
APTA-AASHTO Guide: Return on Investment Business Case for Intercity Rail Corridors



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Overview: Intercity Passenger Rail ROI Guide

1. Why a new guide is needed
 2. How the guide represents a major (and needed) shift
 3. Key features
 4. Implementation
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5. Resource documents
 6. Upcoming AASHTO/APTA Webinar

1. Why a new guide is needed

USDOT/FRA Guidance for Benefit Cost Analysis

- OK for federal use, but incomplete for state DOTs who face broader issues
- Focuses on transportation system performance and emissions
- Not designed to account for spatial aspects of *connecting* communities & regions, with impacts on multiple levels of government
- Recognizes spatial activity shift and public-private sharing benefits as “transfers,” though those effects can be exploited to derive value and pay for rail investments.
- Fails to cover broader factors of public importance (risk mitigation, economic opportunity, quality of life, equity, resilience, sustainability)

2. How the guide represents a major (and needed) shift

Business Case = Full Return on Investment (ROI)

- Addresses limitations of traditional benefit-cost analysis; brings together all relevant factors
- Can make a clear, concise, and compelling assessment of impacts for local, regional, state decision makers who come with different perspectives
- Redefines public “Return on Investment” (ROI) to recognize full benefits and provide a framework for cooperation among levels of government
- Can be relevant for all kinds of passenger rail : commuter/regional, intercity, high-speed

3a. Key Feature - differences in benefit perspectives

| Perspective | Constituency | HS&IPR Public Policy Talking Points (benefit issues) |
|------------------|---|--|
| National Benefit | US (taxpayers, residents, and business) | <ul style="list-style-type: none">• saves time, expense, and improves safety for travelers• enhances national productivity and hence GDP• can alleviate need for investments in aviation and highways• reduces greenhouse gas emissions |
| State Benefit | State (taxpayers, residents, business) | <ul style="list-style-type: none">• enhances efficiency of state's highway, rail, aviation facilities• effectively enlarges labor and business markets• leads to more economic activity and tax base growth |
| Local Benefit | Station area, city, or metro (taxpayers, residents, business) | <ul style="list-style-type: none">• supports growth (of jobs, income, investment) around HSR stations, adding tax revenue• visitors dwell longer and spend more money in the city |

→ *The ROI Guide Vol 1 explains how and why these perspectives matter*

3b. Key Feature – covering broader linkage effects

1. User Benefits

- Travel Time & Cost Savings
- Reliability & Induced Travel Impacts

2. Societal Spillovers

- Emissions
- Safety

3. Spatial Connectivity

- Regional Economic Integration
- Intermodal Access to Broader Markets
- Regional Equity: Income Opportunities

4. Risk Reduction

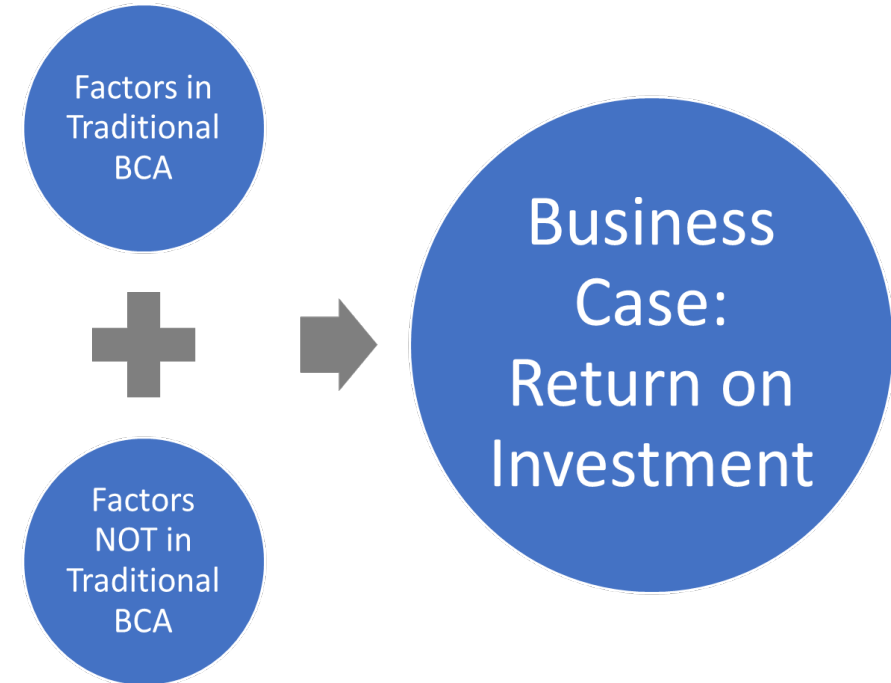
- Resilience/Redundancy (Backup Options)
- Economic Futures (incl. Jobs-Housing Balance)

5. Local Land Impact

- Local Development (productivity and density)

6. Operator Impact

- Revenues & Life Cycle Costs



→ *The ROI Guide Vol 2 shows how to measure them*

3c. Key Feature – rules for ROI calculation

No single perspective captures all benefits to all parties.
Each perspective recognizes some and ignores others.

A multi-perspective approach can recognize all benefits
and allocate them to jurisdictions that value them.

Each jurisdiction can have its own ROI based on its
recognized benefits and corresponding allocation of costs.

Result is higher overall ROI and stronger case for
federal-state-local-private support and funding participation.

→ *The ROI Tool calculates and allocates benefits for each perspective*

4. Implementation of the Business Case ROI (5 steps)

- 1) **Engage all relevant parties** (state, regional, local, private) and agree on business case concept
- 2) **Assemble business case data** – leverage the **ROI Guide** for a common measurement framework
- 3) **Evaluate scenario options** – leverage the **ROI Tool** to discern different perspectives and cumulative benefits among parties
- 4) **Communicate results** on cumulative benefits and costs among parties to provide a more complete Business Case ROI
- 5) **Use the results** to support public/private and state/local/federal decision-making and financing

5. Resources

- Vol 1 Guide for Decision Makers
- Vol 2 Technical Appendices (Measurement)
- Vol 3 Instructions for the ROI Tool
- ROI Spreadsheet Tool

Available at

- <https://rail.transportation.org>

6. Webinar for Training Agencies

Title: Implementing the Business Case Evaluation Guide
for Intercity Passenger Rail Investment

When: Tuesday October 19

2:00 - 3:30 Eastern time

1:00 - 2:30 Central time

12:00 - 1:30 Mountain time

11:00 - 12:30 Pacific time

Link for Registration:

<https://attendee.gotowebinar.com/register/2224266261332315660>