

By [Larry Sandler](#) of the Journal Sentinel

May 15, 2011

After being turned down for federal high-speed rail funds, state officials are now pondering how to pay for millions of dollars of work needed to keep the existing Amtrak service running between Milwaukee and Chicago.

Last week, the federal government [rejected the state's request](#) for more than \$150 million for new locomotives, passenger cars and a maintenance base to upgrade the Hiawatha line. Also rejected was a bid for nearly \$60 million in related track, signal and engineering work.

That decision followed Gov. Scott Walker's refusal to build a 110-mph extension of the Hiawatha to Madison, as part of a larger plan to connect Chicago to the Twin Cities and other Midwestern destinations. After Walker's election, the federal government [pulled nearly all of the \\$810 million stimulus grant](#) that would have paid for the long-planned Milwaukee-to-Madison stretch.

But Walker supported keeping and upgrading the existing [Milwaukee-to-Chicago service](#), with backing from the Milwaukee-area business community. And since some of the \$810 million would have been used to improve existing service, the state asked for \$213.3 million for that purpose.

Now, after the federal rejection, the state is faced with at least \$209.1 million in potential costs for the existing service. But only \$69.5 million in state and federal funds has been committed to those expenses, leaving a gap of \$139.6 million.

Some of that gap could be filled by borrowing. From 1993 to 2009, lawmakers approved \$122 million in borrowing power for passenger rail projects. To date, state officials have used \$49.5 million of that authority, leaving \$72.5 million available.

Transportation officials have asked the Legislature's Joint Finance Committee for permission to use some of that bonding power. But even if they could use all of it, they would still come up more than \$67 million short.

Reggie Newson, executive assistant to state Transportation Secretary Mark Gottlieb, said state officials are working on a funding plan.

"I don't know where we're going to find the money, but we're going to keep pushing, because it's a corridor that's very important to the business community," added Pete Beitzel, a vice president of the Metropolitan Milwaukee Association of Commerce.

Here are the details on what's needed, what's funded, what isn't funded and what would have been funded by the original \$810 million, according to officials in the state transportation and administration departments:

## Trains

- **Funded:** The state has ordered two train sets of 14 cars each from Talgo Inc., at a total cost of \$47.5 million. They're being built at Talgo's plant at the Century City complex on Milwaukee's north side, for delivery in early 2012, to replace aging Amtrak-owned equipment. The state is borrowing the money to pay for them, accounting for most of the rail bonding authority used to date.
- **Not funded:** The latest grant applications sought \$106.2 million to buy eight locomotives and two 14-car train sets. At least two locomotives, costing an estimated \$5.2 million each, would have replaced the old Amtrak-owned units now powering the line, while the rest of the equipment would have been used to expand service from seven daily round trips and to provide backup capacity. The same number of locomotives and train sets would have been funded by the \$810 million.

## Maintenance base

- **Not funded:** A rejected grant application sought \$48.1 million in federal funds, to be matched by \$12 million in state funds, to convert the Talgo plant into a maintenance base for the state-owned trains. Amtrak-owned trains are serviced in Chicago. The \$810 million would have paid for a new maintenance base in Madison.

## Track upgrades

- **Funded:** The federal government has awarded \$12 million to Wisconsin for work on Kenosha County tracks and the Mitchell International Airport station platform. That stimulus grant was separate from the \$810 million.
- **Not funded:** In the latest grant applications, the state sought \$27.6 million to upgrade tracks and signals in the 30th St. rail corridor, connecting the downtown station to the planned maintenance base in the Century City complex, plus an additional \$6.6 million to improve signals and switches at the depot. The \$6.6 million would have been covered by the \$810 million grant.

## Train shed

- **Funded:** The state must renovate the downtown station's train shed - the structure where passengers board and disembark from trains - largely to meet the requirements of the federal Americans with Disabilities Act. State officials plan to cover half the project's \$20 million cost with the \$2 million not withdrawn from the \$810 million grant, plus about \$8 million in other federal funds.
- **Not funded:** The Joint Finance Committee has not acted on a request from transportation officials to use \$10 million of the remaining \$72 million in rail borrowing power for the train shed. The \$810 million would have covered the train shed's full cost.

## Other costs

- **Not funded:** The rejected grant applications included \$24.9 million for engineering, design and project management services for the trains, maintenance base and track work. Much of those costs would have been covered by the \$810 million.