

**Resolution of the Board of Directors
In Support of Capitalizing the Rail Relocation and Improvement Fund**

The Greater Houston Partnership strongly supports capitalization of the Texas Rail Relocation and Improvement Fund by the 81st Legislature.

The Partnership recognizes that true mobility now and in the future will encompass all modes of transportation, including passenger rail and freight rail. Developing efficient rail and roadway systems may require improvement and relocation of existing freight rail lines. Benefits of rail relocation and improvement include:

- Improved safety for motorists, school children, residents and visitors
- Increased efficiency of freight movement
- Enhanced potential for economic development
- Decreased traffic congestion throughout the region
- Reduced emissions from idling vehicles and locomotives
- Increased opportunities for development of public transportation within remaining right-of-way from rail relocation and improvements

Houston is home to the largest petrochemical complex in the country and the tenth largest port in the world. Over 200 million tons of cargo move through the Port of Houston annually, making it the first in the United States in foreign tonnage and second in total tonnage. Efficient movement of cargo to and from the Port is essential to the region's economic vitality. This can be ensured through improvements to the regional rail system intended to improve the fluidity of freight moved through the rail terminal environment unique to the Houston region.

As the fourth largest city in the nation, Houston's densely populated urban areas would benefit from rail relocation and improvement. In addition to exacerbating traffic congestion, the more than 1,200 at-grade crossings in the region present a danger to vehicles and pedestrians. Heavy rail improvements within the urban areas, such as relocation and the removal of at-grade crossings, would enhance mobility and safety in the region.

The Greater Houston Partnership therefore urges the 81st Texas Legislature to continue its support of improved mobility by helping Texas meet the growing transportation needs of tomorrow through the designation of state monies to the Texas Rail Relocation and Improvement Fund. This funding should not include new taxes or fees that would overburden the cargo transportation industry and make the port, railroad and related Texas businesses uncompetitive. Should funding rely on charges to local businesses or consumers, those payees should be the direct beneficiaries. Funding distribution should be proportionate to regional contributions.

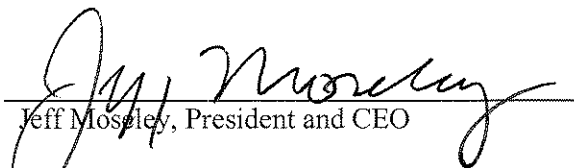
Additionally, in keeping with an existing Memorandum of Understanding (MOU) between the State and railroad companies, public interests should pay for public benefits while private benefits should be funded through private investments. When funding is in place, the Gulf Coast Freight Rail District (HB 2958- 79th Legislature), Texas Department of Transportation (TxDOT), Houston-Galveston Area Council, and other public and private partners can work together through the regional long-range transportation plan and transportation improvement program to prioritize grade-separation projects with significant vehicular traffic, capacity enhancement projects and, where appropriate, rail relocation projects, especially when both freight rail and passenger rail service is benefited. These funds will also allow the appropriate entities to undertake the rigorous regional transportation planning and project development processes that will include environmental and public involvement evaluations.



Daniel J. Wolterman, Chairman



Daniel G. Bellow, Secretary



Jeff Mosley, President and CEO

MEMORANDUM

DATE: August 6, 2008

TO: Greater Houston Partnership Board of Directors

FROM: Jim Dannenbaum, Chairman
Transportation and Infrastructure Advisory Committee

SUBJECT: Resolution of the Board of Directors in Support of Capitalizing the Rail Relocation and Improvement Fund

RECOMMENDATION

The Greater Houston Partnership strongly supports capitalization of the Texas Rail Relocation and Improvement Fund by the 81st Legislature.

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BACKGROUND

In 2005, the 79th Legislature passed HB 2702, which gave new and additional authority to TxDOT to implement and acquire, finance, construct, maintain, and with certain exceptions, operate passenger or freight rail facilities. The 79th Legislature also created the Texas Rail Relocation and Improvement Fund (HB 1546) to issue obligations for financing the relocation, construction, acquisition, improvement, rehabilitation and expansion of certain rail facilities. The Fund was created by a Constitutional amendment approved by Texas voters in the November 2005 referendum.

The State of Texas and railroad companies agreed that relocation of existing freight rail lines may create significant public benefits. In 2005, the State, acting through TxDOT, signed an MOU with Union Pacific Railroad agreeing that investment in rail relocation projects by the State would be commensurate with public benefits derived from the projects. According to the agreement, funding for such projects should be leveraged from existing funds or from other general revenue sources and would not be generated through user charges, additional taxes or new fees levied on the rail industry.

In addition, TxDOT and BNSF Railway Company signed an MOU which stated that public funding for rail projects would be commensurate with public benefits, and BNSF's contribution to public-private partnerships would reflect benefits derived by BNSF. BNSF agreed to consider public-private partnerships which would benefit the public and ensure protection of BNSF customers, investors and employees.

FISCAL IMPACT

In 2007, a study by the Texas Department of Transportation recommended \$3.4 billion worth of potential improvements to rail infrastructure in the Houston region.

IMPLEMENTATION

The Greater Houston Partnership will communicate its strong support of capitalization of the Texas Rail Relocation and Improvement Fund to members of the 81st Legislature.

RESOURCES REQUIRED

This recommendation can be implemented with available Greater Houston Partnership staff, and within the current operating budget.