

# MEMO



DATE: May 7, 2012

TO: Senate Transportation Committee  
House Transportation Committee  
Senate Ways and Means  
Kansas Rail Caucus

FROM: Dennis R. Slimmer, Chief of Transportation Planning

RE: Economic Impact of Passenger Rail Scenarios

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This memorandum is in response to requests from members of legislative committees for additional economic analysis of two passenger rail options that were studied as part of a Service Development Plan (SDP) completed in November 2011. Specifically, KDOT was asked to provide an estimate of the economic impact and jobs that would occur as a result of new passenger rail service similar to those numbers provided when evaluating projects for the T-WORKS program. As well, the legislative committees have requested that the agency provide a timeline that identifies the steps necessary to invest in passenger rail services in Kansas.

Discussions are continuing with Oklahoma and Texas regarding potential expansion of passenger rail service between Kansas City and Fort Worth. For a timeline showing the major items of work and decision points for that work please see Attachment A.

To conduct further economic impact analysis, KDOT used information from the SDP and supplemented it with information provided by local officials in Kansas station stop cities. Since the passenger rail service options being considered involve other states, it should be noted that this analysis views costs and benefits strictly from a Kansas perspective.

To identify benefits from a Kansas perspective, the projected ridership on the service was broken out between Kansas and out-of-state travelers. This resulted in an estimate of the number of riders traveling between Kansas cities, those entering or leaving Kansas using a Kansas station, and those who don't board or alight using a Kansas station stop. For purposes of calculating Kansas benefits, trips with just one end in Kansas are provided 50% of the benefits from the trip, internal trips get 100% of the benefits, and external trip benefits are not counted at all. Business trips with higher levels of benefits were assumed to make up 10% of travelers while other trips were assumed to be made for personal or recreational reasons.

Kansas station stop cities were surveyed to obtain their input regarding additional economic development and jobs that could be expected to result once new service was implemented. Not all of the cities contacted were willing or able to venture a guess regarding the amount of new development or the number of new jobs that might result if passenger rail service was implemented. The estimated number of new additional permanent jobs based on contingent development at or near Kansas station stops as provided by local officials is shown in the table below.

While the previously provided SDP analysis included estimated infrastructure costs broken down by each state, in this study the anticipated costs of building or remodeling and maintaining station stops were also included. Costs of the station stops are assumed to be borne by the cities and could vary significantly based on the city's plans for development. Station stop cities were asked to estimate the cost to build or remodel and maintain station stops in their city, shown below.

## Local Contacts' Estimates for Station Costs and Associated Development

City	Station Costs borne by local gov't		Development private investment		
	Construction	Maintenance (annual cost)	Transportation Jobs	Lodging Jobs	Retail Jobs
Shawnee	\$1,000,000	\$5,000	10	20	20
Lawrence	(a)	(a)	(d)	(d)	(d)
Topeka	\$250,000	(a)	0	0	0
Emporia	\$900,000 (b)	\$5,000	0	20	41
Strong City	\$651,250(c)	\$5,000	(e)	0	(d)
*Newton	\$0	(a)	0	8	12
*Wichita	\$2,500,000	\$10,000	2 (f)	15 (g)	35 (h)
*Ark City	\$570,000	\$8,000	3	15 (g)	5

(a) –existing station; costs borne by Amtrak  
 (b) –subject to location study  
 (c) –federal funds = \$521,000,  
 local match=\$130,250  
 (d) – did not provide estimates  
 (e) - Nat'l Park Service may start shuttle  
 (f) - new service  
 (g) - 150 rooms @ 10 rooms/employee  
 (h) - 35,000 s.f. retail @ 1000 s.f./employee

*HF Extension	\$3,070,000	\$18,000	5	38	52
Daytime KC-FW	\$5,871,250	\$33,000	15	78	113

The summarized total costs and economic impacts are included in the table below. These estimates were based on the costs and development numbers from local contacts in the table above and the SDP.

### Total Costs, Economic Impacts and Jobs

Service Option	Cost to Kansas (\$million)	Economic Impact to Kansas (\$million)	Addn'l Permanent Kansas Jobs	Addn'l Annual Kansas Wages (\$million)	Temporary Construction Jobs
HF Extension	\$102	\$70	171	\$5.50	361
Daytime KC-FW	\$187	\$188	423	\$14.50	544

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# Estimated Passenger Rail Timeline: 2012 & Beyond

Attachment A

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