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# USHSR News: Brightline Founder Talks with Bloomberg...

1 message

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US High Speed Rail Association

Washington, DC



Dear Charles,

Brightline Founder Wes Edens Discusses His \$4 Billion Rail Investment...



Brightline, an intercity passenger rail startup backed by Fortress Investment Group LLC, a private equity firm in New York. It's the first new private company to move paying customers between American cities by rail in almost a century.

You don't have to spend much time with people at Brightline before they invoke the name of Henry Flagler, the company's 19th century progenitor. A partner of John D. Rockefeller in Standard Oil, Flagler first visited Florida in 1878. He was so smitten with the state that he relinquished his day-to-day duties and set about reshaping it. He built fancy hotels like the Ponce de Leon in St. Augustine, the Breakers in Palm Beach, and Royal Palm in Miami, transforming places that had been backwaters into destinations. He also made it easier to reach his hotels by creating the Florida East Coast Railway, extending from Jacksonville to Key West.

Flagler died in 1913, but his railroad lived on. His company abandoned its passenger service in the 1970s with the rise of Amtrak but continued its successful freight business. And so it might have remained if Flagler's railroad hadn't attracted the attention in 2007 of Wes Edens, Fortress's co-founder. Edens has sandy hair, dresses casually, and employs the lofty, compound sentences of someone who's accustomed to commanding attention.

When Fortress began looking at Flagler's railroad, Edens says, the private equity firm was buying up freight lines serving as capillaries between the larger arteries crisscrossing the U.S. He saw Flagler's line as one of these valuable smaller routes, so he added it to the collection.

Edens, who also co-owns the Milwaukee Bucks, read a biography of Flagler and was impressed by the tycoon's approach to railroading. Flagler understood that his tracks enhanced the value of the surrounding land, which he often acquired and developed along with his hotels. "The private sector probably will be a little bit more fluid in terms of looking at all the opportunities: freight, passenger, real estate," Edens says. "Those three things together are a very powerful combination."

Edens was convinced passenger service would work on Flagler's rails because they ran between West Palm Beach, Fort Lauderdale, and Miami—a route that made it a candidate for too-long-to-drive, too-short-to-fly travelers. In 2017 the private equity firm sold the Florida East Coast Railway to Grupo Mexico for \$3 billion, negotiating a perpetual easement to run passenger trains. The two companies also created a jointly owned dispatch that

oversees the flow of traffic. That way, Brightline doesn't have to worry about Grupo Mexico delaying its trains.

A Fortress-backed development firm began building stations and adjacent office and apartment buildings in anticipation of the new passenger service. It obtained a right of way from the state of Florida to build tracks connecting the freight line to Orlando.

To run Brightline, however, Edens wanted a hotel industry veteran. People might take the train once for the novelty. He needs to keep them coming back. "That has everything to do with hospitality," he says. Edens brought in Patrick Goddard who managed boutique hotels in Miami, Mexico, and the Virgin Islands.



**Brightline President Patrick Goddard discusses building the new private railroad**

When Patrick Goddard managed boutique hotels in Miami, Mexico, and the Virgin Islands, no detail was too miniscule for him to fuss over. Goddard, 43, is president of Brightline, the intercity passenger rail startup backed by Fortress Investment Group.

Passenger rail hasn't been easy for a long time in America. The private kind all but vanished in the 1970s when the nation's corporate railroads talked the U.S. Congress into creating Amtrak. That enabled rail owners to ditch their sickly nonfreight routes at a time when riders were choosing cars and planes over trains. Amtrak, which isn't known for pampering anyone, has for almost 50 years been the only option for Americans journeying far from home by rail.

That is until 2018, when Brightline began running trains between Miami and West Palm Beach, Fla. The seats are wide and made of leather. Blue-jacketed attendants greet passengers. Drinks are free in first class. The company plans to extend the line to Orlando by 2022 and possibly on to Tampa.

It's also developing a route from a station on the border of Apple Valley and Victorville, Calif., in San Bernardino County to Las Vegas. "My first reaction when I went out there was, like, Where the hell is Victorville?" Goddard says. He has close-cropped brown hair, broad shoulders, and a penchant for leaning toward his listener. This is one of those moments.

It turns out, Goddard says, no matter where you start from most parts of California, you have to pass through Victorville to reach the gambling capital. So Brightline plans to create an enormous park and ride there for Vegas-bound travelers who would prefer a 90-minute train trip over stewing in traffic for several hours on Interstate 15. Brightline's Vegas-bound route will zoom down the highway's median strip. "You'll be in your car doing 50 miles an hour, and we're going to blow past you at 150 to 180 miles an hour," Goddard says.

Fortress acquired the rights to move passengers to Las Vegas last year after paying \$120 million for a company whose plans to build a high-speed route with a Chinese firm imploded. Brightline's Florida trains likewise run almost entirely on freight tracks that Fortress bought in 2007 for \$3.5 billion. The private equity firm is now sniffing about for similar deals that would enable it to stitch together cities that fit a simple criteria: too long to drive, too short to fly. Atlanta to Charlotte, Los Angeles to San Diego, Portland to Vancouver, and Dallas to Houston are among those it's mentioned.

For Goddard, Brightline's plan to reinvent passenger rail in the U.S. couldn't be more intuitive. Growing up in Ireland, he biked to elementary school, rode buses to high school and college, and took trains everywhere else. He didn't get a car until he moved to the U.S., at which point he found himself stuck in traffic. "I could never get my head around that," he says.



**Brightline's brand new Miami Central station in the heart of downtown Miami**

Brightline may have chosen the right time to commence with ticket sales, just as the traveling public has started to

worry about the toll of cars and planes on the climate. In June, when Brightline announced that it had reached the 1 million passenger milestone in Florida, the startup made sure to convey the benefits in climate terms: 400,000 fewer car trips and the elimination of 15 million pounds of CO2 emissions. In anticipation of last week's Super Bowl in Miami, Brightline said its trains would be carbon neutral in February, thanks to renewable energy credits that would offset emissions.

Brightline has achieved something meaningful simply by getting as far as it has. There is increasing demand from environmentalists for a revitalization of the country's long-distance rail system, most notably from Representative Alexandria Ocasio-Cortez (D-N.Y.) and Democratic presidential hopefuls backing a Green New Deal. Part of that ambitious plan calls for a massive investment in trains, such as Vermont Senator Bernie Sanders' campaign proposal to spend \$607 billion on high-speed rail. Even Joe Biden, who's expressed reservations about aspects of a Green New Deal, calls for "a second great railroad revolution" as part of his plan to reduce greenhouse gas emissions. Just last week, Mayor Bloomberg announced major support for a national high speed rail investment as part of his campaign.

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