

Preapplication for HSIPR Program

OMB No. 2130-0583

Preapplication instructions:

- For each question, enter the appropriate information in the designated gray box; keep text answers brief.
- For a multi-State project/program, States are encouraged to identify a lead applicant.
- Please submit one preapplication for each individual project, planning study, or corridor service program.
- Answers provided in this form **will not be used for evaluation or selection purposes.**
- Applicants should complete and submit this form electronically to: HSIPR@dot.gov.

A. Who are you?

<p>(1) Select applicant type, as defined in Appendix I.1 of the HSIPR Guidance (<i>Check the appropriate box from the list</i>):</p> <p><input checked="" type="checkbox"/> State</p> <p><input type="checkbox"/> Amtrak</p> <p>If one of the following, please append appropriate documentation as described in Section 4.3.1 of the HSIPR Guidance:</p> <p><input type="checkbox"/> Group of States</p> <p><input type="checkbox"/> Interstate Compacts</p> <p><input type="checkbox"/> Public Agency established by one or more States</p> <p><input type="checkbox"/> Amtrak in cooperation with a State or States</p>				
<p>(2) Name of lead State or organization applying: State of Texas, Texas Department of Transportation (TxDOT)</p>				
<p>(3) Name(s) of additional States and/or organizations applying in this group (<i>if applicable</i>): Austin-San Antonio Rail District</p>				
<p>(4) Application point of contact (POC): Jennifer Moczygema William H. Bingham</p>		<p>POC title: Multimodal Section Director (TxDOT) Austin-San Antonio Rail District General Counsel</p>		
<p>Street address: 118 E. Riverside</p>	<p>City: Austin</p>	<p>State: TX</p>	<p>Zip code: 78704</p>	<p>Telephone number: (512) 486-5125</p>
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What is your project?

(5) Project/program name: UP freight relocation and Austin-San Antonio passenger rail

(6) Describe the project or program; if a program has multiple phases please describe each and how they fit together; if the project or program relates to another HSIPR application describe the linkage (*less than 1000 characters*):
 The program is 1) to relocate the high-volume Union Pacific (UP) through freight movements between Austin and San Antonio onto a new alignment; and then 2) to develop passenger rail in the existing freight corridor as the starter line for the South Central Corridor through Dallas-Fort Worth, plus local passenger rail service, local freight service in a time-share arrangement and Amtrak service. Work on preliminary engineering (PE) and environmental documentation is partially funded with \$40 million for fiscal years 2010, 2011 and 2012 for the freight rail relocation on new alignment and the passenger rail service in the existing freight corridor. PE and environmental documentation on both projects are expected to be completed within about two years. The freight rail relocation will be the first to go to final design and construction.

(7) Location information

(A) Describe the location of the proposed project/program (attach map if available) (*less than 250 characters*): The proposed through freight relocation will require multiple upgrades, including both new right-of-way from Taylor past Lockhart to Seguin, TX and improvements along existing UP track between Seguin and San Antonio. The new route parallels the existing freight corridor, which will be used for passenger rail service. See Map, Attachment A.

(B) Which high-speed rail and/or intercity passenger rail route(s) benefit from this project? Identify endpoints, major locations served, and name of current route (if applicable) (*less than 250 characters*): Relocating the Union Pacific through freight movements will make construction of the Austin-San Antonio HSIPR possible. In addition, it will benefit the rest of the South Central High Speed Rail Corridor and Texas Eagle route extending to Dallas-Fort Worth, TX and from there to Oklahoma City and Tulsa, OK and to Texarkana and Little Rock, AR.

(C) State(s) in which the project/program investment is/are located: Texas

(D) State(s) in which the benefiting service(s) is/are located: Texas plus ultimately Oklahoma and Arkansas

(8) Project/program type:

(A) Types of capital investments contemplated (*Check all that apply*):

- | | |
|---|---|
| <input checked="" type="checkbox"/> Structures (bridges, tunnels, etc.) | <input type="checkbox"/> Rolling Stock Refurbishments |
| <input checked="" type="checkbox"/> Track-Rehabilitation | <input checked="" type="checkbox"/> Rolling Stock Acquisitions |
| <input checked="" type="checkbox"/> Track-New Construction | <input checked="" type="checkbox"/> Stations, Terminals |
| <input checked="" type="checkbox"/> New Rights-of-Way | <input checked="" type="checkbox"/> Support Facilities (Yards, Shops, etc.) |
| <input checked="" type="checkbox"/> Major Interlockings | <input checked="" type="checkbox"/> Grade Crossing Improvements |
| <input checked="" type="checkbox"/> Communications, Signaling, Control | <input type="checkbox"/> Electric Traction |
| <input type="checkbox"/> Other (<i>Please describe</i>): | |

(B) Describe the types of proposed improvements (e.g., new passing tracks, interlocking reconfigurations, station improvements, equipment acquisitions, etc.) (*less than 500 characters*): The freight rail relocation will require multiple improvements over 131 miles of alignment for the Taylor to Seguin Bypass and an additional track on the existing UP line from Seguin to San Antonio, TX. The passenger rail improvements will require upgrades of the existing Union Pacific freight line between Austin and San Antonio with improvements extending on new location to Georgetown.

(C) Service attributes (*Check all that apply*):

- Additional Frequencies on Existing Route
- Improved On-Time-Performance on Existing Route
- New Service
- Increased Average Speeds/Shorter Trip Times
- Other (*Please describe*): Improved NAFTA freight service yielding significant benefits in commerce and additional jobs

(9) Project/program milestones (*mm/yyyy*):

Construction start date: 09/2011	Construction completion date: 09/2013	Service improvements realized: 09/2013
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(10) Anticipated benefits (on intercity passenger rail service(s) benefitting from project/program)

Project/Program Benefits	Before (FY 2008 levels)	After (Project completion)	Not Applicable	Not Sure
Annual passenger-miles	N/A	104 million	<input type="checkbox"/>	<input type="checkbox"/>
Average daily round trips (weekday)	N/A	4,000	<input type="checkbox"/>	<input type="checkbox"/>
On-time performance (OTP) (at endpoint terminals)	N/A	90%	<input type="checkbox"/>	<input type="checkbox"/>
Top speed (mph)	N/A	110	<input type="checkbox"/>	<input type="checkbox"/>
Average operating speed (mph) (between endpoint terminals)	N/A	60	<input type="checkbox"/>	<input type="checkbox"/>

What will your project/program cost & how will it be funded?

Capital Costs

(11) Total anticipated project/program capital cost (in millions of dollars)(Note: preapplication estimates will not be binding): \$2,500 million for freight line relocation and passenger rail service including \$80 million for project development, NEPA and preliminary engineering activities needed over the next two years.

(12) Will your project/program proposal include matching funds?

(A) Yes If yes, as what percentage of total costs? 50%

No

(B) Proposed source(s) of capital matching funds *(Please check all that apply)*:

State

Local

Private

Other *(Please specify)*:

N/A

Not sure

(13) If an in-kind match is expected, provide a brief description of the asset *(less than 100 characters)*. Staff time from the Rail District and TxDOT, plus that of the local municipal planning departments and Counties will be contributed.

Operating Costs

(14) Is the project/program expected to result in an additional annual cost of operations for the benefitting service?

Yes No Not sure

(A) If additional operating funding is required, what would be the source? *(Select the appropriate option by clicking the gray box to activate the dropdown menu)*:

Other If other is selected, please specify: Local Funds

(B) What is the status of providing that funding? *(Select the appropriate option by clicking the gray box to activate the dropdown menu)*:

Legislation enacted If other is selected, please specify:

D. What preparation have you done?

(15) Please indicate the status of planning, engineering and environmental studies/documentation supporting your program or project. (Although applicants are asked to respond to all items, note that not all are required for all tracks.)

	No study exists	If no study exists, are you applying for HSIPR funds to complete study?	Study underway	Study completed? (year)	Not applicable
Corridor Service Planning Studies/Documents (for the intercity passenger rail service benefitting from project or program)					
Purpose & Need/Rationale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> 2006	<input type="checkbox"/>
Service/Operating Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> 2006	<input type="checkbox"/>
Prioritized Capital Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ridership/Revenue Forecast	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> 2006	<input type="checkbox"/>
Operating Cost Forecast	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> 2005	<input type="checkbox"/>
Tier 1 Programmatic (or "service") NEPA <i>(Identify document from dropdown menu)</i> Environmental Impact Statement (EIS)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assessment of Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> 2006	<input type="checkbox"/>
Project Planning Studies/Documents (if application is for program (multiple projects), multiple boxes may be checked)					
Preliminary Engineering (PE)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tier 2 (project-level) NEPA <i>(Identify document from dropdown menu)</i> Environmental Impact Statement (EIS)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Detailed Capital Cost Estimates	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assessment of Benefits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Planning Studies/Documents					
Project Management Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Plan (capital & operating – sources/uses)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(16) Is the project(s) included in the Statewide Transportation Improvement Program (STIP)? Yes No Not sure

(17) Is the project/program included in a Performance Improvement Plan for the host railroad? Yes No Not sure

(A) Who are your partners & what are their commitments?

- (18) **Right-of-Way Owner(s).** Provide the status of agreements with railroad(s) that own the right-of-way. (If appropriate, "owner(s)" may also include operator(s) under trackage rights or lease agreements.)
(If more than two railroads, please include additional information in question 24.)

Railroad owner 1 (Name):

Union Pacific

Status of railroad owner 1 (Click on the appropriate option from the dropdown menu shaded in gray):

Host railroad consulted, but support is not final

Railroad owner 2 (Name):

None/NA

Status of railroad owner 2 (Click on the appropriate option from the dropdown menu shaded in gray):

No host railroad involved

- (19) **Intercity Passenger Rail Operator.** If applicable, provide the status of agreements with partner that will operate the benefiting high-speed rail/intercity passenger rail services (e.g., Amtrak). (Click on the appropriate option from the dropdown menu shaded in gray):

Operations being competitively bid

- (20) **Benefits to Types of Rail Service.** What share of the project/program benefits will accrue to other non-intercity passenger railroad service types (e.g., commuter or freight)? (Click on the appropriate option from the dropdown menu shaded in gray): 25% to 50%

If benefits to non-intercity passenger rail services are foreseen, are cost-sharing agreements in place with the beneficiary organization(s)? Yes No N/A Not sure

(B) Which track is the best fit for your project/program?

- (21) Anticipated HSIPR funding track (Click on the appropriate option from the dropdown menu shaded in gray):

Track 1 (Projects) PE/NEPA

If unsure, please explain:

- (22) Anticipated application filing date (Check the appropriate box):

 2009 – first round Subsequent round(s). (Note: Funding for subsequent rounds is not guaranteed.)

(C) What help do you need?

- (23) Describe any areas in which you could use technical assistance, best practices, advice or support from others (*less than 500 characters*):

(D) Additional information (optional)

- (24) Please provide any additional information, comments, or clarifications. This section is optional. ASA, UP and TxDOT are in negotiations to structure an agreement to move this program forward as expeditiously as possible. Since its creation, the ASA Rail District has conducted numerous studies, including feasibility studies, ridership projections, conceptual engineering, financing, station location evaluations and transit-oriented development opportunities. TxDOT has conducted several studies regarding alternatives for passenger rail and freight rail relocation. Additional studies are continuing. The attached narrative provides a more comprehensive overview of the proposed rail program. Attachment "A" is a map showing the proposed intercity passenger rail location, as well as showing the proposed freight rail relocation Planning Case B 2. Union Pacific entered into a Memorandum of Understanding for a cooperative partnership for possible rail relocation projects with the State in 2005 (copy attached as Attachment "B"). Economic benefits include reduced highway construction and maintenance costs, 30 year increase in per capita income of over \$4,400, increased tax revenue, and increased jobs growth. A summary of the various economic benefits is shown as Attachment "C".

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AUSTIN SAN ANTONIO RAIL DISTRICT PASSENGER AND FREIGHT RAIL RELOCATION PROJECT

The Austin San Antonio rail project is an intercity passenger rail line project located within existing rail right of way, primarily Union Pacific, from Georgetown, Texas through Austin to San Antonio, a distance of over 100 miles. Passenger rail service will be a combination of high-speed through service, as part of the HSIPR South Central Corridor and local service trains operating on approximately one-hour headways and serving multiple stations.

Union Pacific's through freight will be relocated from the present mainline to a new mainline to be constructed to the east of the present route. Moving Union Pacific's through freight will make the existing corridor available for intercity passenger rail. The recent Texas Department of Transportation study (San Antonio Region Freight Study, Phase 2, July 28, 2008) identified the new routing as Planning Case B-2. The new line will be exchanged for the existing Union Pacific right of way with local freight service continuing on the existing line. Amtrak will continue its passenger service on the existing line.

The project will be undertaken by the Austin San Antonio Rail District in partnership with the Texas Department of Transportation. In addition, multiple local governmental entities will participate, including the principal cities, counties, MPOs, and urban and rural transit authorities located along the new intercity passenger service right of way.

The Austin San Antonio Rail District was created in 2003 pursuant to State legislative authorization. Since its creation, the District has conducted numerous studies, including several feasibility studies, ridership projections, conceptual engineering, financing, station location and evaluations of design and transit-oriented development opportunities around stations. TxDOT has conducted several studies regarding alternatives for passenger rail and freight rail relocation. Additional studies are continuing. Appendix 1 is a listing of the existing studies.

Attachment "A" is a map showing the proposed intercity passenger rail location and stations, as well as showing the proposed freight rail relocation Planning Case B-2.

The rail project is programmed to be a joint project of the Rail District, Texas Department of Transportation, Union Pacific Railroad and private entities involved with portions of construction, operation and station development. Union Pacific entered into a Memorandum of Understanding for a cooperative partnership for possible rail relocation projects with the State in 2005 (copy attached as Attachment "B"). A specific agreement is under discussion at this time.

The project has a number of key benefits:

- Passenger movement is projected to range from 800,000 to 3.2 million passenger trips per year.

- I-35, the principal interstate highway paralleling the proposed intercity passenger rail, is rated as one of the most dangerous highways in the United States. It is the primary NAFTA transportation gateway. The passenger rail project will relieve traffic and reduce the need for construction of additional highway lanes.
- Rail freight service will be maintained by construction of the new freight line.
- Air quality in the region will be improved by removing approximately 2.7 million vehicle trips per year from the I-35 corridor, resulting in reduced traffic congestion and delay, reduced idling time, and reduced auto emissions.

The current projected capital cost of the project is the following:

- \$800 million for renovation, additional track, stations and equipment for the intercity passenger rail line.
- \$1.7 billion for rerouting and improving the freight rail line from downtown San Antonio to an area northeast of Austin and Taylor, Texas, where it will intersect with existing Union Pacific mainlines.

Rerouting and improving the freight rail line is dependent on Union Pacific (negotiations are currently underway) and various governmental entities' approval of the project and the schedule.

The Rail District, or a private contractor will operate the intercity passenger rail service; Amtrak participation, in addition to two daily existing trains, is an alternative. The freight rail carrier, Union Pacific, will own and operate the new freight rail line.

Conceptual engineering work on the passenger line has been completed. The project is generally located within existing freight right of way and is programmed to begin preliminary engineering, NEPA clearance, and the final design this year. The new freight rail line will require engineering and NEPA documentation, both of which are programmed to begin this year, as well as right of way acquisition.

The Rail District has been funded to date through a combination of federal, state and local funds. Federal funding for planning and studies is in excess of \$7 million. Local funding for administration and operations has been in excess of \$590,000 per year. The State of Texas, through TxDOT, has funded numerous studies for the freight and passenger rail operation and is directly involved with the Rail District planning effort. The Rail District has appropriate procurement policies, governance structure, and legal authority to contract for construction and operation of revenue alternatives and to implement public involvement policies.

The project produces significant economic benefits for the region and the state. These benefits include:

- Reduced highway construction and maintenance costs.

- Projected increase of per capita income in the Austin San Antonio region over 30 years by \$4,409. An increase in personal income of \$20.4 billion.
- State tax revenue would increase by \$1.2 billion, and local tax revenue would increase by \$1.31 billion.
- Projected increase in jobs in the Austin San Antonio region over 20 years of 2 million.

A summary of the various economic benefits is shown as Attachment "C".

The proposed passenger rail line will also enable the transfer of up to 231,000 students and faculty at more than 20 present and developing college and university campuses within two-miles of the existing route.

APPENDIX 1

APPENDIX 1



February 25, 2009

**Austin-San Antonio Regional Passenger Rail Project
Studies To-Date**

(listed in chronological order)

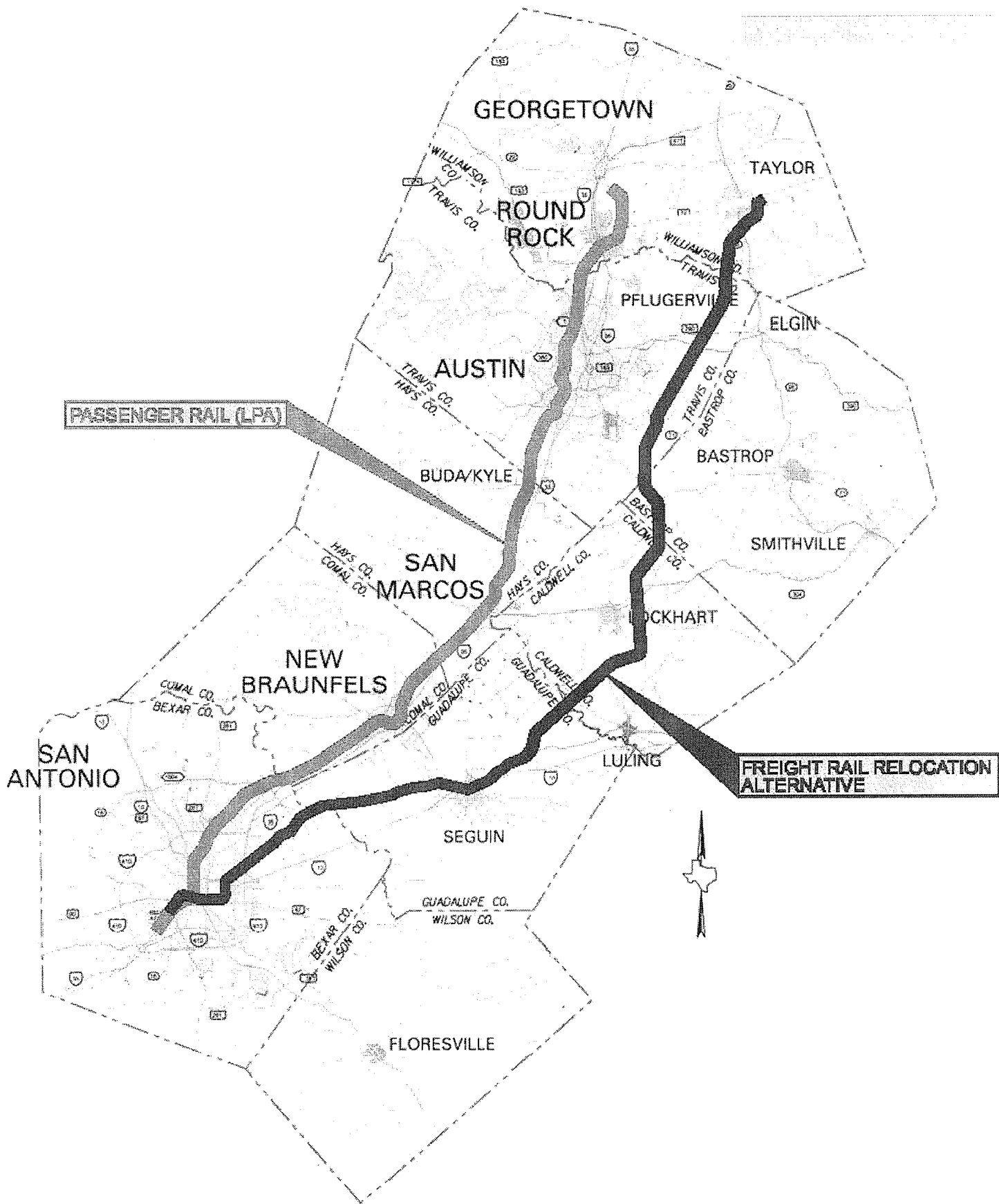
STUDY	AUTHOR(S)	DATE
1	<i>Origin-Destination Survey and Multimodal Assessment for the Austin-San Antonio Corridor</i>	Texas Transportation Institute March 1997
2	<i>Feasibility Report, Austin-San Antonio Commuter Rail Study</i>	Carter & Burgess March 1999
3	<i>Final Report, Austin-San Antonio Commuter Rail Study</i>	Carter & Burgess July 1999
4	<i>Public Involvement Plan</i>	PBS&J, Carter & Burgess February 2004
5	<i>Program Work Plan</i>	PBS&J, Carter & Burgess March 2004
6	<i>2004 Feasibility Study Update</i> includes (as Appendix B): <i>The Economic Implications of Regional Passenger Rail</i>	PBS&J, Carter & Burgess Texas Perspectives December 2004
7	<i>Station Design Report, Final Draft</i>	Carter & Burgess March 2006
8	<i>Economic Impact Analysis, Passenger Rail Station Areas, Executive Summary*</i> <small>* Individual EIAs listed on page 2</small>	Carter & Burgess, Capital Market Research April 2006
9	<i>Phase 2 Travel Demand Model Report</i>	Carter & Burgess, AECOM June 2006
10	<i>Phase 3 Travel Demand Model Report</i>	Carter & Burgess, AECOM June 2006
11	<i>2006 Conceptual Engineering Design Report</i>	Carter & Burgess December 2006
12	<i>Seaholm Station Study</i>	Carter & Burgess December 2006
13	<i>Financial and Economic Benefits Study</i>	Carter & Burgess, Cambridge Systematics March 2007
14	<i>Existing Conditions Report</i>	Carter & Burgess April 2007
15	<i>Alternatives Analysis</i>	Carter & Burgess December 2007
16	<i>Report on Rail & Transit Options in the SH 130 Corridor, Fatal Flaw Analysis</i>	Carter & Burgess September 2008

Economic Impact Analysis, Passenger Rail Station Areas
Individual Economic Impact Analyses of 15 Preliminary Station Locations
(listed in geographic order, north to south)

	ECONOMIC IMPACT ANALYSIS	AUTHOR	DATE
8a	<i>Georgetown Passenger Rail Station Economic Impact Analysis (EIA)</i>	Capital Market Research	June 27, 2005
8b	<i>Round Rock Passenger Rail Station EIA</i>	Capital Market Research	May 18, 2005
8c	<i>McNeil Road Passenger Rail Station EIA (North Travis County)</i>	Capital Market Research	May 2, 2005
8d	<i>Braker Lane Passenger Rail Station EIA (North Austin)</i>	Capital Market Research	June 3, 2005
8e	<i>35th Street Passenger Rail Station EIA (Central Austin)</i>	Capital Market Research	August 30, 2005
8f	<i>Austin CBD/Seaholm Passenger Rail Station EIA (Downtown Austin)</i>	Capital Market Research	May 24, 2005
8g	<i>Slaughter Lane Passenger Rail Station EIA (South Austin)</i>	Capital Market Research	March 31, 2005
8h	<i>Kyle-Buda Passenger Rail Station EIA</i>	Capital Market Research	August 22, 2005
8i	<i>San Marcos Passenger Rail Station EIA</i>	Capital Market Research	September 30, 2005
8j	<i>New Braunfels Passenger Rail Station EIA</i>	Capital Market Research	November 29, 2005
8k	<i>Schertz-Garden Ridge Passenger Rail Station EIA</i>	Capital Market Research	December 21, 2005
8l	<i>Loop 1604 Passenger Rail Station EIA (Far North San Antonio)</i>	Capital Market Research	July 29, 2005
8m	<i>Loop 410 Passenger Rail Station EIA (North-Central San Antonio)</i>	Capital Market Research	October 31, 2005
8n	<i>San Antonio CBD Passenger Rail Station EIA (Downtown San Antonio)</i>	Capital Market Research	December 30, 2005
8o	<i>Kelly USA Passenger Rail Station EIA (South San Antonio)</i>	Capital Market Research	December 30, 2005

ATTACHMENT "A"

MAP



ATTACHMENT "B"

MEMORANDUM OF UNDERSTANDING

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE STATE OF TEXAS
ACTING THROUGH
THE TEXAS DEPARTMENT OF TRANSPORTATION
AND
THE UNION PACIFIC RAILROAD
FOR A COOPERATIVE PARTNERSHIP TO ADDRESS FREIGHT RAILROAD
RELOCATION ISSUES IN THE STATE OF TEXAS**

WHEREAS, the Governor of Texas, on behalf of the citizens of the State of Texas, acting through the Texas Department of Transportation (TxDOT), plays a key role in transportation planning and the impact such planning has on communities and citizens all across the state of Texas; and

WHEREAS, TxDOT is authorized to participate in the planning, design, and development of multiple modes of transportation within the state; and

WHEREAS, investments in the state's rail freight system can be leveraged to provide major public benefits and can play a significant role in addressing growing transportation demands and related public issues such as automobile congestion, pollution, safety, and energy; and

WHEREAS, in many communities across the State of Texas development has occurred that has placed businesses and homeowners directly adjacent to pre-existing Railroad corridors that have often been in existence for well over 100 years; and

WHEREAS, in certain cases existing Freight Rail Corridors could be available for alternate uses, including service to local Freight Customers, if and when the existing Through Freight Rail operations could be relocated to new corridors where rail infrastructure has been put in place to accommodate Through Freight Operations, and

WHEREAS, Union Pacific Railroad (UP) owns and operates rail freight transportation services within the state of Texas; and

WHEREAS, UP believes that certain rail relocation projects may be achieved through public-private partnerships and offer important opportunities to improve the state and national freight rail system; and

WHEREAS, UP and the State of Texas believe that there are locations and communities in Texas where the relocation of existing Through Freight rail corridors could indeed create significant Public Benefits for Citizens in the State of Texas.

WHEREAS, UP and the State of Texas agree that feasible proposals to relocate existing rail operations planned or developed as a result of this Memorandum of Understanding (MOU) will adhere to five basic principles identified as:

1. Public-private rail relocation projects undertaken within the scope of this MOU must be voluntary for both parties and will be contingent upon the parties entering into definitive agreements; furthermore, it is understood that TxDOT is responsible for protecting the public interest and investments, while UP is responsible for protecting the interests of its customers, shareholders and employees; and
2. Investment by Texas to fund any rail relocation project considered under this MOU must be commensurate with the benefit the public derives from the project. The source of such public funds should be from existing funds or some other general revenue source, and will not be funded by a user charge, additional taxes, or new fees levied on the rail industry in the State; and
3. Any UP contribution toward any rail relocation project considered under this MOU must be commensurate with the private benefit, if any, it derives from the project; and
4. Planning for rail relocation projects considered under this MOU must be coordinated among stakeholders to insure appropriate investments result from the public-private partnership process. UP will continue to work with TxDOT on such efforts and will supply reasonable input to the process. Planning and project implementation must take place in a manner that preserves the existing rail industry regulatory regime as well as ownership rights; and
5. The State will not expend public funds for any rail relocation project that would alter the existing competitive relationships between and among the railroads.

NOW THEREFORE, we declare to work together in a cooperative manner and in accordance with the five principles enunciated herein, and direct our respective planning and development personnel to work in a cooperative partnership to identify potential rail relocation projects which will improve safety and facilitate mobility within the state of Texas, and which will benefit the transportation system of Texas and the people of the state.

By: Rick Perry
Rick Perry
Governor of Texas

Richard Davidson
Richard Davidson
Chairman & Chief Executive Officer
Union Pacific Railroad

DATE: 3/18/05

DATE: 3/18/05

ATTACHMENT "C"

ECONOMIC BENEFITS

Economic Benefits to Region

Gross State Domestic Product Increase	\$2.30 billion to \$2.49 billion (2012-2030)
Personal Income Increase Incremental	\$20.4 billion (2012-2030) \$2.00 billion to
Property Value Increase Taxable Sales	\$4.40 billion (2012-2030) \$10.7 billion
Value Increase State Tax Revenue	(2012-2030) \$742 million to \$752 million
Increase Regional Tax Revenue Increase	(2012-2030) \$311 million to \$415 million
	(2012-2030) \$747 million to \$1.49 billion
Local Property Tax Revenue Increase	(2012-2013)
Total	\$35.8 billion to \$45.3 billion (2012-2030)
 Total Combined Savings Benefits	 \$39.11 billion to \$49.01 billion

Sources: Cambridge Systematics, LLC.
 Jacobs Carter Burgess
 Texas Perspectives, Inc.
 Capital Markets Research, Inc.

Cost Savings to Region

Reduced Congestion Delay	\$38 million to \$78 million (2012-2030)
Fuel Cost Savings	\$255 (2012-2030)
Savings In Highway Construction	\$2.675 billion
Savings In Tax-Base Loss On IH-35 ROW	\$1.2 billion (2012-2030)
Air Quality Benefit	\$12 million (2012-2030)
Cost Avoidance Of Accidents	\$333 million (2012-2030)
Total Savings	\$3.313-3.713 billion

Sources: Cambridge Systematics, Inc
 Jacobs Carter-Burgess
 TxDOT IH-35 Cost & Analysis Study Volume I (Presentation to TTC-35 Advisory Group)