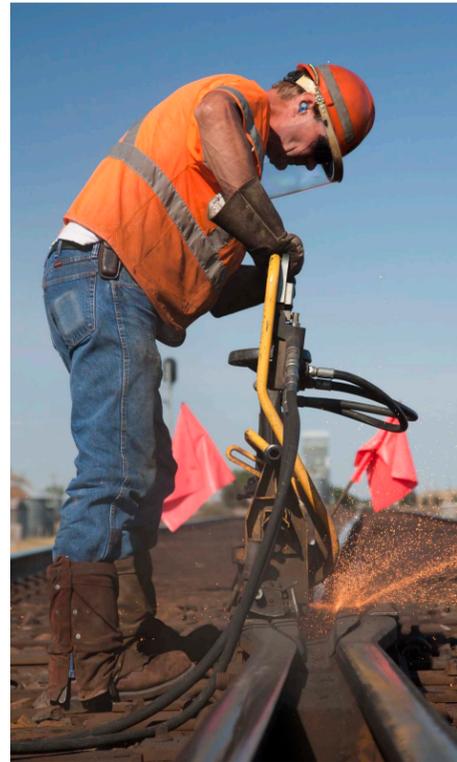


Rail Division Action Plan, 2014-2015

Longer-term focus areas and strategies

- WSDOT-ODOT Amtrak Cascades collaboration: Continue intent of the Memorandum of Understanding to operate the service as a single corridor. Coordination and collaboration will allow the states to leverage resources and improve efficiency through a joint management approach.
- Implement Fleet Management Plan: Scheduled for completion in Fall 2014, the plan will outline strategies for cost effective equipment operations, maintenance and replacement. The Rail Division will implement plan recommendations to manage costs and provide stewardship of Amtrak Cascades equipment assets.
- Locomotive Procurement: Locomotive malfunction was a contributor to service delays in 2012 and 2013. With support from federal stimulus funding, WSDOT will coordinate with other states to get the best possible value when purchasing locomotives. No longer vulnerable to aging Amtrak-owned equipment, the Amtrak Cascades service will benefit from having a dedicated fleet of top-of-the-line equipment owned and controlled by the state.
- Work with Oregon, British Columbia and service stakeholders to finalize the policy on adding, changing or reducing station stops.
- Prepare for host railroad maintenance costs to be incurred starting in 2017.
- Consider new operating models: as part of the Service Development Plan, evaluate schedule and operating strategies to maximize ridership. Explore options to test a "limited" service, which would serve fewer stations in order to reduce corridor travel time.



Washington's rail system is an integral part of the multimodal transportation system that keeps people and business moving in Washington state. The system provides efficient transportation of both freight and passengers and is critical to maintaining our economy, environment and quality of life. Traffic congestion on I-5 is projected to grow in the coming years, which makes availability of rail service increasingly important to our transportation system.

1. Deliver projects on time/within budget

High speed intercity passenger rail

The state of Washington was awarded nearly \$800 million in federal grants to improve Amtrak Cascades service. This is in addition to an investment of \$120 million in state funds between 2007 and 2011 to support the High-Speed Rail program. Completion of these projects will result in significant benefits starting in 2017. Amtrak Cascades service will travel faster, achieve 88 percent on-time performance, and add two round trips between Seattle and Portland for a total of six daily round trips.

Ten of WSDOT's 20 federally funded projects to improve Amtrak Cascades service were under construction or completed in 2013. Four additional projects will start construction in 2014. All projects will be completed or in construction by 2015, with all projects being completed in 2017. Federal Railroad Administration has recognized the state of Washington as a nationwide leader in project delivery and regards WSDOT as a model for High-Speed Rail program management.

Freight rail grant and loan projects

WSDOT's Rail Division is responsible for managing freight capital projects awarded through the Freight Rail Assistance Program and Freight Rail Investment Bank Program. Prior to June 2013, we guided funding recipients in the delivery of 41 projects worth \$42.0 million. For the 2013-2015 biennium, we will guide funding recipients in the delivery of 14 projects worth \$9.3 million.

2. Implement efficiency improvements to Amtrak Cascades service

Daily operation of the Amtrak Cascades trains is funded by ticket sales and funding from the states of Washington and Oregon. The farebox recovery rate for Washington-sponsored trains reached 59.5 percent in 2013.

Amtrak helped pay the operating subsidy in the past, but recent changes in federal law shifted responsibility for intercity passenger rail operations entirely to the states. Washington and Oregon are now responsible for the full operating cost of Amtrak Cascades service. This means the states incur additional costs, but it also allows the states to take a stronger, more active role in management of the service to control costs. Some cost management strategies are already underway or can be implemented in the coming year; others will be addressed in future agreements with Amtrak.

The Washington State Department of Transportation plays an important role in rail transportation: the state sponsors Amtrak Cascades intercity passenger rail service, in participation with Oregon, and leads construction of capital improvements for passenger and freight rail.



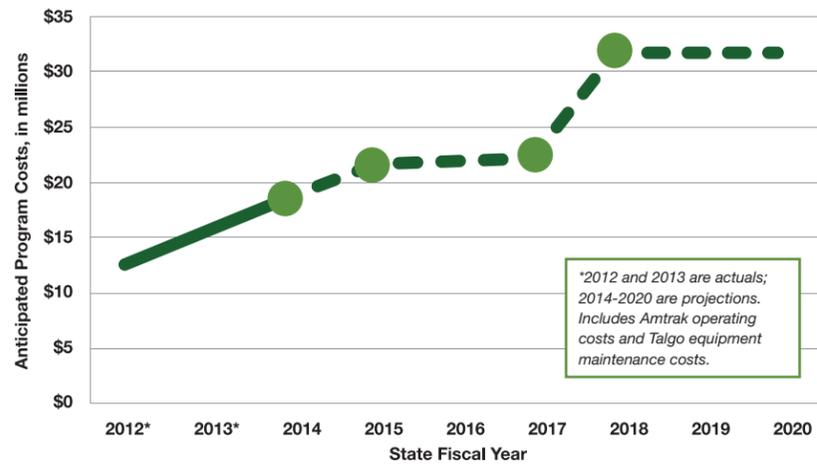
Intercity passenger rail plays an important role in Washington's transportation system by providing connectivity to urban centers along the I-5 corridor. As a sponsor of Amtrak Cascades, WSDOT works strategically to improve passenger rail service on the Pacific Northwest Rail Corridor, which stretches from Eugene and Portland, Ore., north through Tacoma and Seattle, Wash., to Vancouver, British Columbia.



Ron Pate
WSDOT Rail Director
Cascades Rail Corridor Director
360-705-7900
Ron.Pate@wsdot.wa.gov
www.wsdot.wa.gov/rail

Manage costs

We work with ODOT, Amtrak and our other service partners to provide a quality service that customers value: clean, safe, reliable travel; and comfort and convenience, including amenities such as WiFi and food and beverage service. At the same time, rising costs and increasing budget constraints require us to minimize the financial impact to the state while continuing to achieve our transportation goals. We're identifying opportunities for cost reduction and developing priorities based on what will generate the best value relative to the resources required.



October 2013: PRIIA Section 209 takes effect. Washington and Oregon absorb the nearly 20% of costs previously contributed by Amtrak.

2015: First full state fiscal year with increased expenses under PRIIA 209.

2017: Service improvements due to high-speed rail grants take effect and Washington assumes additional costs for equipment and new round trips.

2018: First full state fiscal year with new rolling stock and additional round trips; cost for maintenance of ARRA improvements.

**Actuals
Note: Locomotive Maintenance included in PRIIA 209 cost for the current level of equipment. Increase in equipment level is included in "2 New Round Trips." Inflation is not included in these numbers.*

Maintain revenue during busy construction phase

Ticket revenues cover 59.5 percent of Washington State's operating cost of the Amtrak Cascades service. Maintaining current revenue levels is key to minimizing the financial impact to the state. WSDOT continues to work with service partners and other stakeholders to raise awareness about the service in order to boost ridership. This will be especially challenging until the ARRA program is complete, because construction activities require longer travel times, which can reduce demand for the service.

GOAL: REVENUE ↑ COSTS ↓



Strategy	Potential Impact	Timing
Locomotives contract compliance: Explore leasing options until state-owned equipment is procured and available for revenue service. May provide significant savings in Section 209 Capital Maintenance Costs and increase reliability. Provides an opportunity to explore continued leasing. Could lead to beneficial contract changes, including obtaining alternate maintenance providers.	\$\$\$\$\$	Summer 2014
Capital equipment charges: Rail Director is chair of nationwide committee to explore costs associated with operation and maintenance of rolling stock, including locomotives and passenger cars. Could lead to beneficial contract changes to reduce costs and new maintenance providers.	\$\$\$\$\$	Fall 2013 – Spring 2014
Operating costs: Participation in nationwide committee of states working to examine Amtrak costs; develop zero-based budget estimate to supplement information provided by Amtrak. These efforts will strengthen Washington and Oregon's position when negotiating with Amtrak to identify opportunities for cost savings and target areas to seek alternatives.	\$\$\$\$\$	Fall 2013 – Spring 2014
Station costs: Reduce costs through negotiation of leases with station owners; explore options to reduce staffing and some station services.	\$\$\$\$\$	Winter/ Spring 2014
Food and beverage: Apply Lean processes to evaluate opportunities to reduce costs within existing contracts; explore options to contract with other vendors.	\$\$\$\$\$	Spring 2014
Contract compliance: Implement even more vigorous contract compliance measures to ensure greatest value for our service and identify opportunities for cost reductions in the next operating contract. Provide oversight that improves performance. May improve quality of experience for riders. Provide information to drive changes in focus and in contract provisions that will maximize benefit.	\$\$\$\$\$	Ongoing
Thanksgiving service: WSDOT provided extra service only for highest-demand days and times to avoid new subsidies and contribute revenue to offset ongoing operating subsidies.	\$\$\$\$\$	November 2013
Thruway Bus service: Investigate division of Thruway Bus service costs and revenues between WSDOT and Amtrak.	\$\$\$\$\$	Winter 2014

Strategy	Potential Impact	Timing
Continually improve quality and customer service: On-Time Performance Task Force, Cascades Equipment Team, cleaning inspections, Wi-Fi system performance reporting, onboard bicycle storage, and adding Amtrak Cascades real-time schedules to the WSDOT smart phone app.	\$\$\$\$\$	Ongoing
Special trains: Contract with Amtrak to provide "special trains" – i.e. for bike tours, sporting events, etc. Although the revenue yield for any individual event may be minor, special trains can be expected to help build ridership in the long term by introducing new riders to the service.	\$\$\$\$\$	Summer/ Fall 2014
Preclearance: Encourage U.S. and Canada to implement pre-clearance to reduce travel times and increase demand for service from British Columbia to Seattle. Pre-clearance has the potential to reduce travel times by up to 15 minutes.	\$\$\$\$\$	Ongoing
Implement new marketing strategies: Help increase ridership and revenue by raising awareness and encourage existing and potential passengers to purchase tickets on Amtrak Cascades. Create new partnerships with AAA, visitor bureaus, sports sponsorships, museums, and businesses. Redesign the Amtrak Cascades website to allow more people to book online thus increasing revenue.	\$\$\$\$\$	July 2013 – June 2014
Multimodal connectivity: Extended the Rail Plus program contract with Amtrak and Sound Transit for two additional years; increased bike storage space on baggage car racks to accommodate customers.	\$\$\$\$\$	Summer/ Fall 2013
Revenue management (Amtrak): Amtrak is changing its refund policy to align with all travel services. Starting March 1, 2014, customers will forfeit all value upon no-show. Customers currently are allowed exchange or refund (with 10 percent penalty). Support Amtrak's efforts in active fare management to consider increases but also stay responsive to changing gas prices and other factors.	\$\$\$\$\$	Winter 2014
Pilot project with Clipper Vacations: Meets legislative intention of partnering with private travel companies to run a pilot program. This will test whether special pricing discounts for travel partners can increase ridership and revenue on Amtrak Cascades trains between Seattle and Vancouver, British Columbia.	\$\$\$\$\$	Dec. 31, 2013 – Dec. 31, 2014

The tables list WSDOT's strategies to manage costs and maintain revenue. The estimated impact of these strategies is depicted by dollar symbols, with green dollar symbols representing the highest impact and gray dollar symbols representing less financial impact.