

Steel Wheels Conference

RailPAC-NARP 2014

Sacramento, CA

Senate Election Changes

- Commerce Committee; John Thune (R-SD)
- Surface Trans. Subcommittee: Ray Blunt (R-MO)
- Appropriations: Susan Collins (R-ME)
- Finance: Orin Hatch (R-UT)
- Banking Committee's Trans. Sub-Committee
Jerry Moran (R-KA)
- What do they all have in common?

Jobs & Economic Development

- **Denver Union Station**: \$1 Billion so far
- 122 miles of new light & commuter rail
- New rail line to the airport
- Tax increment district
- **Salt Lake City**-140 miles of light & commuter rail. Population of 190,000
- New 2 mile streetcar line: \$400 million invest.

Tom Hall—Amtrak Chief On Board Services

Presented to NARP in Salt Lake City
October 2014

FY14 Success Stories

- ρ **The Metrolink Board voted to extend our commuter contract for three years. The estimated value of this extension is \$100 - \$120 million in gross revenue**
- ρ **Los Angeles Metropolitan Lounge is open and fully functional**
- ρ **Added MARC weekend service with 9 Saturday round trips and 6 Sunday round trips. New service increased ridership by 18,126 more passengers**
- ρ **Caltrans Comet cars have been put into service in San Joaquins**
- ρ **Oregon DOT placed two State owned Talgo train sets into operation in the Cascades service in order to run a better Eugene – Portland schedule. No change to existing service levels**
- ρ **The Passenger Experience group completed the Installation, marketing and communications plan for Midwest State Corridor WiFi launch scheduled for February 10, 2014**
- ρ **Amtrak supported the return operation of the Ringling Brothers Circus train, a 59 car (mile long) train through Penn Station from LIRR property in Queens.**

FY 14 Success Stories (Cont'd.)

- p Awarded two year extension to Seattle Sounder maintenance contract. Amtrak will continue maintenance activities through December 31, 2016**
- p Auto Train ran a pilot to add a fifth coach to capture current demand for the service. The pilot was very successful with approximately \$546,000 of incremental revenue since January. We worked through some logistics issues and have made the change permanent. The continued service should drive over \$1.0 million in incremental annual revenue**
- p Completed removal of 35 miles of speed restrictions on MDOT's Michigan Line East to improve on time performance on the Wolverine service**
- p Number of equipment sets reduced on the Sunset Limited service to drive efficiency on that route and add a train set to the Texas Eagle / City of New Orleans rotation. This will improve the P&L on the Sunset Limited and improve the mechanical reliability and initial terminal performance for the Texas Eagle and the City of New Orleans**

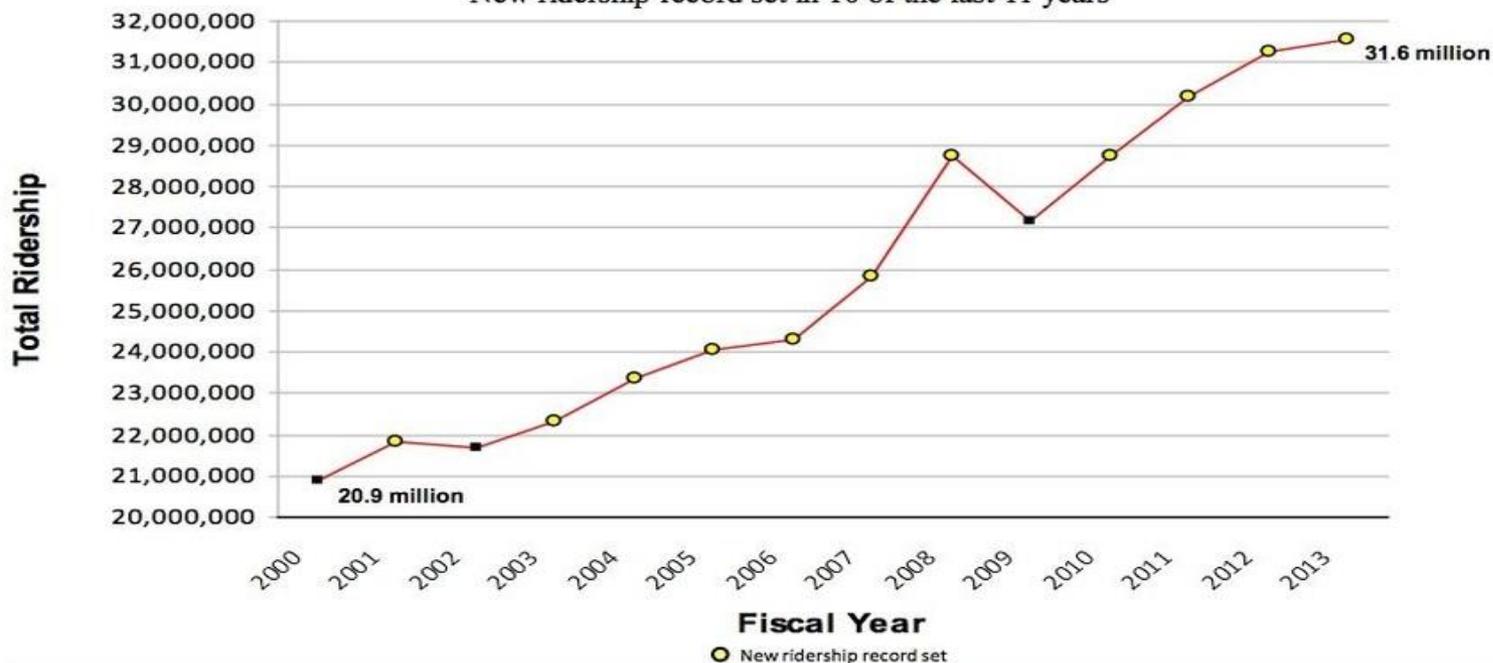
FY14 Ridership and Ticket Revenue

Amtrak Ridership Growth

"Amtrak moves people, the economy and the nation forward everywhere the trains go."
Amtrak President and CEO Joe Boardman

Ridership record of 31.6 million passengers in FY2013

New ridership record set in 10 of the last 11 years



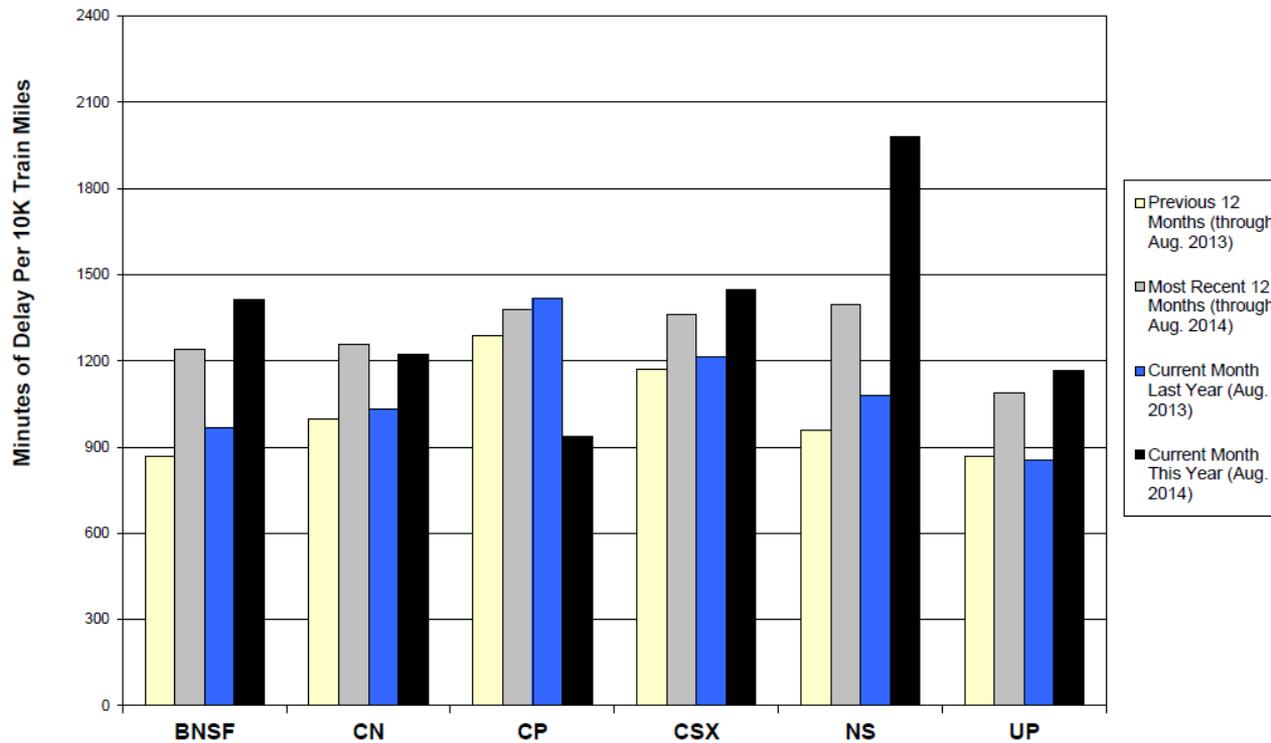
October 2013

FY 2014 On Time Performance Significantly **Decreased**

| | Sep-14 | Sep-13 | Difference | | Year to Date | Year to Date (Prior Year) | Difference |
|--------------------|--------|--------|------------|--|--------------|---------------------------|------------|
| All Amtrak | 73.9% | 79.9% | -6.0% | | 72.4% | 82.3% | -9.9% |
| Acela | 76.3% | 80.4% | -4.1% | | 74.9% | 85.3% | -10.4% |
| Northeast Regional | 75.4% | 76.8% | -1.4% | | 75.3% | 84.2% | -8.9% |
| Keystone | 94.0% | 87.3% | 6.7% | | 84.0% | 91.6% | -7.6% |
| Short Distance | 74.8% | 80.0% | -5.2% | | 73.8% | 82.0% | -8.2% |
| Long Distance | 50.2% | 69.4% | -19.2% | | 50.4% | 71.9% | -21.5% |

Host Responsible Delays Have Increased Significantly

Total Host-Responsible Delays by Host Railroad



FY 2015 grant expectation

- ρ **FY 2015 CR will take us to Dec 11; FY 2015 appropriations bill is not publicly available**

- ρ **Amtrak will be on a CR at the FY 14 level for at least a portion of the year:**
 - **\$340M for operating support**
 - **\$851M for capital investment**
 - **\$199M for debt service**
 - **Total of \$1.39B**

Note that downward trend of funding in recent years means Amtrak may be better off on a CR than on a lower funding level

Background and Context

- ρ **Private railroads' downgrading of service on passenger trains in the 1960s – particularly the replacement of dining cars with vending machines, and elimination of sleeping car service on the *Sunset Limited* – was one of the factors which led Congress to enact the Rail Passenger Service Act of 1970 (RPSA) that created Amtrak.**
- ρ **The RPSA originally required Amtrak to contract with the private railroads for train operations and on-board services. Dissatisfaction with the costs and quality of service provided led Congress to enact an amendment to the RPSA in 1972 that requires Amtrak to “operate and control directly, to the extent practicable, all aspects of the rail passenger transportation it provides.”**
- ρ **Interstate Commerce Commission (ICC) regulations issued in 1973 required Amtrak to provide food service on all trains operating for two or more hours; offer complete meals on trains operating during customary dining periods; and provide full-service dining on trains operating 12 hours or more.**

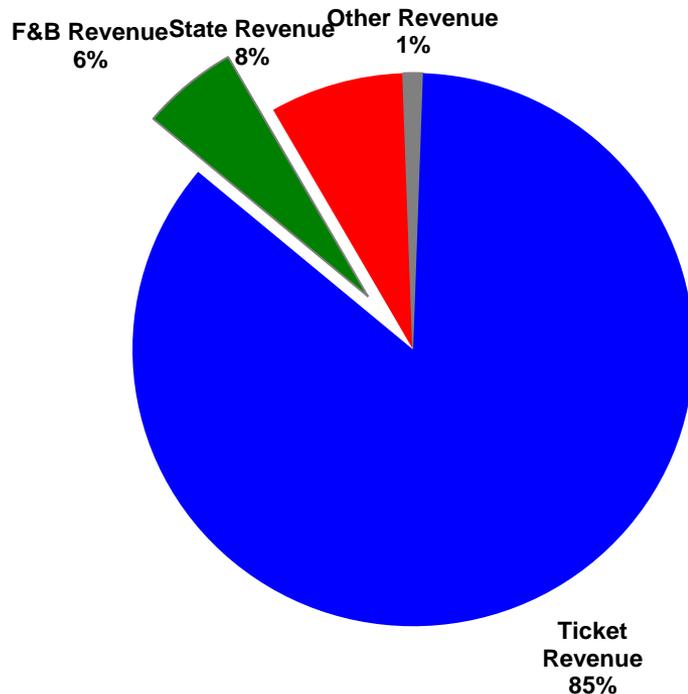
Background and Context

- ρ **The Amtrak Improvement Act of 1981** included a provision which allowed Amtrak to “provide food and beverage services on its trains” after FY 1982 “**only if revenues from the services each year at least equal the cost of providing the services.**”
- ρ Another provision in the 1981 Act exempted food and beverage service from the requirement that contracting-out proposals which resulted in layoffs of Amtrak employees be negotiated with Amtrak’s unions.
- ρ In response to the 1981 Act’s cost recovery mandate, Amtrak replaced full meal service with microwaved meals in late 1981 on most of its long distance trains. **Ridership on the affected trains decreased 13.6% in 1982,** while ridership on other long distance trains was virtually unchanged.
- ρ The **House Appropriations report** which provided funding to Amtrak for FY1983 stated that “on-board food and beverage service is an integral and indispensable part of intercity rail passenger service, and . . . substantial revenues would be lost if this service were eliminated.” It recommended that, in determining food service cost recovery, **Amtrak attribute up to 10 percent of ticket revenues to food and beverage service.**

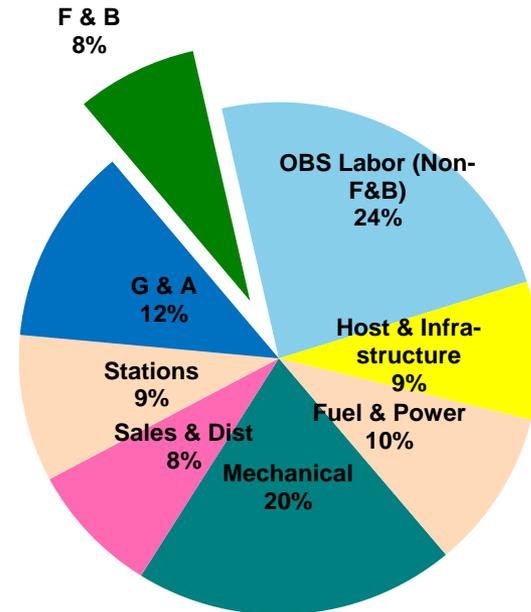
FY13 (Unaudited) Financial Breakdown

F&B is a small but essential business within our core business...

- In the NEC, our customers demand it,
- Our State Partner agreements require F&B and the States compensate us for the service, and
- On Long Distance routes, trip durations make it a requirement.



FY13 Revenues - \$2.4b



FY13 Costs - \$2.8b

- **Initiatives have been categorized into six broad work streams**
 - **Labor Optimization**
 - **On-board Service and Logistics**
 - **Product Development and Supply Chain**
 - **Training Rewards and Accountability**
 - **Ticket Revenue Allocation**
 - **Technology Enhancements and Process Improvements**