



## ASSOCIATION OF INDEPENDENT PASSENGER RAIL OPERATORS

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To: [ContractsRFP@indot.in.gov](mailto:ContractsRFP@indot.in.gov)  
From: Ray Chambers, Executive Director - AIPRO  
Date: April 11, 2014  
RE: INDOT RFP, Hoosier O&M Services –  
AIPRO Response to RFP Questions, p 12  
Comments on Ambiguities and Concerns

My name is Ray Chambers; I am the Executive Director of an organization called the Association of Independent Passenger Rail Operators, (AIPRO). Our current membership includes Veolia Transportation, Herzog Transit Services, Keolis, First Group and RATP-Dev. Together, these member companies move billions of passengers by rail and bus each year, moreover, in the United States, annually, these companies move over 80 million passengers on more than 250,00 trains.

The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) required states to pay the full direct operating cost on all routes fewer than 750 miles and called for competition. Until Indiana issued its RFP, the competitive language has been bypassed and ignored. As an organization, and on behalf of all service providers, AIPRO has openly advocated for fair and open competition on state supported intercity corridor rail routes such as your Hoosier service. Our organization is beginning to see the results of these efforts. Currently, we are aware of 19 states that fully subsidize 27 intercity passenger routes. Several states are considering competitive procurement options for their service. However, INDOT is the first to take the bold step of issuing an RFP, and has our hearty congratulations. To that end, we are certain the course your organization has embarked upon will be closely observed by the other states considering similar actions. This leads me to the purpose of this communication.

Our organization, like yours, wants to see the process that you have initiated culminate with a selection of a capable service provider that not only can, "reduce the cost of operating Hoosier State, but also work with INDOT and Hoosier State Partners to improve Hoosier State operations, so as to attract higher ridership and bring in increased revenues, thereby further reducing cost." These objectives are possible and are likely benefits from open and fair competition. In fact we would submit they can only be achieved through competition. However, in order to accomplish this, there are certain difficult institutional issues that must be addressed in order to facilitate a meaningful competition and contractor selection. The issues we are referring to, which are discussed below, are not new issues. Together with the long history of monopoly corridor service, until now the states have had no realistic option but to remain with Amtrak. Further, unless they are properly and carefully addressed in any competition, they will provide Amtrak with a competitive advantage that will make a fair competition impossible.

I have spoken with each member company about INDOT's RFP, and not surprisingly, each have keyed in on the same higher level institutional issues, that in all likelihood, would discourage meaningful competition. The common theme expressed by the members is that the RFP, as

drafted, will **not** result in a competitive process that will produce an alternative to the status quo.

The comments below are submitted from our organization, and not from any individual member company. The comments are constructively submitted, to encourage competition and preserve the integrity of the procurement, which is clearly consistent with INDOT's intent. It is also not intended that the submittal of these comments limit or restrict further comment from individual member companies, or AIPRO as an organization.

Below is a summary of the issues of concern that our members have expressed. They are serious and require additional time and discussion with your organization in order to submit a self-sustaining response.

- Response time to submit compliant proposals is too short—at minimum there should be a 3-month period as is standard practice in Great Britain.
- Track access agreements required by numerous host railroads must be reached by Indiana, not individual bidders;
- Requirements that all bidders include track access cost information is not possible;
- Extent of cooperation and cost agreements of third-party infrastructure owners will take time;
- Railroad liability insurance is complex and must be worked through;
- Equipment ownership, including transfer of any Amtrak equipment, facilities and maintenance agreements with all parties must be clear;
- Familiarity and Understanding of all host railroads operating rules and procedures

In addition one suggestion from our membership is that so long as surface transportation services are being provided which creates operating experience in the United States, international rail operations should be accepted as past experience without discrimination when bidding a rail tender in the United States.

In light of the complex issues that will have to be resolved in order to promote competition and respond to your procurement, **we respectfully request an extension of time to submit a response, and offer the input in detail on the competitive process from all member companies regarding the issues listed above**

AIPRO member companies have engaged in intense competition for rail operating and maintenance contracts around the world. That experience has provided our member companies with a wealth of knowledge on the process of competition. Nevertheless, we recognize that domestic intercity passenger routes have essentially been subjected to a monopoly for 50 years. The fact is an open competition for an intercity corridor route is new territory for us all, and will be setting a national precedent. Moreover, we are fully cognizant of the fact that issues and concerns that we are expressing are fundamental and cannot be easily answered. However, these institutional issues must be worked through to implement the competitive spirit and intent of PRIIA.

In keeping with the intent of the RFP, we submit our concerns as ambiguities, which we desire to bring to your attention and resolve. **To that end, prior to proceeding further, we respectfully suggest that a workshop be convened by INDOT to discuss our members concerns and potential solutions that could result in a meaningful competitive process.** We do not believe a Pre-Proposal conference can serve this purpose. Our experience with a Pre-Proposal conference is that other than a recap of the project by the owner, and perhaps a few surface level questions, nothing of institutional significance is discussed for competitive reasons.