



QUESTIONS & ANSWERS

Using Information and Ideas to Transform Public Policy

Commuter Rail in New Hampshire

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This week, the New Hampshire Executive Council is taking up a contract for a study looking at bringing commuter rail to the state.

There is a common misconception that the state has not studied this idea recently; however two lengthy studies have been completed in the past six years. A 43 page study was done in 2007 by the Passenger Rail Taskforce which looked at service to Manchester and another of similar length was done in 2010 by TranSystems for the NH Rail Authority, NHDOT and the Nashua Rail Planning Commission which looked at the entire corridor to Concord. While neither study recommends for or against introducing commuter rail, they provide a wealth of information as to how much the route would cost.

From the studies it is clear that constructing the route in its entirety to Concord would cost roughly \$300 million and require subsidies of \$11 million a year to operate.

Since there has been discussion of extending rail either just into Nashua, or just as far north as Manchester with service to Nashua, cost estimates for these, calculated from data in the studies, have been included as well.

Q: What is the Capital Corridor Project?

A: It is a proposal to extend commuter rail service north from Lowell, MA to Concord, NH, with intermediate stops in Nashua, Manchester Boston-Regional Airport and downtown Manchester. Trains would run into North Station in Boston.

Q: How Much Would it Cost to Build?

A: Costs are highly dependent on the scope of the improvements, such as single or double tracking the line or how far the line would run. (i.e. just to Nashua or Manchester or all the way up to Concord.) NHDOT in the 2013-2022 Ten Year plan estimates the capital costs the cost at roughly \$265 million¹ if the Corridor were completed in its entirety, while the most recent study puts the cost at closer \$330 million in 2013 dollars.²

Lowell to Nashua: **\$53-\$66 million**

Lowell to Manchester with service to Nashua: **\$159-\$200 million**

Lowell to Concord with service Nashua and Manchester: **\$265-\$330 million**

¹ <http://www.nh.gov/dot/org/projectdevelopment/planning/typ/documents/unfundedlist.pdf>

² <http://www.snhpc.org/pdf/NHCCorridorOverview.pdf> Pg 27

Q: Won't Massachusetts Pay for the Upgrades for the Section of Track from Lowell to the State Line?

A: Probably not. According to the Joint Statement of Principles Concerning Proposed New Hampshire Capital Corridor Service³, signed between Massachusetts and New Hampshire in 2001, the state of New Hampshire is responsible for all capital improvements required, including those needed in Massachusetts. Furthering the point, Governor Deval Patrick's recently released transportation proposal does not include the extension of commuter rail service north of Lowell, indicating a lack of interest in Boston for expansion on that line.⁴

Q: How Much Would it Cost to Run?

A: Once built, there are two different kinds of costs: operating expenses and ongoing capital expenses. Operating expenses are the day to day costs, such as salaries for employees and fuel for the locomotives. A number of factors that go into projecting operating expenses, such as the number of trains in service and how many runs a day they are completing. TranSystems⁵ based their study on 5 round trips per day and the Passenger Rail Taskforce Study⁶ with 4 round trips per day.

Lowell to Nashua: **\$2.7 million per year**

Lowell to Manchester with service Nashua: **\$8 million per year**

Lowell to Concord with service Nashua and Manchester: **\$13.25 million per year**

In addition to operating expenses, there are also ongoing capital expenses beyond just building the railroad. Track needs to be replaced, locomotives breakdown, coaches need to be refurbished and so forth.

Lowell to Nashua: **\$600,000 per year**

Lowell to Manchester with service Nashua: **\$1.8 million per year**

Lowell to Concord with service Nashua and Manchester: **\$3 million per year**

Q: Would the State Need to Subsidize Commuter Rail?

A: **Yes.** Both the TranSystems⁷ study and the Passenger Rail Taskforce Study⁸ highlight the need for ongoing subsidies to keep the train from going bankrupt. These two studies estimate that passenger fares will cover between 30% and 50% of operating costs. In addition, there are ongoing capital costs that need to be paid for as well. Taking those into account, estimates of total subsidies needed every year are as follows:

Lowell to Nashua: **\$1.9 - \$2.6 million per year**

Lowell to Manchester with service Nashua: **\$5.8 - \$7.5 million per year**

Lowell to Concord with service Nashua and Manchester: **\$9.25 - \$12.25 million per year**

³ <http://www.snhpc.org/pdf/NHCCorridorOverview.pdf> Pg 21

⁴ http://www.massdot.state.ma.us/Portals/0/docs/infoCenter/docs_materials/TheWayForward_Jan13.pdf

⁵ <http://www.snhpc.org/pdf/NHCCorridorOverview.pdf> Pg 30

⁶ http://www.nashuarpc.org/publications/transportation/rail_proposal_draft.pdf Appendix A, pg 32.

⁷ <http://www.snhpc.org/pdf/NHCCorridorOverview.pdf> Pg 31

⁸ http://www.nashuarpc.org/publications/transportation/rail_proposal_draft.pdf Pg 10

Q: Where Would the State Get the Money to Pay for the Train?

A: The studies are largely silent on the specific sources of funding for either the capital costs or the operating subsidies, aside from relying on Federal money.

For the roughly \$300 million in construction costs, the state would likely have to depend on either Federal grants or borrow the money through a bond issue. The New Hampshire Rail Transit Authority does have the authority to both solicit Federal dollars and issue bonds. Last month however, the State Treasurer urged lawmakers to limit capital bonding to under \$125 million, making the latter unlikely.⁹

Money from the Federal CMAQ program (Congestion Mitigation and Air Quality) can be used in the initial startup years to help cover the shortfall in operating costs. However, without special Congressional approval, it can only be used for a few years, not indefinitely. After the CMAQ money runs out, the state would have to find a source of money to cover the entirety of the shortfall itself.

Q: Couldn't the State Use Money from the Gas Tax to Pay for Both Construction and the Subsidy?

A: **No.** Part II, Article 6-a of the NH Constitution¹⁰ forbids the use of money from the Highway Fund on anything other than highways. In a particularly relevant case, the New Hampshire Supreme Court ruled unanimously in a suit brought by the New Hampshire Motor Transport Association (NHMTA v NHDOT 2004) that the state could not use highway funds to extend commuter rail into Nashua.¹¹

Q: How Does the *Downeaster*, which Runs from Brunswick ME, Through the NH Seacoast into Boston, Address These Costs?

A: The capital costs of constructing the rail line were financed by issuing bonds, backed by the State of Maine, which were repaid with tax dollars. Federal CMAQ money is used to cover some of the operating losses. Under normal circumstances, CMAQ money is only allowed for the first several years of service, however, through special Congressional approval, Maine is allowed to use funds long after they would have otherwise been phased out. The remainder of the operating loss is covered by a state tax on rental cars. The *Downeaster* covers roughly 53% of its operating costs through fares.¹²

Links to Past Studies:

Passenger Rail Task Force Study: (2007)

http://www.nashuarpc.org/publications/transportation/rail_proposal_draft.pdf

TranSystems: (2010)

<http://www.snhpc.org/pdf/NHCCorridorOverview.pdf>

⁹ <http://www.unionleader.com/article/20130108/NEWS06/130109259>

¹⁰ <http://www.nh.gov/constitution/formofgov.html>

¹¹ <http://www.courts.state.nh.us/supreme/opinions/2004/motor050.htm>

¹² http://www.kjonline.com/news/senate-oks-downeaster-subsidy_2012-03-14.html