



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Audit Announcement -
High-Speed Rail and Intercity Passenger Rail
Infrastructure Access Agreements
Project No. 10U3010C000

Date: April 12, 2010

From: Mitchell Behm 
Assistant Inspector General Designate
for Amtrak, High-Speed Rail &
Economic Analysis

Reply to JA-50
Attn of:

To: Federal Railroad Administrator

The *Passenger Rail Investment and Improvement Act of 2008* (PRIIA) and the *American Recovery and Reinvestment Act of 2009* (ARRA) mark the cornerstone of the Federal government's newfound commitment to modernize America's passenger rail system. This complement of legislation tasks the Federal Railroad Administration (FRA) with developing and administering a complex, multi-billion dollar High-Speed Intercity Passenger Rail (HSIPR) grant program – a daunting mandate, to be sure. Nevertheless, FRA marshaled its limited resources, rolled out the program on schedule, and announced the first round of grant awards in January of 2010. Yet despite this early success, FRA must address the program's critical implementation risks to ensure its long term viability.

One such critical implementation risk derives from the investment of federal grant funds in private freight railroad infrastructure. The Office of Inspector General (OIG) therefore recommended in the March 31, 2009 ARRA Oversight Challenges report that FRA develop strategies to ensure that state grantees obtain enforceable and meaningful capital investment access agreements with the applicable freight railroad(s) so that users of intercity passenger rail benefit from these investments.

To assist FRA in this effort, OIG plans to conduct an audit of the access agreements submitted by states whose round one HSIPR applications were selected for grant funding. The objectives of this audit are to determine:

(1) whether the access agreements comply with the requirements set forth in PRIIA and the FRA Interim Guidance; and (2) whether the access agreements adequately address cost, schedule, and performance goals, and thus ensure that HSIPR benefits are achieved.

We will contact your audit liaison to schedule a formal entrance conference. The Program Director for this audit is Yana Hudson. If you have any questions or require additional information, please contact me at (202) 366-1995, or Ms. Hudson at (202) 366-2985.

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cc: Audit Liaison, OST, M-1
Audit Liaison, FRA, RAD-43