



U.S. House of Representatives
Committee on Transportation and Infrastructure

James L. Oberstar
Chairman

Washington, DC 20515

John L. Mica
Ranking Republican Member

October 15, 2010

David Heymsfeld, Chief of Staff
Ward W. McCarragher, Chief Counsel

James W. Coon II, Republican Chief of Staff

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

Dear Secretary LaHood:

We are writing to inform you of our strong objection to the recently released "Notice of Priorities for Consideration of Applications" (the "Notice") for the Railroad Rehabilitation and Improvement Financing (RRIF) loan program. The RRIF loan program was reauthorized and strengthened in SAFETEA-LU because Congress views RRIF as an important and necessary tool for encouraging growth in the rail sector by providing a ready source of financing for rail initiatives. DOT's implementation of this program has become increasingly worrying, and the recent Notice raises new concerns for transportation leaders in Congress.

The performance of the Department of Transportation in the administration of the RRIF loan program continues to disappoint. In April of 2009, the Subcommittee on Railroads, Pipelines & Hazardous Materials conducted a hearing on the RRIF loan program after repeated complaints by applicants that the program was slow and cumbersome. FRA leaders promised to improve the administration of the program. Nearly 18 months later, RRIF continues to struggle. Only 2 RRIF loans have been made this year, despite a high level of interest in the program. In fact, we understand that DOT has introduced procedures that make acquiring a loan through RRIF even more time consuming, by requiring the Credit Council to review applications before assigning an independent financial advisor. We expect loan decisions to be made in 90 days as required by statute, and request that DOT eliminate needless bureaucratic obstacles such as this.

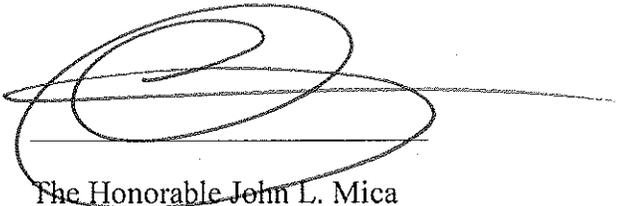
With regard to the Notice, we believe RRIF should be accessible to all eligible borrowers, and strongly object to any prioritization whatsoever of loan purposes by the Department of Transportation. RRIF is woefully undersubscribed with only \$400 million in outstanding loans out of a \$35 billion authorization. FRA should focus on making loans for any eligible purpose

when the borrower is able to provide appropriate financial documentation. We request that FRA withdraw this Notice, and cease any policy that seeks to rank or prioritize RRIF loans based on loan purpose.

We remain committed to RRIF in Congress and are hopeful that this program will grow into an important resource for major rail infrastructure projects around the nation. High-speed rail, in particular, would benefit from an accessible pool of funds that could attract capital to new projects. It is important that this program see internal reform at the DOT to ensure loans are made as expeditiously as possible for eligible projects.

We appreciate your attention to this issue, and look forward to continuing to work with you towards improving the nation's transportation system.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

The Honorable John L. Mica
Ranking Republican Member
Committee on Transportation &
Infrastructure

A handwritten signature in black ink that reads "Bill Shuster" in a cursive, flowing style.

The Honorable Bill Shuster
Ranking Republican Member
Subcommittee on Railroads,
Pipelines & Hazardous Materials