



# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

Office of Inspector General

Subject: INFORMATION: High Speed Rail Forecasting  
Best Practices  
Project No. 10U3009C000

Date: January 4, 2010

From: Mitchell Behm   
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High Speed Rail and Economic Analysis

Reply to JA-50  
Attn of:

To: Federal Railroad Administrator

In the United States, Federal involvement in the development of high-speed and/or intercity passenger rail (HSR and IPR) has traditionally been very limited. More recently, however, there has been a distinct change in policy with the announcement of the “High-Speed Rail Vision” by President Obama as well as the availability of significant funding for such developments under the recently enacted Passenger Rail Investment and Improvement Act (PRIIA), and American Recovery and Reinvestment Act (ARRA). The Federal Railroad Administration (FRA) has already received many applications and will soon begin granting funds for a variety of HSR/IPR projects. It is of critical importance that the FRA ensure that the Federal investments are directed to the most worthy projects.

The economic and financial viability of any HSR and IPR project depends importantly on three factors – the expected levels of ridership and revenue, costs, and the associated public benefits. The uncertainties of the valuations of these factors advanced by project sponsors make it difficult for decision makers to ascertain the viability of the projects and to prioritize competing proposals. FRA will need to be able to identify high-quality methods for assessing these factors when implementing the high-speed rail program.

The objectives of this evaluation are to: (1) assess the strengths and weaknesses of various methodologies used to develop HSR and IPR ridership and revenue forecasts, cost estimates and public benefits valuations; and (2) identify best practices in the preparation of these forecasts.

The Program Director for this evaluation is Betty Krier. If you have any questions or need additional information, please call me at (202) 366-1995, or Ms. Krier at (202) 366-1422.

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