Recently, political opponents with an ideological aversion to rail capacity have attacked Talgo, Inc. with falsehoods and misleading comments. These falsehoods feed a political narrative that undermines Talgo’s ability to keep its 80-strong workforce on the job at its Milwaukee factory, located in the central city Century City development.

**MYTH:** The current Amtrak fleet, with 418 seats in each train set, is operating at capacity; going with the Talgo trains, which have 21 fewer seats, is wrong. We don’t need a smaller train.

**FACT:** Per the Wisconsin DOT’s specifications, Talgo’s 14-car train sets seat 397 passengers; the current Amtrak Horizon Fleet trains seat 419. But the Hiawatha Corridor trains average only about 165 passengers per trip. There are only two scheduled trains that frequently approach capacity, and over a typical year long period less than two percent of all Hiawatha runs actually reach capacity. A train with about 400 seats is plenty for this route.

The trains are big enough, but ridership for specific trains can be also be adjusted by dynamic pricing. In the future, when ridership is much higher, Wisconsin will have had years to put aside additional passenger revenue to buy additional cars to add capacity, or additional train sets for added frequencies.

Of course, putting these Talgo trains into service is expected to result in increased ridership. The improved rider experience will have a positive impact. When Talgo trains sets were put in service in the State of Washington, for example, the ridership increased 40 percent the first year; it increased another 20 percent the following year. But the new fleet can easily accommodate huge ridership increases, and if there is that much demand, “yield management” pricing and/or the addition of cars are simple solutions.

**MYTH:** This is an argument about the Madison to Milwaukee high-speed rail, which the voters soundly rejected in 2010.

**FACT:** This argument is not about the route between Madison and Milwaukee. The matter was decided when Wisconsin Governor Scott Walker returned the $810 million of federal money that had been awarded, losing the attendant economic development opportunity. This argument is about the value we place on the existing Milwaukee-Chicago intercity corridor, one of Amtrak’s busiest routes.
It is also about connecting Milwaukee to the hub of the Midwest and maintaining our vital link with Chicago, the economic center of the region.

**MYTH:** The new Talgo trains feature luxury amenities that simply aren’t needed. We should continue using the existing Amtrak trains instead of throwing taxpayer money down the drain for luxury items.

**FACT:** The new Talgo train sets feature WiFi and better cell phone access along the Milwaukee-Chicago route. The new trains also feature upgraded food service, which many passengers have demanded. And the new train set is fully ADA-compliant, including onboard lifts for boarding and exiting the train and wheelchair-accessible restrooms.

The current Amtrak equipment is near the end of its life expectancy. Upgrading the current trains, rather than putting the new train sets into service, would cost an exorbitant amount and they’d still be old. The improved features are not luxuries, they are necessities.

**MYTH:** The new Talgo train could have more seating but they decided to add an unneeded “Bistro” car to the train set.

**FACT:** The Wisconsin DOT chose the configuration of these trains and Talgo is delivering the trains to customer specifications. These two new train sets were planned as part of a larger fleet providing service between Chicago and St. Paul, but Governor Walker chose to return the federal funding that would have paid for the first leg of that project (Milwaukee - Madison).

At current ridership, the train is plenty large enough – but the bistro car will offer upgraded food service that passengers demand and which offers the potential for additional revenue. As ridership grows, the train can grow. When the “problem” of increased ridership means we need more space, the increased ridership will have provided the revenue needed to purchase additional cars, at no additional cost to taxpayers.

In addition, the improved food and beverage service is expected to have a positive effect on ridership. Surveys of train riders indicate there is great demand for more food and beverage choices and higher quality.

Finally, when the route is extended to the St. Paul market, as the business community has requested, the bistro car will be an important feature for those making the entire trip.

**MYTH:** The trains are being built by a Spanish company, who got the contract in a no-bid process. These trains, if we wanted them to proceed, should have been built by American train makers and not some foreign company.

**FACT:** Talgo has a long history of working in America, with American suppliers and manufacturers since its inception in the 1940s. Talgo, Inc. is an American company, formed in Seattle, Washington in 1994, where the firm’s American-based business has continued
uninterrupted for nearly two decades. Furthermore, there are no longer ANY US-owned builders of railroad passenger cars. All of them disappeared decades ago.

In addition, 65 percent of parts used in the assembly of Talgo’s North American trains are manufactured in America and sourced from American suppliers throughout the country. All assembly is done on site in Milwaukee, and all maintenance will be done there as well.

Talgo has utilized many suppliers and vendors from Wisconsin and the surrounding region to manufacture these trains, and is committed to local sourcing in the provision of both maintenance and construction services. Why is it a bad idea that a Spanish company would form an American subsidiary to create jobs in manufacturing in Milwaukee?

Finally, the contract itself was not no-bid. Rather, while other companies responded, Talgo was the only company to offer a comprehensive, qualifying proposal. Talgo was the only company that met the state’s requirements. After that determination had been made there was a negotiation over pricing, and the state and Talgo signed a contract in a public process and in good faith.

**MYTH: This is a dead issue. The state has no legal obligation to honor the maintenance with Talgo.**

**FACT:** The State of Wisconsin entered binding contracts with Talgo for the purchase of the train sets and for Talgo to maintain the train sets for a period of 20 years. Both contracts remain in full force and effect, despite the state’s premature efforts to terminate the maintenance contract. Talgo continues to abide by the terms of both contracts and expects the state to do so as well.

**MYTH: Using Amtrak equipment on the existing Hiawatha service costs $13.4 million a year. If we use the new Talgo trains, it will cost $23.4 million a year. So to run the same service is $10 million more a year. It’s a 20-year contract, sticking the taxpayers with $200 million more to pay on a bad deal.**

**FACT:** The purported cost to taxpayers suggested by the Wisconsin Department of Transportation is flawed in many ways. First, it fails to include any projected increase in ridership. This is faulty logic. Adding modern train sets with improved service features is projected to increase ridership by at least 30 percent in the first year alone. As a comparison, the State of Washington introduced new Talgo train sets in 1994 and saw a ridership increase of 40 percent the first year, 20 percent more the second year of operation, and continued increases in every year since. When ridership increases, there is virtually no additional marginal cost to operate the train. Thus more riders means more net revenue, period.

Second, the Talgo trains are much lighter than Amtrak's current Horizon Fleet sets. This will reduce fuel use and increase acceleration. In addition, the train design allows the train to take curves comfortably and safely at higher speeds, decreasing trip time. These features result in lower operating costs and increased rider satisfaction, facts that were not considered by political
opponents who have an incentive to mislead the public regarding cost.

Finally, we cannot forget the positive economic impact of Talgo’s commitment to the central city of Milwaukee by building the trains in Century City along the 30th Street Corridor. These are American-built trains, built by an American company, using American workers. The trains are also to be maintained at the central city site, keeping dozens of workers, mostly members of the International Association of Machinists union, employed for the next 20 years or longer. Throwing these workers onto unemployment and killing the anchor business at the former Tower Automotive/AO Smith facility will end up costing taxpayers a tremendous amount.

None of those factors were considered. The analysis is clearly flawed. Putting Talgo trains into service will support economic development in the corridor, keep dozens of workers on the job, and result in greater Hiawatha line revenue to the state.

**MYTH:** It is not possible to do maintenance at Century City because it takes too long to get from the facility to Milwaukee Intermodal Station (MIS) and Canadian Pacific Railway (CPR) won’t allow it without costly track improvements.

**FACT:** It is more than possible for the permanent maintenance facility to be at the current location. In fact, the state and CPR had already agreed to conduct maintenance in this facility until 2014. State DOTs always find ways to work collaboratively with the freight railroads and CPR has already allowed for this operation through 2014. If some track improvements are made, CPR’s concerns would be appeased and the less costly maintenance facility at Century City could be utilized indefinitely. The trip to and from MIS does not take very long; the current average track speed is 20 and 30 MPH, and Amtrak, WSOR Railway and Talgo officials recently hi-ralled the slowest part of the route in a half hour. There is one somewhat congested segment on the seven-mile route, but it is already double tracked and only 1.1 miles long. Minimal track and signal additions and improvements will make CPR more than whole at a small fraction of the cost claimed by opponents.