

2017 Report on Rail Passenger Agreements, Service Performance and Finance

Chapter 112, 2013 Oregon Laws (Enrolled House Bill 2918) authorized the Oregon Department of Transportation (ODOT) to enter into agreements with the Washington State Department of Transportation (WSDOT) and the British Columbia Ministry of Transportation and Infrastructure (BCMoTI) to effectively manage the development and operation of passenger rail services within the Cascades Rail Corridor (Corridor) which is between Eugene, Oregon and Vancouver, British Columbia. Under the measure, the agreements may be to:

- Develop a plan to document the shared vision, goals, and objectives for passenger rail service within the Corridor.
- Develop a plan to achieve performance goals, manage fleet assets, share costs, prioritize investments and resolve interagency disputes.
- Propose funding options to the respective legislative bodies to support the operation of passenger trains within the Corridor.
- Develop a stakeholder outreach program.
- Oversee operations and marketing of daily passenger rail service in the Corridor.
- Coordinate state rail plans.

HB 2918 requires ODOT to provide a status report to the Legislative Assembly before January 1 of each odd-numbered year on the following:

1. The status of agreements with WSDOT and BCMoTI regarding the Corridor.
2. The performance of passenger rail service within the Corridor
3. The financial status of the Corridor and financial needs for passenger rail service within the Corridor.

The status of agreements with WSDOT and BCMoTI regarding the Corridor

ODOT and WSDOT Agreements and Collaboration

Prior to HB 2918, ODOT and WSDOT signed a Memorandum of Understanding (MOU) on March 7, 2012, agreeing to manage the Corridor collaboratively. The MOU expired on Sept. 30, 2013. WSDOT and ODOT renegotiated and entered an Intergovernmental Agreement that has been amended to extend the agreement through Sept. 30, 2017. The focus during the past three years has been on addressing the significant changes that have occurred as a result of the Passenger Rail Improvement and Investment Act (PRIIA). The changes emphasized the importance of working together to gain efficiencies in managing the Corridor collaboratively and improving delivery of intercity passenger rail service in the Pacific Northwest through partnerships between Washington, Oregon, and British Columbia. The agencies implemented

corridor principles and processes defined in the 2013 workplan. Continued collaboration will also provide the states with the time and experience that will be needed to develop a single, fully integrated corridor operation.

ODOT and WSDOT are updating the Corridor Management Workplan that was signed by both agency directors on January 31, 2013. The update will be a phased approach. Phase I is an interim update to capture accomplishments since 2013 and address current and future needs of the corridor (i.e., 2017 service and beyond) with a finalization of early 2017. Phase II will be a later, more robust update to address the longer-term goals related to developing and improving the service. The agencies agreed upon a phased approach because of resourcing constraints and the need to wait until the two additional round trips in late 2017 from Portland to Seattle service are in place.

WSDOT and ODOT are developing the Fleet Management Plan to maximize the optimal longevity of the Amtrak Cascades fleet. Strategic planning, through the Fleet Management Plan, will save time and money by maximizing the performance of existing equipment, and determining the best way to deliver the intercity passenger rail service described in the Oregon and Washington state rail plans. The plan is a requirement of the federally funded American Recovery and Reinvestment Act (ARRA) program received by WSDOT. A draft plan was submitted to the Federal Railroad Administration (FRA) in June 2015. Approval of the final plan is expected in 2017.

ODOT and WSDOT together negotiated the 2014, 2015-16, and 2017 passenger rail operating agreements with Amtrak. While the agencies have separate agreements, they are nearly identical. The 2015-16 and 2017 Operating Agreements have a dispute resolution process agreed upon by both states and Amtrak. Due to legal complexities, the two states have agreed to negotiate nearly identical agreements, without entering into a tri-party agreement. This co-negotiation approach has allowed for a more consistent management of the service, has strengthened the state's negotiating power with Amtrak, and the states are able to co-rely on in-house expertise. For example, by working together the states were able to identify one-time fees that were carried over by Amtrak into the next Operating Agreement to be charged to the states. The states were able to have these charges removed resulting in a net savings in the forecast to Oregon of \$80,000

ODOT and WSDOT passenger rail operations teams have been meeting on a monthly basis since November 2013. The teams strive to manage the corridor collaboratively and work toward cost savings and efficiencies. This requires constant contact with the states' Corridor oversight staff. The teams are working on issues concerning schedule changes, marketing the Amtrak Cascades service, negotiating the operating agreements with Amtrak, identification of cost savings in food and beverage sold in the Bistro cars, allocation of cost and revenue, host railroad costs, new

equipment purchases and other topics as they arise. The teams meet monthly with Talgo (for trainsets maintenance) and Amtrak (operator) to reach resolution on equipment maintenance and upgrades, on-time performance and operational issues and meet quarterly with Amtrak in a partnering meeting.

Between October 2015 and May 2016, WSDOT and ODOT convened a Station Stop Policy advisory committee comprised of 30 individuals representing government agencies, station owners, transit agencies, state legislatures, Amtrak, and host railroads from Washington, Oregon, and British Columbia. In addition, the agencies engaged key stakeholders, including regional and metropolitan planning organizations and passenger rail advocacy groups.

With advisory committee and stakeholder participation, WSDOT and ODOT developed a corridor-wide policy on station stops for Amtrak Cascades service. The Station Stop Policy was formally adopted on June 1, 2016. The policy and associated guidance establishes a process and approach for outlining the data and facts needed to determine the value and benefit of proposed station stop changes to the Corridor.

The final Station Stop Policy builds off of an interim policy established in conjunction with the 2013 New Stop Evaluation – Auburn study. This study looked at the feasibility of adding an Amtrak Cascades stop at Sound Transit’s commuter rail station in Auburn. The evaluation criteria developed for the study was incorporated into the interim policy and was the first step toward establishing a transparent, fair process for communities to follow.

British Columbia Collaboration

ODOT and WSDOT conducted a series of meetings and presentations during 2015 and 2016 to open the dialogue about Amtrak Cascades service, future plans, discuss how to achieve shared goals and opportunities for a more coordinated approach to upgrading both passenger and freight rail movement. No commitments to partner have been made at this time. The states are exploring meeting with the Joint Transportation Executive Council (JTEC) to further build relationships and engage British Columbia stakeholders.

Joint Business Plan

The joint business plan is on hold due to a lack of resources in both agencies.

Corridor Investment Plan/Service Development Plan

The Oregon Passenger Rail Project (OPR) is developing a Corridor Investment Plan consisting of a NEPA Tier I Environmental Impact Statement, which will select a preferred alternative for future improvements and a Service Development Plan (SDP) to describe in detail how the preferred alternative will be implemented. The Governor-appointed Oregon Passenger Rail

Leadership Council, composed mostly of elected officials from the Willamette Valley, provides guidance and works with ODOT to finalize OPR Project recommendations submitted to the FRA for final approval. The recommendations will form the foundation for the future to make Oregon more competitive for future passenger rail service improvements in Oregon.

The Service Development Plan (SDP) reports on the planning conducted for the Corridor Investment Plan and Draft Environmental Impact Statement (DEIS). Much of the effort overlaps between the SDP and the DEIS, such as, the purpose and need, alternatives analysis, ridership forecasting and operations modeling. However, some of the SDP analysis needs to be done of the Preferred Alternative which will be identified after public review of the DEIS and after comments received are analyzed. Therefore, the draft SDP lags the draft DEIS and will most likely be submitted to FRA summer 2017. ODOT is currently populating the SDP outline with work that has been completed. Some of the analysis may need to be redone if a hybrid alternative is selected out of the DEIS.

FRA Federally Led Regional Rail Planning Projects Solicitation

ODOT and WSDOT submitted a Letter of Interest and Qualification on November 12, 2015 to the FRA to participate in an FRA-led regional rail planning study.

The purpose of this FRA study was to facilitate the integration of passenger rail projects with other transportation modes, promote greater involvement by stakeholders and identify priorities for limited federal funding. A more coordinated, multi-state approach to planning, construction, and operations of regional rail networks would help in establishing regional priorities and optimizing service and operations. ODOT and WSDOT were not selected for the study at this time. However, the FRA indicated an interest at a future date.

The performance of passenger rail service within the Corridor

HB 2918 allows ODOT to oversee daily operations of passenger rail service in Oregon including marketing. ODOT's strategy to increase ridership is multi-layered to include marketing, outreach to current and potential passengers, optimization of the schedule in Oregon, improved on-time performance, and increased communications with host railroads. The strategy is to increase public outreach of the Amtrak Cascades service to new riders and to retain the current riders by having the service be reliable, meet customer needs with an optimal schedule, and have the train be an experience rather than a means to reach a destination. Another goal is to increase awareness of the train as a viable regional travel option and as a means to connect to other interstate and inter-regional travel.

Ridership

In addition to marketing the service and coordination with transit providers that connect to the service, ODOT is working with stakeholders to continually improve the schedule to meet passenger needs. In October 2015, on weekends and holidays, the northbound train (500) out of Eugene was replaced by a northbound train (506) with a 9:25 a.m. departure rather than the 5:30 a.m. departure as ridership on this train was low and data suggested that ridership would increase with a later departure. Ridership on the morning weekend northbound train out of Eugene increased 43.0 percent in the first year.

Marketing and Outreach

Passenger rail ridership and subsidies are affected by the price of light vehicle fuel, the stage of the economic cycle(s), competition of other modes like Bolt Bus, demography, and relatively inflexible schedules (in terms of both the inability to add service and the difficulty in changing departure times). Other than limited ability to alter train schedules, passenger rail providers using host private railroad tracks have no control over these factors.

To counteract these factors, ODOT Rail implemented a marketing plan for a 2-year marketing campaign to ensure Amtrak Cascades continues to be a valued and supported passenger rail service in the state.

The marketing plan defines how to allocate funds to have the greatest impact on these objectives. It is based on an analysis of category trends, customer insights, Amtrak Cascades service experience enhancements, promotional offers, and rail ridership trends. The marketing strategy involved selecting the best media outlets that could help us reach our target audiences (seniors and college students) with a fresh and timely message about the benefits of train travel. It also takes into account a strategic directive to develop partnerships and relationships with relevant organizations (travel bureaus, universities, state agencies, private entities, and event sponsorships along the rail corridor in Oregon and to leverage the social media resources of Amtrak Cascades and other organizations.

In addition to building ridership among leisure travelers on the Amtrak Cascades, ODOT is engaging in efforts to retain current riders and increase ridership for the passengers that use the Amtrak Cascades service for business and routine trips.

Outreach is a key strategy to increase ridership. Partnerships are being pursued with groups associated with people who live without a car or live “car-lite” (such as Uber and Zip Car and transit providers). Outreach tools include key automobile alternative events, such as the “GoGreen Conference” and promotional and/or sponsorship offers to car share companies and bicycle clubs. Direct community outreach with repeat customers regarding the schedule change has already been implemented and will continue as schedule changes occur over time.

Zipcar and ODOT launched of “Zip and Ride” in April 2016, which is a partnership to locate Zipcars within walking distance of three Amtrak Cascades train stations (Portland’s Union Station, Salem Station, and Eugene Depot) and promote more connected, cost-effective travel options for train riders.

The “Zip and Ride” program allows anyone using the Amtrak Cascades service to use a Zipcar to and from destinations, in concert with train service. This combination helps avoid traffic headaches and parking stress while taking advantage of special “Zip and Ride” membership and reservation rates at Amtrak stations in Eugene, Salem and Portland.

Marketing activities are coordinated with WSDOT, Amtrak, Oregon transit providers, and the POINT (Public Oregon Intercity Transit) buses to promote ridership growth and a successful service. Oregon transit providers are providing Amtrak Cascades schedule information on their websites.

On-time Performance

ODOT’s operating agreement with Amtrak requires that passenger trains arrive and depart on-time at least 80 percent of the time. On-time performance (OTP) from January to November 2016 has remained above the 80 percent contractual threshold, arriving on time 83.8 percent of the time.

Prior to 2014, and with a few exceptions, the Amtrak Cascades trains have met the 80 percent criteria. In 2012 WSDOT, ODOT, and Amtrak formed the On-Time Performance Task Force to meet weekly with representatives of the host railroads, British Columbia and the Amtrak Cascades’ mechanical maintenance provider to review and investigate delay incidents, identify root causes and adopt counter measures. In late 2014, after a series of delays caused by increase in freight traffic and train crews exceeding their hours-of-service allowed, the local BNSF and UP operations teams instituted a daily conference call to coordinate activities and reduce these types of delays. Since these daily BNSF/UP conference calls started, there have been far fewer delays caused by crews expiring due to hours of service rules. The On-Time Performance Task Force was helpful in resolving some of the problems affecting 2014 performance. More recently, with fewer egregious delays occurring, the task force has been meeting every other week.

As part of the ongoing effort to keep Amtrak Cascades equipment working optimally to reduce delays caused by equipment failure, ODOT, WSDOT, and Amtrak meet on a monthly basis with the train manufacturer and maintenance provider, Talgo. Frequent discussion addresses immediate issues that could adversely affect the Amtrak Cascades service and allows quick resolution of problems. ODOT, WSDOT, and Amtrak also meet on a quarterly basis to discuss pertinent issues, many of which relate to on-time performance, and to reach resolution and determine next steps.

The financial status and financial needs for passenger rail service within the Corridor

ODOT and WSDOT have taken many efforts to control the rising costs of the Amtrak Cascades service. These efforts include co-negotiating with Amtrak and Talgo in agreements. The two states also review forecasts that are received from Amtrak thereby resulting in cost savings for both states. In 2015 the states were able to identify one-time fees that were erroneously carried over by Amtrak into the next year's Operating Agreement and these charges were removed, this resulted in savings to Oregon of \$80,000.

PRIIA required the states to pay to keep the Amtrak locomotives used on state supported routes in good repair. The states negotiated a "State of Good Repair Credit" for \$240,570 for the Amtrak locomotives used on the Amtrak Cascades route since the locomotives had not previously been maintained to a level of "good repair."

As with other forms of public transportation, passenger rail cannot support itself on ticket sales alone. The Amtrak Cascades service is paid for by revenues generated by custom license plate fees, which the Oregon Legislature dedicated toward train service, General Funds, and the Transportation Operating Fund (TOF), which consists of fuels taxes generated from non-motor vehicle use, such as lawnmowers. Funding beyond 2017 is uncertain as the one-time funding sources from the Federal Transit Administration (FTA) 5307 and the Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds will no longer be available. The gap between revenue and costs continues to increase. In order to continue providing passenger service, ODOT needs a continued \$10 million in General Funds in the 2017-2019 biennium. It is likely the costs to operate the service will increase in the coming years.

Summary

Since the passage of HB 2918, ODOT has diligently worked to meet the mandate and requirements. ODOT is working with WSDOT to engage British Columbia to share in the costs to operate the Amtrak Cascades service. ODOT and WSDOT meet on a regular basis in a variety of different venues to manage the service collaboratively to increase ridership and revenue and reduce operations and maintenance costs. The two agencies have been and continue to negotiate agreements to clarify and document the partnership. Previous resources available to ODOT for funding passenger rail service are no longer adequate to cover the costs of operating the service and needs General Fund dollars that will continue to increase in future years in order to fill the gap.