

Intercity Passenger Rail

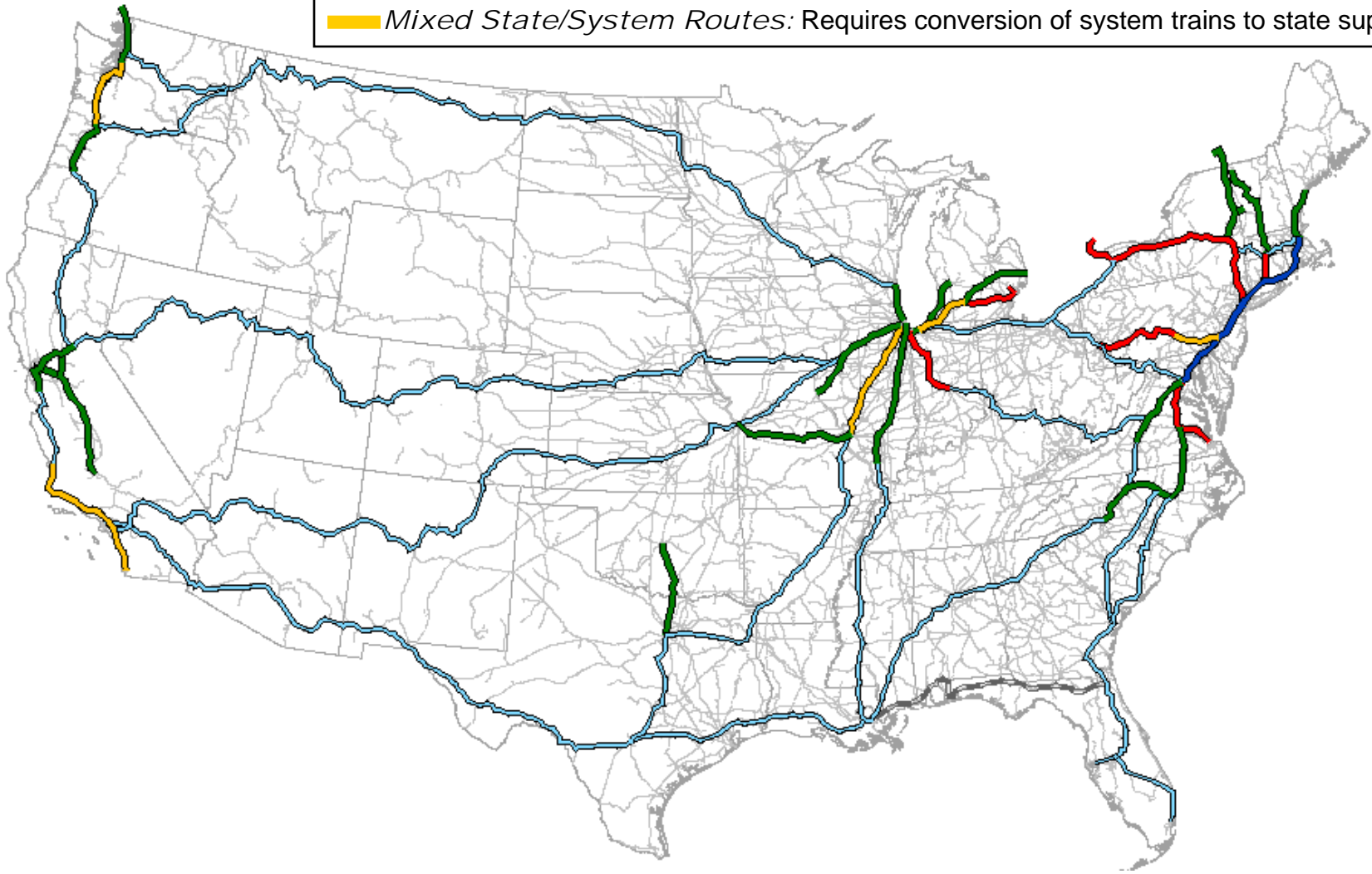
PRIIA Section 209 National Policy Update

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Corridor Services – Impacted Routes

- █ *NEC Spine*: Excluded from Section 209
- █ *State Supported Routes*: Require consistent agreements under Section 209
- █ *System Corridor Routes*: Require new agreements, no state support in place
- █ *Mixed State/System Routes*: Requires conversion of system trains to state support



Virginia Regional Amtrak Passenger Service



June 15, 2011

Passenger Rail Investment and Improvement Act of 2008

PRIIA

- ❑ PRIIA changed America's approach to intercity passenger rail development
 - High Speed Corridor Program is identified
 - Section 201 Defined Amtrak's national system
 - Section 209 Defined the Role of the States and Amtrak to establish a consistent cost structure
 - Capital program funding identified (80/20) with no operating funding to states to cover costs
 - States and Amtrak must agree on new standardized national pricing policy by October 16, 2010 (Now on multiple extensions) and enactment by October 16, 2013 – For VA, 6 trains, including 2 trains (Lynchburg and Richmond/Norfolk) subsidized today (Norfolk in 3 years) AND 4 more regional trains – 2 Richmond and 2 Newport News
 - Virginia is a member of the State's Working Group along with Amtrak and AASHTO staff charged to develop the national pricing policy
 - Section 212 Defined Amtrak's NEC Commission – VA is a non voting member – VA Regional trains are extensions of NEC

PRIIA Section 209 Policy Development – Final Pricing Policy

- ❑ SWG and Amtrak develop the final pricing policy for State review:
 - All State funded route costs will be calculated utilizing three “families” of route costs
 - 100% Route Costs + an additive
 - Capital charges for use of Amtrak-owned assets.
 - The Amtrak Performance Tracking (APT) system, Amtrak’s recently-implemented cost accounting system that is linked to Amtrak’s financial and operating systems, provides the cost basis that the SWG and Amtrak used to evaluate options for assigning service area route costs.

PRIIA Section 209

Policy Development – Pricing Policy

ROUTE COSTS	+	SUPPORT FEE	=	OPERATING COSTS
Train & Engine Crew Labor	+	<i>T&E Route x (Division Additive* + System Additive (12.9%))</i>	=	Total Train & Engine Crew Labor
Car & Locomotive Maintenance & Turnaround	+	<i>Car & Loco Route Cost X System Additive (27%)</i>	=	Total Maintenance of Equipment
On Board Service Crew & Provisions	+	<i>OBS Route Cost x 10% OBS Additive</i>	=	Total On Board Services
Route Advertising	+	<i>[EDIT. - NO ADDITIVE]</i>	=	Total Route Advertising
Sales & Distribution	+	<i>Marketing Additive* x Total Revenue*</i>	=	Total Sales & Distribution
Reservations & Call Centers			=	Total Res & Call Center
Stations – Route			=	Total Route Stations
Station – Shared			=	Total Shared Stations
Commissions			=	Total Commissions
Customer Concessions			=	Total Concessions
Connecting Motor Coach			=	Total Motor Coach
Regional/Local Police	+	<i>Passenger Miles x Security Additive (\$0.005)</i>	=	Total Police & Security
Terminal Yard Operations			=	Total Terminal Yard Ops
Terminal Maintenance of Way			=	Total Terminal MoW
Insurance			=	Total Insurance
			=	Operating Cost
		<i>General & Administration= Route Costs x 2%</i>	+	G& A
		<i>Operating Costs + G&A</i>		TOTAL Service Fee
		<i>3rd Party Costs = Host RR Maintenance of Way + Host RR Performance + Fuel & Power</i>	+	3 rd Party Costs
		<i>TOTAL Service Fee + 3rd Party Costs</i>	=	TOTAL Operating Costs
			-	Less Revenue
			=	State Contribution

**Denotes variable additive.*

PRIIA Section 209

Virginia Comments to Amtrak Board

- ❑ FRA's proposed concept of transitional operating assistance to states and the capital assistance program will be essential for sustaining regional services short and long term
- ❑ VA understands Section 209 and the efforts of the SWG, but disagrees with Amtrak's proposed approach to sharing through revenue for passengers traveling to and from the NEC
 - VA and Amtrak benefit from the connectivity of VA trains to the NEC – All trains are noted by Amtrak as, “NEC Base Incremental”
 - Current relationship shares through revenue and continuation of sharing of this revenue is critical to the VA business model and should be continued

PRIIA Section 209 Through Revenue Comparison Rolling 12 Months

Lynchburg Service				
	Current (1)	Proposed (2)	Change - Better(Worse)	
Route Costs	\$4,568,040	\$3,732,776		
Additives		1,009,266		
Third Party Costs	977,211	1,242,724		
Subtotal - Costs	5,545,251	5,984,766	(439,515)	(7.9%)
Revenue credit	(7,368,060)	(4,433,589)	(2,934,470)	(39.8%)
Net State payment(credit)	(1,822,809)	1,551,177	(3,373,986)	na

PRIIA Section 209 Through Revenue Comparison Rolling 12 Months

Rt47 - Newport News - Current Route Annualized				
	Current (1)	All trains, 209 Policy (2)	Change - Better(Worse)	
Route Costs	\$3,395,727	\$15,028,376		
Additives		3,866,104		
Third Party Costs	515,498	3,476,601		
Subtotal - Costs	3,911,225	22,371,081	(18,459,856)	(472.0%)
Revenue credit	(1,920,154)	(16,406,329)	14,486,175	754.4%
Net State payment(credit)	1,991,071	5,964,752	(3,973,681)	(199.6%)

*Includes Richmond service, but does not include Norfolk Service

PRIIA Section 209 Capital Cost Estimate Lynchburg/Richmond/Newport News

- ❑ A capital charge for use of Amtrak owned equipment will be assessed to state subsidized service:

Estimated Capital Cost - Section 209			
Train	FFY2013	FFY2014	FFY2015
Richmond/NPN	\$ 1,170,341	\$ 2,778,202	\$ 2,983,054
Lynchburg	310,597	749,927	822,951
Combined Total	\$ 1,480,938	\$ 3,528,129	\$ 3,806,005

June 15, 2011

PRIIA Section 209 Next Steps

- ❑ By June 13 - Section 209 Policy package released to states for review and comment
- ❑ June 24 - Comments on the package will be due
- ❑ Final Section 209 Policy will be sent to States from Amtrak Board in early July (actual date TBD)
- ❑ All states and District of Columbia must approve the policy or the policy becomes an issue of the STB

Thank You!



Questions?