last Wednesday.

Subcommittee Chair Shuffle. House T&I Chair Graves named Rep. David Rouzer (R-NC) as Chair of the Railroad Subcommittee and Rick Crawford was named Chair of the powerful Subcommittee on Highways and Transit. The Trump Team apparently objected to the Republican in line to be House Intelligence Chair. Speaker Johnson dumped him, and Crawford was switched to the Intelligence Chair. Rouzer was

then selected to Chair Highways and Transit. Rouzer is in his fifth term. As of this writing the Rail Subcommittee selection has not been made.

Amtrak Bonus Bill Passes House – The House passed Congressman David Rouzer’s Amtrak Executive Bonus Disclosure Act (H.R. 192) last Tuesday. It requires Amtrak to notify Congress 30 days prior to awarding executive bonuses. In the debate, T&I leaders questioned Amtrak awarding top executive six-figure bonuses as Amtrak experienced financial losses.

Early Appropriations Claw Back List. The informal Musk-Ramaswami Department of Government Efficiency (DOGE) is beginning to circulate a checklist of targets for trillions in appropriations cuts to offset increases on other Trump priorities including tax cuts, border security and deficit reduction. Musk has specifically listed California High Speed Rail. The list also includes infrastructure provisions that amount to about \$300 million. There is concern that the intercity Federal-State Partnership and other grants for rail capital will be caught in a massive recission orchestrated by DOGE. As DOGE has no legal status, the recommendations would need to clear through the White House OMB. The question of whether Trump can refuse to spend Congressionally mandated appropriations will probably end up in the Supreme Court. Other than HSR, rail capital appropriations have not yet appeared in the DOGE reports. Rather the DOGE is beginning to put forward a “a menu of *potential* spending reductions.” Last week Musk indicated DOGE emissaries will be placed in each U.S. agency. How that might work is not known.

Surface Transportation Reauthorization – The Reauthorization of the Bipartisan Infrastructure Law which now contains generous rail capital appropriations, will likely become an element in a large Surface Transportation Reauthorization which includes the Highway Program. T&I Chair Sam Graves is in discussion with T&I Ranking Democrat Rick Larson (D-WA) on a path forward and both are talking about a “bipartisan bill.” Hearings began this week in the House. AIPRO will be putting forward reform proposals. We believe unless reform proposals are adopted creating a commitment to intercity passenger rail expansion, the current capital grants could be sacrificed to the DOGE claw back initiative. Last week Trump called for a Single Massive Bill that would move with speed and include all of his priorities. This proposal is very controversial in Congress. The Single Bill would be called a Reconciliation Bill that has special privileges that can avoid filibusters. If that happens the Transportation Reauthorization, that has already begun hearings, would probably be rolled into the Single Bill as one section.

ATTACHMENT --AIPRO AND ITS MISSION

On January 9, 2025, the RAILCET Trustees voted to join the Association for Innovative Passenger Rail Operations (AIPRO) as an Associate Member.

What is AIPRO? It is an alliance of independent operators, labor organizations and associates. AIPRO is dedicated to advancing innovative passenger rail operations in the United States with the goal of creating a transparent and competitive marketplace. The Board is composed of four passenger rail

operators -Transdev, Keolis, Herzog, RATPdev and two unions BRS-BMWE. Associate members include RAILCET (30 rail construction contractors and two unions-IUOE & LIUNA), McGrath Rail, Direx Consulting, and Safe Track.

Today the AIPRO companies play a key role in the American passenger rail space. In 2019 Amtrak carried about thirty million passengers while the AIPRO companies carried eighty million passengers, mostly in the commuter arena. All passenger rail took a terrible hit in the pandemic. In 2020 Amtrak carried 16.8 million passengers, a 47.4% decrease. AIPRO passenger decreases were similar. However, ridership is coming back. In 2023 Amtrak carried twenty-eight million passengers. In 2023 AIPRO companies carried about 65.5 million passengers by rail in the US (Transdev 2.1 million; Herzog 17 million; Keolis 30 million; RATPDev 15.4 million).

Globally and in America our members fiercely compete against each other. They run everything on the rails from streetcars to commuter trains to intercity and high-speed trains. Internationally Transdev carries over 608 million passengers a year. Keolis carries about 470 million passengers. RATPDev passenger count totals a whopping 1.5 billion annually. Together our members are transporting about 2.6 billion passengers by rail each year. This is the equivalent of carrying every American citizen 7.8 times a year,

AIPRO members have incredible experience in railroad operations, construction and services. We are anxious to contribute to the creation of an American high performance passenger rail network in the coming decade.