

Oregon Department of Transportation

Response to Questions from Joint Committee on Ways and Means,
Subcommittee on Transportation and Economic Development

Passenger Rail Presentation

April 13, 2015

Describe the efforts and costs for marketing the Cascades Service. Why is ODOT marketing the service now, knowing that the schedule will be changing?

For the 2013-15 biennium, ODOT Rail had a budget of \$750,000 to market the Amtrak Cascades Service with the goal of increasing ridership and revenue. As part of this budget, Amtrak directly marketed the Amtrak Cascades brand with media planning and buying, media trafficking, creative development and production, direct sponsorships, partnerships, and printing of coupons and ads. Amtrak hired Magner Sandborn to conduct this work. ODOT Rail also contracted directly with several printed publications and travel associations to target local audiences.

In addition, ODOT paid \$250,944 for federal fiscal years 2014 and 2015 for the Amtrak Marketing Additive through the Amtrak operating agreements to support the national Amtrak brand, development and printing of timetables, Amtrak social media and web page, the Amtrak Guest Rewards Program, recommendations and management of fares orders and price promotions, support from local Amtrak marketing staff, inclusion in Amtrak partnership programs, and research for targeting and plan development.

We continue to market the corridor as a whole while we are working with our partners on a schedule change to better meet the needs of riders. Once we secure a change in schedule, targeted marketing efforts will focus on the new schedule. These efforts are to promote and increase ridership and revenue along this segment and the corridor as a whole.

What is the cost to discontinue the Cascades service?

If service is discontinued between Eugene and Portland, Oregon's two new Talgo passenger trainsets would no longer run in Oregon. Under the ARRA grant agreement with the Federal Transit Administration (FTA) Oregon used to purchase the trains, Oregon is required to reimburse FTA for the purchase price less depreciation (straight-line over 25 years) for about \$35.4M for both trainsets or give the trainsets to another entity that is a FTA fund recipient.

The trains were dynamically tested for use in the Pacific Northwest Rail Corridor so it would be expensive for another state to retest the equipment for use in another state. In addition, another state would likely need to contract with Talgo, the train manufacturer, and as required by Amtrak, carry additional insurance for the remaining four of the first five years of operation. These additional expenses to another state may not make the transfer of the trains appealing to them and prove an obstacle to transferring.

We will need to continue a reduced level of maintenance to protect the investment until the trains can be sold or transferred to another entity, and also pay for storing the trains and pay to move them to a storage facility. We anticipate there may legal implications with Talgo around modifying or ending the existing maintenance agreement.

Since 1994 more than \$250 million has been invested in state and federal resources to improve and operate the passenger rail corridor. For example, through an allocation of \$10.6 million combined Industrial Rail Spur and General Funds, in 2005 we invested in track improvements for the Union Pacific rail line in Portland to mitigate the impact of adding a second passenger train on their line. In 2009, a \$6.9 million investment in track improvements for BNSF at the North Portland Junction allowed for increased speeds for passenger and freight trains. Federal ARRA funds provided \$38.4 million to purchase the two Oregon train sets running today in the corridor. Almost \$40 million in *ConnectOregon* funds since 2007 have made improvements to the freight tracks that have resulting benefits to the Cascades service. Continuing operations of the Amtrak Cascades service will ensure that these significant investments will be preserved.

Should the Cascades service be cancelled in Oregon and then added back at a future date, there would be costs associated with reinstating the service. The largest costs would be to again purchase or lease trains to operate and access to the freight tracks. It is likely that Union Pacific, the railroad that owns the Eugene to Portland portion of the line the Cascades service runs on, would add freight trains to the routes if the Cascades service was cancelled. We used a study conducted by Amtrak in 2009 about the potential for reinstating the Amtrak Pioneer route (Denver, CO to Seattle, WA) as a guide to determining similar impacts to Oregon. Restoring the Cascades service after a ten-year hiatus would likely cost between \$80 and \$200 million.

Describe the capacity of the Coast Starlight service to take on additional passengers if the Cascades service was eliminated.

Amtrak reports that the Coast Starlight service averages about 52 available coach seats each day for both northbound and southbound trains combined between Eugene and Portland. Based on 2014 ridership numbers, the Amtrak Cascades trains carry on average 321 passengers per day in coach and business class for both roundtrip trains combined.

Assuming that every seat could be sold, the Coast Starlight could accommodate about 16% of the Amtrak Cascades passengers. This also assumes the Coast Starlight's schedule aligns with the traveler's needs, a seat is available on the desired day of travel, and the train is reasonably on-time (northbound can be several hours late on occasion). In addition, the Coast Starlight does not stop in Oregon City.

The Coast Starlight service runs one train per day in each direction; both trains run in the afternoon. The current schedule for the Amtrak Cascades service is designed to better meet the travel needs of travelers with two round trips per day (with both a morning and evening route). If the Cascades Service were eliminated, it is unlikely we would see a big shift of passengers to the Coast Starlight service.

Compare Oregon's passenger rail subsidy to Washington's.

Washington State Department of Transportation calculates its subsidy to run the trains based only on the operating costs paid to Amtrak. They report the subsidy as a percentage of the revenue received from ticket sales, and not as a dollar amount per rider. Washington estimates they subsidize 40-42% of the costs to operate the trains.

Using Washington's model (only operating costs), we estimate Oregon's trains are subsidized at about 60% of the costs. If ODOT calculated its subsidy based only on operating costs, the subsidy would be \$69 per rider.

Earlier this year, we calculated Oregon's passenger rail subsidy at \$120 per rider using total costs of running the trains.

Provide the breakdown of rail vs. bus costs.

The requested 2015-17 Cascades Passenger Rail budget is \$28,092,000 in the Governor's Recommended Budget; ticket revenue has already been deducted from this budgeted amount. This budget includes the \$10.4 million in General Funds requested.

Based on recent data, the total biennial cost to operate the Cascades POINT buses from Eugene to Portland (seven trips daily) is \$2,952,000. ODOT pays \$288,000 per biennium to MTR to run the service.

ODOT also provided a federal grant for \$510,000 in the 2013-15 biennium to Cascades POINT to fund a bus purchase. This bus helped to support another roundtrip on the Cascades Point bus service in the corridor.