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Amtrak



Amtrak and the State of Florida

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The Amtrak system at a glance



- Congressionally chartered corporation (majority of stock owned by U.S. Government), created in 1970 by the Rail Passenger Service Act (RPSA) for the provision of intercity passenger rail service in the U.S.
- Created to operate passenger service on a national network of intercity trains, relieving freight railroads of the obligation to provide service at a loss
- We operate a 21,000 mile system
 - 308 daily intercity trains on routes ranging from 86 to 2,438 miles
 - 528 stations
 - 1,519 cars and 469 locomotives, 80 auto carriers, and 101 baggage cars
 - 70% of our train-miles are run on track owned by other railroads (mostly large freight railroads)
 - Provided access rights by founding legislation, required contractual agreements to define terms (e.g., compensation and liability/indemnity)
- We carried 27.1 million riders in FY 2009 – second biggest year in our history
 - FY 2008 was the biggest – 28.7 million riders – capping eight consecutive years of growth
 - 1QFY 2010 was the best first quarter in our history
- Amtrak generated total of \$2.3 billion in revenues in FY 09
 - Covered more than 80% of operating cost
 - Our farebox recovery 73% in FY 09 – higher than any other heavy rail passenger carrier in North America

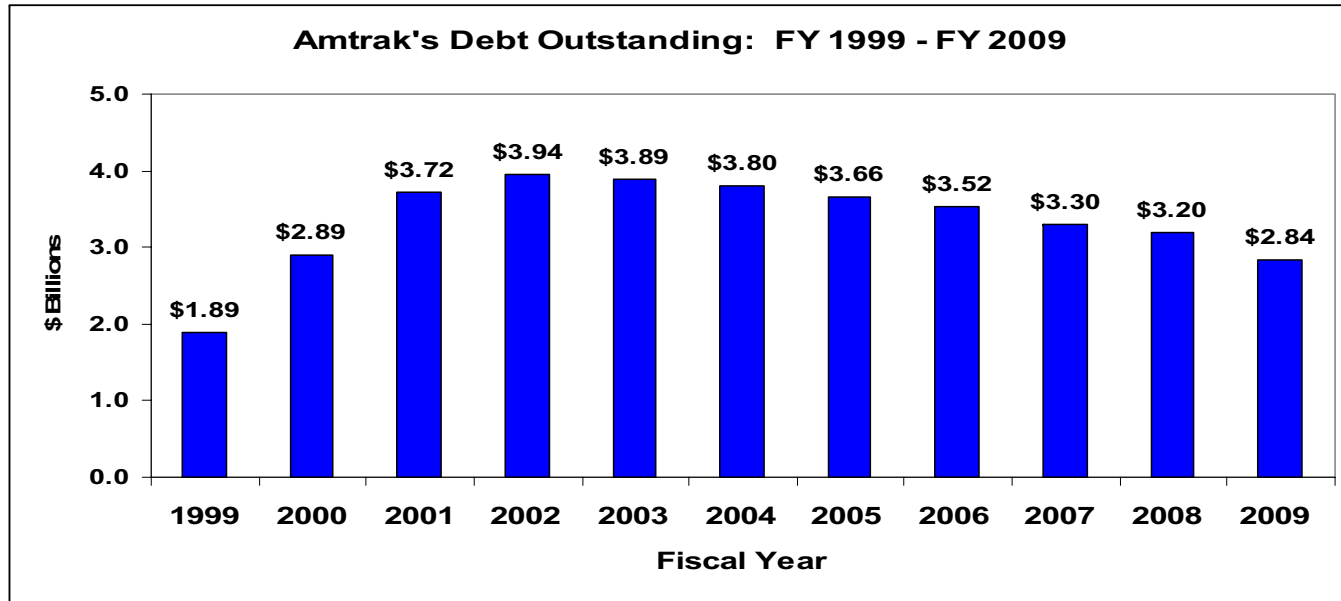


Amtrak is also a commuter host/operator

- In the U.S., commuter operations are generally the responsibility of regional public authorities or state governments
 - Seven commuter authorities provide service on Amtrak's Northeast Corridor
 - Amtrak also operates or provides commuter services throughout the United States on a contractual (i.e., for-profit) basis
 - Contract commuter service generated \$147 million in revenue in FY 09
- We have heavy involvement in commuter operations; more than 850,000 daily riders depend on commuter services that use our infrastructure or dispatching, or ride trains we operate
- Amtrak operates commuter services in
 - San Francisco Bay area (Caltrain)
 - Maryland to Washington, D.C. (MARC)
 - Connecticut segments of the Northeast Corridor (Shore Line East)
 - Virginia to Washington, D.C. (Virginia Railway Express)
 - Los Angeles (Metrolink) from July 1, 2010
- Provides supporting services for
 - Seattle (Sounder) – maintenance
 - Boston (Massachusetts Bay Transit Authority) – maintenance of way and dispatching
 - South Florida (Tri-Rail) – dispatching
 - San Diego (North County Transit District) – engineering services



Amtrak has significantly improved its financial situation



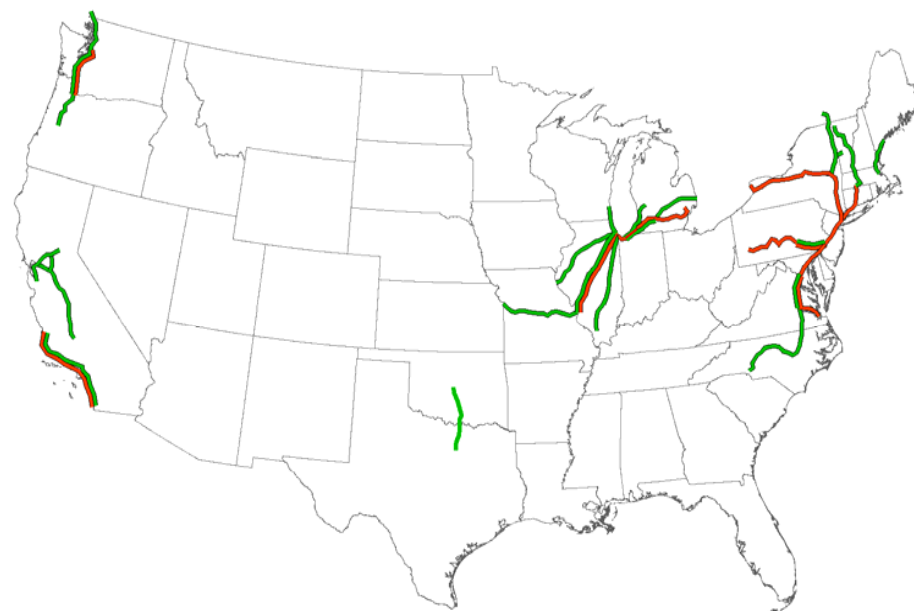
- Federal grant funding for Amtrak will total slightly more than \$1.5 billion in FY 2010
 - \$563 million for operating expenses
 - \$1 billion for capital needs
- Amtrak's debt peaked at \$3.9 billion in 2002 and has declined to \$2.8 billion by September 30, 2009.
- The reduction in debt resulted from a policy decision to reduce Amtrak's debt service and principal outstanding.
- Debt reduction was achieved through: (i) the arrangement of no new debt; (ii) scheduled amortizations; and (iii) periodic opportunistic early debt pre-payments (although infrequent because of limited cash resources).

The national network, 2010



State partnerships

- Amtrak currently partners with fifteen states to offer service
- State support provided for in original RPSA; Amtrak has run state-supported trains since 1971
- The long distance routes provide the national network – but we are focusing on developing state-supported corridor services, many of which add frequencies to portions of the long distance network



— State Supported
— System Corridor Service

Amtrak State Partners

- North Carolina
- Vermont
- New York
- Maine
- Pennsylvania
- Michigan
- Wisconsin

- Missouri
- Oklahoma
- Texas
- Illinois
- California
- Washington
- Oregon
- Virginia

Recent legislation assigns a pivotal role to states – and funds some important projects



National passenger rail policy

- Amtrak policy is set by Congress
 - “Authorizing legislation” passed for 5-6 year periods, sets funding targets, provides policy guidance and requirements
 - Annual appropriations legislation sets actual funding levels, also a vehicle for legislating small policy changes and requirements (particularly reporting)
- Congress passed the Passenger Rail Investment and Improvement Act (PRIIA) in 2008
 - Sets national policy for intercity passenger rail
 - Sets recommended levels for Amtrak funding
- Authorizes a Federal program to match state funding to support development of intercity passenger rail
- Redefines the role of the Federal Railroad Administration (FRA – a component agency of the Department of Transportation) and gives the Federal Surface Transportation Board an increased role with respect to Amtrak
- Authorizes a program to develop “high speed” (110+ mph) rail service
 - Amtrak operates and maintains all 110+ mph trackage in the Western Hemisphere



PRIIA is a blueprint for a new era

- Clear vision for Amtrak and intercity passenger rail within the national transportation scheme
- Establishes a new partnership between Federal government (DOT) Amtrak, states, and host railroads:
 - States plan rail service
 - FRA integrates this state planning into the national system and provides capital funding to states and Amtrak
 - Amtrak operates the national network, helps design and operate new corridor services with states
- PRIIA grant programs to develop high speed and intercity passenger rail have been funded at about \$10.6 billion, including
 - \$8 billion in one-time 2009 stimulus funding, not requiring state match
 - The \$2.5 billion appropriation in 2010 requires state match
 - Approximately \$92 million is available from previous years
 - States must commit to covering operating costs (and capital match) for non-ARRA grants



High-Speed Rail and Intercity Rail Investment

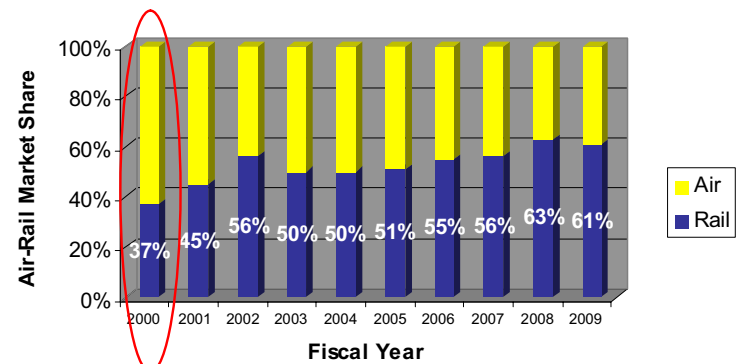
- American Recovery and Reinvestment Act of 2009 (ARRA)
 - Provides stimulus funds for the PRIIA vision and grant programs
 - Funding flexibility acknowledges different stages of development
 - Grants require enduring state leadership and commitment - operating and capital funding
 - Grant competition demands results – public benefits
- Amtrak has many roles in ARRA/PRIIA process
 - Grant recipient/partner
 - Can partner with states for funding
 - Can help bridge projects across multiple states
 - Liaison between other partners (states, Federal, freight railroads)
 - Service operator/provider (an umbrella term that covers a lot of responsibilities, including planning)

The Northeast Corridor – America’s *only* high speed rail route

- Northeast Corridor services are a product of incremental development:
 - ~100 mph in 1976 (on a good day)
 - 125 mph in 1980s on South End
 - 135-150 mph in 2000
- Market share is a product of trip time – but also frequency, convenience, comfort and reliability
- Amtrak is the *only* company in the Western Hemisphere that has designed, built, operates and maintains a high-speed railroad

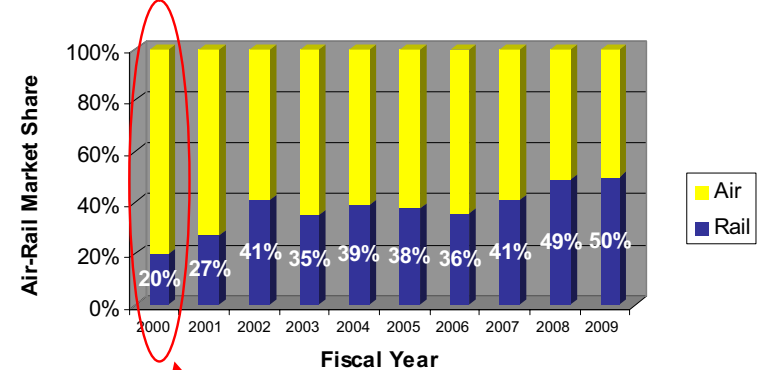


Washington to New York Air-Rail Market



Acela service introduced

New York to Boston Air-Rail Market



Acela service, electrification, and 125 mph Regional service introduced

Corridor services like this offer tremendous benefits and growth opportunities



Some model state partnerships



- Amtrak California
 - State supports operations on 3 routes
 - In some months, *Surfliner* ridership exceeds *Acela*
 - Substantial state capital investment over the years – especially in the Capitol Corridor (which topped 1.59M riders in FY 09)
- Amtrak Virginia
 - Began daily service between Lynchburg and NYC on October 1, 2009
 - Ridership is exceeding projections
 - Beginning summer 2010, VA will pay for a 9th frequency to connect Richmond and NYC

CA Fiscal Year	Ridership		
	<i>Surfliner</i> (San Luis Obispo-LA- San Diego)	<i>San Joaquin</i> (Oakland-Bakersfield)	<i>Capitol Corridor</i> (San Jose-Sacramento)
1973-4	381,844 (3 trips)	38,770 (1 trip – 4 months only)	No service
1981-2	1,167,718 (7 trips)	159,498 (2 trips)	
1991-2	1,673,107 (8 trips)	483,593 (3 trips)	173,672 (3 trips)
2001-2	1,742,768 (11 trips)	733,152 (6 trips)	1,090,713 (9 trips)
2006-7	2,685,194 (11 trips)	789,641 (6 trips)	1,400,507 (16 trips)

Note: Ridership corresponds to CA state fiscal years, will not match Amtrak numbers used elsewhere.

Present-day Amtrak operations in Florida

- Amtrak currently operates three daily long-distance trains through Florida
 - *Auto-Train* (daily Lorton, VA to Sanford, FL service)
 - *Silver Meteor* (New York-Orlando-Miami)
 - *Silver Star* (Daily New York-Orlando-Tampa-Miami)
- In FY 2009, Amtrak served 18 stations in Florida
- Employed 750 Florida residents, with a total FY 2009 payroll of \$48 million
- Spent \$22 million for goods and services in the state in FY 2009

City	Boardings & Alightings
Deerfield Beach	27,506
Deland	25,965
Delray Beach	10,232
Fort Lauderdale	49,609
Hollywood	34,352
Jacksonville	65,051
Kissimmee	41,054
Lakeland	22,212
Miami	81,582
Okeechobee	3,521
Orlando	145,775
Palatka	12,522
Sanford (<i>Auto-Train</i>)	232,955
Sebring	16,982
Tampa	110,857
West Palm Beach	54,119
Winter Haven	22,881
Winter Park	30,948
FY 2009 Total	988,303

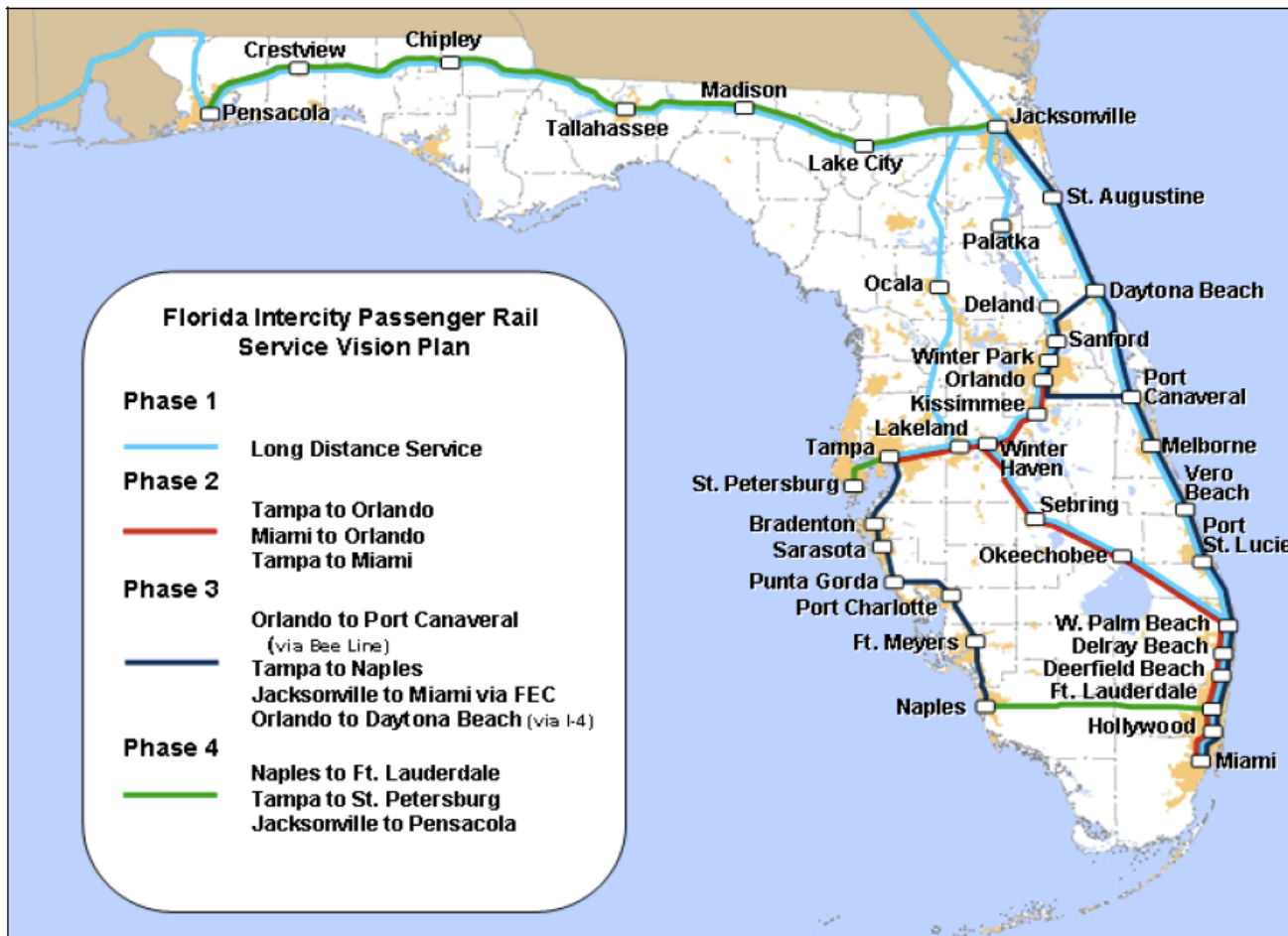


How can Florida become Amtrak's 16th state partner?

- In 2000, Amtrak reached an agreement with the FEC to establish passenger service on their railroad
 - Broad agreement called for 2 daily round trips to connect with existing Amtrak services at Jacksonville
 - Part of an overall plan to expand service in the state
 - Agreement called for construction of track connection between CSX and FEC in Southern Florida, also passing sidings and other capacity improvements at approximate cost of \$70 million
 - FDOT very supportive of project, then-Gov. Bush approved funding in 2002
- State of Florida and Amtrak selected 8 station stops on the FEC, with the idea of operating long distance trains over the route as a service expansion
- In 2002, due to funding difficulties, Amtrak had to withdraw its participation in the FEC expansion project
- This is still an attractive growth opportunity, and discussions have continued
- With the recent legislation and Federal funding opportunities, the FEC could again have the opportunity to become reality



Florida-Amtrak service vision plan, circa 2004



Source: 2004 Florida Rail Plan

Opportunities for partnership – today and tomorrow



Potential new station stops	
<ul style="list-style-type: none"> • St. Augustine • Daytona Beach • Titusville • Cocoa • Melbourne 	<ul style="list-style-type: none"> • Vero Beach • Ft. Pierce • Stuart • Miami Intermodal Center • Downtown Miami

- East Coast of Florida is a very attractive market for intercity passenger rail
 - FEC has excellent infrastructure
 - Route serves major population centers (8.3 million people), providing growth opportunities
- We are interested in restoring intercity service to the FEC
- Present FEC ownership appears receptive to the idea
- We are willing to work with FDOT, state and local leaders to address opportunities of mutual interest



Challenges

- Agreement with FEC
- State capital funding agreement
- Track construction, possibly property acquisition in South Florida
- Station construction (cities will need to build ADA-compliant structures)
- Agreement with FDOT on other outstanding issues with Amtrak/CSX and USDOT

Challenges - Liability

- FDOT has asserted that Florida's sovereign immunity laws preclude FDOT from
 - honoring its existing contractual indemnity obligations to Amtrak on FDOT's South Florida Rail Corridor; and
 - entering into the standard indemnity arrangement Amtrak and CSX have today for the Central Florida Rail Corridor that FDOT wishes to acquire from CSX
- Result
 - \$200 million liability exposure for Amtrak for claims by FDOT's *commuter* rail passengers
 - FDOT's liability limited to \$200,000 per accident (even if an accident is caused by the gross negligence of FDOT's contractor)
- The 2009 Legislation
 - CSX (understandably) would not accept such an arrangement
 - However, the 2009 special session indemnity legislation authorizes FDOT to enter into indemnity agreements only with CSX
- The Solution
 - Modify the 2009 legislation to allow FDOT to enter into the "CSX" indemnity agreement with Amtrak as well
 - This issue must be resolved if we are to move forward



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