

The History of Rail Transportation Public Policy in Virginia 1830 - Present

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Prior to 1830

No steam railroads operational in Virginia, including future West Virginia counties.

1830-1860

Era of promoting and investing in railroads. B&O chartered by Virginia 1827, but did not reach Virginia (Harpers Ferry) until 1830s. First VIRGINIA steam Railroad was the Petersburg RR, chartered 1830. Virginia invested millions in railroads over 30 years.

1861-1865

Civil War. Virginia railroads ruined by war and by inability to maintain.

1865-1869

Reconstruction and consolidation of Virginia railroads funded largely by Northern and British capitalists.

1870

New Virginia constitution forbids State investment in "works of internal improvement." Legislature adopts policy of liquidation of State ownership positions in Virginia railroads.

1868-1872

"Fire Sale" of Virginia railroads investment securities, ultimately leaving only RF&P shares. Virtually all Virginia railroads, including RF&P, controlled by Northern capitalists.

1868-1886

Emergence of large railroad systems, often with Virginia railroads (which the State had enabled) at the core of such systems, e.g., Norfolk & Western, Richmond & West Point Terminal /Southern Railway system, Chesapeake & Ohio, et. al.

1880-1902

Regulation of railroads. *Federal Interstate Commerce Act* of 1887. *Virginia State Corporation Commission* 1901-1902.

1901

New State constitution exempts roads from 1870 prohibition on State investment in works of internal improvement.

1910-1917

Rails face increasing competition from roads, at the very time rail regulation is Intensifying.

1917-1920

President Wilson seizes U.S. railroads during WWI period, operating them in a more-or-less unified system. Gave away the “store” to unions. Highly contentious period in U.S. railroad history.

1920-1938

Prosperity of ‘20s followed by the Great Depression of 1929-1938. Virginia railroads, like all others, confront ever-stronger competition, unrelenting regulation, and labor-friendly New Deal administration. Some federal loans for capital improvements, e.g., *Reconstruction Finance Corporation*. No help from Virginia, then in the roll-out years of Governor Harry F. Byrd’s circa 1925 Virginia highway construction program. No letup in Virginia rail regulation, nor taxation.

1939-1946

World War II build up and WAR. Peak year for RF&P was 1943. Rails collected lots of money, but War taxes were confiscatory, and War traffic left the infrastructure badly worn out, but without any “Marshall Plan” to restore. Virginia did nothing for its railroads, except to tax and regulate Virginia Legislature and S.C.C. unsympathetic to rails. Helpful to motor carriers and aviation. First half of 20th century might be described as “railroads in the doghouse” years under federal and state policy and practice.

1951-1966

U. S. Postal Service methodically withdrew mail from trains; diverted to trucks and airlines. Elimination of premium air mail stamp. First class mail shifted to planes on “space available” basis. If airline could handle, first class mail went by air; if not, rails were obliged to handle on little or no

notice. Railway post office cars gradually withdrawn from service. Parcel mail, i.e., “bulk mail” shifted to highway. Railroads stuck with millions of dollars of mail handling infrastructure. Loss of mail responsible for about half of passenger train discontinuances over the years 1951-1966.

1956

President Eisenhower’s *National Interstate Highway and Defense Act*, the *Interstate Highway construction program*, launched. The most devastating federal transportation program of all as far as rail competitiveness is concerned. Long haul and medium haul trucking gained a significant competitive advantage over most high-value rail freight business.

1959

Commercial jet aircraft usage began to finish off most “profitable” rail passenger routes.

1960

Railroads generally regarded as dead-end enterprises. Rail mergers out of desperation and necessity got underway. Some, like New York Central and Pennsylvania Railroad, which resulted in Penn Central bankruptcy, proved disastrous. Most Virginia railroads, although financially weakened, struggled along. Virginia transportation policy makers seemed unconcerned. Virginia continued to tax and regulate as though rails still competitive with other modes of transportation and financially powerful. They were mostly going broke.

1962-1969

Largely as result of the advocacy of U.S. Senator A. Claiborne Pell (RI), early efforts to transform the Northeast Rail Corridor into the first U.S. Higher Speed Rail demonstration project got under way. First tangible result was the Penn Central Metroliner trains in 1969, a project funded by U.S. DOT. Well-intentioned, the problem was not lack of fast trains, it was deteriorating *rail infrastructure* that PC could not afford to maintain. Still today, inadequate infrastructure a big problem for Amtrak and U.S. ground transportation.

1966-68

Rail reenters Virginia transportation policy vocabulary, with *Washington Metropolitan Area Transit Authority* (WMATA). (DC region “Metro” planning), and even preliminary consideration of reestablishing regional commuter rail. *Northern Virginia Transportation Commission* approaches RF&P and Southern Railway in Northern Virginia. RF&P discontinued its last commuter train in 1956. Great reluctance on part of railroads to get drawn into this.

1970

Penn Central goes bankrupt. Congress enacts 3-R and later 4-R Acts charged with developing a final system plan for rail in the Northeast, a successor system to PRR, NYC, EL, LV, RDG, CNJ, New Haven, and other bankrupt railroads. The result is Conrail, 1976.

1971

Congress creates *Amtrak*, which takes over most U.S. intercity rail passenger service May 1, 1971. Virginia watches from the sidelines. Bad blood with RRs from the start. At one fell swoop, Amtrak allowed to drop trains railroads had been denied right to discontinue. Railroads required to pay millions *in kind* to exit rail passenger business.

1972

Virginia Governor Linwood Holton requests U.S. Secretary of Transportation John Volpe to commission a study of the feasibility of improving RF&P Richmond-DC rail corridor to accommodate Northeast Corridor-type intercity rail passenger service. As result, Jim Smith of RF&P engineering department lays out conceptual first Ashland bypass.

1976

Conrail declines to take Virginia's Eastern Shore (former PRR) railroad. Accomack and Northampton Counties alarmed. Appeal to Richmond. Result is creation of an *Eastern Shore Transportation Commission* to take ownership, control, and arrange to engage an operator of the orphaned Eastern Shore RR. Some financial assistance squeezed out of VDOT funds, a first. This apparently marked the beginning of Virginia's since-expanded and codified "short line" rail preservation funding program.

1977

WMATA Metro becomes operational in Virginia. RF&P sells miles of right-of-way.

1980

Congress enacts rail deregulation legislation, i.e., *Staggers Act*. Investor-owned railroad companies gain considerable freedom to operate (but not entirely) with a free hand in making business decisions. Ultimately, about half of U.S. rail capacity abandoned, including CSX (former Seaboard "S" line) between Richmond and Raleigh. Virginia offered no objection.

1980-82

Virginia's two major rail systems are formed by mergers, i.e., CSX and NS.

1980s

Virginia Department of Rail & Public Transportation (DRPT) created by transfer of rail responsibilities from VDOT. *VDOT Rail Division* Director, Sally Cooper, departs. Leo Bevon appointed Director.

About 1990

DRPT issued first *State Rail Plan*, a perfunctory compilation of stuff. No real effort to address policy. That was apparently sufficient for the administration(s) then in charge.

1991

Governor L. Douglass Wilder (D) “sells” RF&P Railroad, and Richmond-Washington Corridor to CSX for about \$135 million. State of Virginia acquires RF&P Corporation (real estate portfolio minus railroad). Virginia had power to retain Richmond-Wash Corridor but blew it.

1992

Virginia Railway Express (VRE) begins operation of commuter rail service between Manassas, Fredericksburg, and Washington, enabled in part by unprecedented support from the administration of Governor Gerald L. Baliles (D), and generous concessions made by RF&P and Southern Railway, predecessors of CSX and NS, respectively.

July 20, 1993

Dick Beadles, speaking as an individual citizen, but recognized by Senator Andrews (D) and Delegate Ball (D), appears before SJR 240 legislative study panel regarding Virginia transportation challenges, solutions, and funding. Urges State officials to take a more active public policy interest in the State’s rail corridors, and their potential as part of the solution to mobility and transport needs of the Commonwealth. Andrews and Ball invite Beadles to join SJR 240 citizen advisory adjunct group. However, George Allen (R) elected governor in Nov. 1993, and shoots down any talk of increased funding. Everybody in Capitol Square goes into foxhole!

1994-1998

Allen notwithstanding, Virginia rail advocacy community comes to life. VRE gets organized as a lobbying force. *Committee to Advance Development of Trans Dominion Express* (Bristol to DC, Richmond, and Norfolk) becomes a force to be recognized. *Virginia High Speed Rail Development Committee* organized largely by representatives of the Richmond and Hampton Roads business community. Richmond area State Senators John Watkins and Walter Stosch, both Republicans, weigh in in support of rail. Norfolk Southern lobbying in background for funding for their Heartland Corridor project (Port of Virginia to mid-west intermodal service). Wiley Mitchell (R), former State Senator from Alexandria, and NS lawyer, launches his personal campaign to convince VDOT to consider rail in its on-going struggle to provide solutions to overwhelming truck traffic, on I-81. Senator John Edwards (D) of Roanoke, takes up the rail cause. Rail becomes bi-partisan wish-list issue.

2000

Virginia Transportation Act of 2000 enacted by the General Assembly and signed by “No Car Tax” Governor Jim Gilmore (R) included about \$100 million for rail, including some for VRE, a little for the Trans Dominion Express, and a substantial amount (about \$75 million) for infrastructure improvements in Washington-Richmond corridor as a first step towards developing higher speed intercity passenger rail in the RIC-DC corridor. Such funding was unprecedented. Earlier, Gilmore had been persuaded by someone (?) to put out a joint press release with George Warrenton, then president of Amtrak, announcing plans of the State of Virginia and Amtrak to develop the DC-RIC rail corridor for higher-speed intercity rail passenger service. However, they had failed to include CSX, which owned the corridor thanks to Doug Wilder’s misguided decision of 1991. Much grief and nothing much in the way of progress would come of the Amtrak public relations coup.

2000

Virginians for High Speed Rail (VHSR)—a rail advocacy group supported by many business and economic development groups, sponsors Southeast High Speed Rail Conference and Expo in Richmond. Mostly funded privately; however, Senators Watkins and Stosch put in a last-minute budget amendment which resulted in a \$100,000 sponsorship from DRPT. Science Museum of Virginia and Virginia Commonwealth University hosted the expo and conference segments, respectively. North Carolina participated but did not fund.

2001

VHSR produces and releases first comprehensive rail plan for Virginia. Includes case for public policy and funding to support improvements in both rail freight and passenger services. Calls for creation of a Virginia Rail Authority. Far exceeds the scope and depth of the usual DRPT State Rail Plan. DRPT invited to participate in process but Director Bevon declines.

2002-2006

Mark Warner (D), Governor of Virginia, elected Nov. 2001 (served 2002-2006) took a genuine interest in rail in Virginia. Appointed Whitt Clement Secretary of Transportation. Karen Rae as Director of DRPT. Warner created a Commission to explore and recommend policy changes to maximize the potential of rail transportation in Virginia. Sharon Bulova chairs. Several important recommendations came out of the Commission which were adopted and implemented, including creation of a standing *Rail Enhancement Fund* (REF), with dedicated funding source.

2003-2008+

Class 1 freight railroads seize funding for their priority projects; notably Norfolk Southern for Heartland Corridor and Crescent Corridors but are generally hostile to passenger service improvement projects. CSX proves to be a difficult partner in DC-Richmond infrastructure improvement projects desperately needed for VRE and Amtrak. Some federal funding obtained via “earmark” method for specific projects, such as Quantico Creek Bridge. U. S. Senator John Warner was instrumental in this and other instances. Virginia and North Carolina pass identical legislation

and US congress establishes the *Virginia-North Carolina High-Speed Rail Compact*—and subsequent *Commission* of similar name—to co-develop the DC-to-Charlotte portion of the US DOT-designated DC-Atlanta *Southeast High-Speed Rail Corridor*.

2008

On his way out of the White House, President George W. Bush signed groundbreaking *Passenger Rail Investment and Improvement Act* (PRIIA, "Pre-Ah") mandating Positive Train Control (PTC) and fair treatment of Amtrak by Class 1 freight railroads. (Neither objective fully achieved as of 2020). However, PRIIA also encouraged Amtrak to cooperate with states on new service development on routes less than 750 miles in length, now often referred to as "regional" service. Virginia, under the leadership of Governor Tim Kaine (D) took advantage of that provision. Gov. Kaine (Gov. 2006-2010) launched a new regional train between Lynchburg and the Northeast, as well as an additional train to, from and between NEC points and Richmond. Long-term source of Virginia's "match" funding for regional service (also mandated by PRIIA) not assured at time of Kaine's bold move.

2009

President Obama calls for inclusion of \$ 8 Billion for High Speed Rail (HSR) in the then pending Great Recession Economic Stimulus (a.k.a. *American Recovery and Reinvestment Act*) (ARRA) funding package. Money was distributed to states which demonstrated the most readiness to build infrastructure, e.g., "shovel-ready," Virginia received some funding, but not commensurate with Virginia's recent past efforts. Truth is that not many states, including Virginia, were "shovel-ready." They had not taken HSR seriously. (One notorious Virginia rail project that did receive some federal funding has not been completed yet!) CSX and NS were sometimes less than helpful. Neither was Amtrak, an organization in constant turmoil with attacks from federal *Office of Management & Budget* (OMB), the "Hill," and a revolving door of senior management.

2010-2014

Much progress was made during the administration of Governor Bob McDonnell (R), who was helping write anti-Amtrak Republican platform language at the same time his Virginia staff was attempting to get Amtrak/Virginia service restored to Norfolk (2012). Long-term, the most significant thing that occurred on McDonnell's watch was General Assembly passage (2013) of permanent dedicated funding source for Virginia's *Intercity Passenger Rail Operating and Capital Fund* (IPROC). The person who more than any other made that happen was Senator John Watkins (R), a long-time supporter of rail transportation.

2014-2018

We credit Terry McAuliffe (D) for extending Virginia Amtrak Regional train service to Roanoke and for planning the addition of a second round trip to and from Norfolk. His administration also supported the expansion of resource capabilities within DRPT, which has permitted that agency to tackle large scale rail planning projects for the future. If there is ever another "Obama-like HSR funding initiative," Virginia will be ready.

2000-2018

Since the turn of the 21st century, Virginia and the federal government of the USA have invested more than \$500 million of taxpayer money in the properties of CSX and NS, mostly on the former RF&P Corridor, DC to Richmond and beyond. Rail advocates applauded, yet concern has remained about protecting the Commonwealth's investment, given the whims of corporate America. The U.S. freight rail industry has, in recent years, demonstrated a strong preference for profit margin rather than freight traffic capture from highway competition. Passenger rail is not even on their agenda.

2018-2022

Little new relative to rail was anticipated from Governor Ralph Northam's administration, but insiders were aware that top-level transportation studies being conducted by his administration were confirming that the I-95 transportation corridor would eventually become an intolerable mobility and transport link between DC and Richmond absent massive capital expenditures for both highway *and rail* capacity. Presumably, it is only a matter of time before most interstate highway corridors in Virginia are similarly compromised by traffic demand. The governor was listening, and unleashed his staff, including Secretary of Transportation Shannon Valentine and DRPT Director, Jennifer Mitchell, and many others. They came up with a plan.

Dec. 19, 2019

On this date, at Crystal City in Northern Virginia, Governor Northam, together with the CEO of CSX Transportation, Jim Foote, Amtrak VP Steven Gardner, and a host of others, announced Virginia's plan to attack the I-95 Corridor congestion problem with a \$3.7 Billion investment in rail, the centerpiece being a new passenger rail Long Bridge over the Potomac River, together with complimenting infrastructure improvements throughout much of the length of the Corridor. As part of the decade-long capacity and service improvement plan, the State of Virginia proposes to acquire a half ownership interest (or the equivalent) in the current CSX rail corridor, a/k/a "the RF&P Corridor," plus other rail track and right-of-way to facilitate connection with Raleigh North Carolina via Petersburg and the so-called former "S" line. Some of the anticipated funding is anticipated to come from other sources, including the federal government. Although some of the to-be-acquired rail assets, and capacity rights, have nothing directly to do with the I-95 Corridor, they appear to reflect a Virginia's Statewide policy commitment to exploit the potential of rail transportation as part of a much more extensive multi-modal transportation plan for the balance of the first half of the 21st century.

Commentary on the Transforming Passenger Rail in Virginia Initiatives

The News media described Virginia's bold initiative as the State's Blockbuster Rail Deal, and if it comes to pass (details still being negotiated as of September 2020) it promises to be just that.

This is even more remarkable because Virginia DOT of yesteryear insisted that the State could not invest in rail, citing an 1870 constitutional prohibition on investments in "*works of internal improvements.*" It was always a "Red Herring," conveniently used by anti-rail interests to maximize investment in highways at the expense of rail.

Virginia's two Class 1 railroads, CSX and Norfolk Southern, have been slow to come around to accepting the fact that the public does have an interest in their privately-owned corridors. The first major break in hidebound investor-owned railroad "no passenger rail" policies was the breakthrough with Virginia Rail Express in 1992 (and the 1980s negotiations which preceded). The next milestone of progress was when NS CEO Wick Moorman took the initiative and swept away his own corporate opposition to restoring Amtrak service to Norfolk (2012). And then, Jim Foote CEO of CSX more recently, relative to Governor Northam's so-called *Blockbuster* deal with CSX. This assumes the announced deal closes.

Along the way, the Commonwealth of Virginia has also been blind to the possibilities of rail at several critical junctures, namely in 1986 when CSX abandoned the "S" line linking Richmond and Raleigh. Virginia did not raise any concern about this strategic loss of transportation connectivity, and now must acquire that right of way and construct a modern higher-speed line upon it. . The second, and most ironic, was Governor Doug Wilder's consent to the sale of the State's interest in the RF&P Railroad, and its Richmond-Washington Corridor, in 1991 for a pittance –approximately \$135 million.

Yet here we are today. Who will keep Virginia's faith in rail going forward?

ABOUT THE AUTHOR: Dick Beadles is a fellow, board member and past president of the Virginia Rail Policy Institute. Beadles was one of the founders of Virginians for High Speed Rail (VHSR). In 2001 he served as the principal architect of VHSR's comprehensive rail plan for Virginia. Beadles served as president and chief executive officer of the former Richmond, Fredericksburg & Potomac Railroad (RF&P) and later of CSX Realty. After leaving CSX, Beadles established a Richmond-based real estate advisory firm then known as MGT Realty Advisors, serving corporate and institutional clients. Since retiring in 2000 he has been active in writing and advocacy associated with rail and related transportation topics.

Dick Beadles was actively engaged on behalf of RF&P in the mid-1960s in the early location studies preceding the development of the Metrorail system. He was also involved in the feasibility studies and operational planning which ultimately led to the 1992 inauguration of the Virginia Railway Express commuter rail service. Beadles served as a member of Governor Mark Warner's 2004 Commission on Rail Enhancement for the 21st Century, which promoted the establishment of the Virginia Rail Enhancement Fund. He also served on the Rail Advisory Board from 2005 until 2011, when it was abolished. An alumnus of Virginia Commonwealth University, Beadles resides in Richmond, where he researches, writes, and produces frequent commentaries on rail policy. Most of his commentary is available on the Virginia Rail Policy Institute website.