

May 15 Framework Regarding 209 Implementation

Commitments in Budgeting and Planning

- States will partner with Amtrak during the budget and planning process beginning with the Fiscal Year (FY) 2016 budget. The framework and timeline for implementation behind this partnership will be developed by March 2015, such that it will be in effect no later than the FY 2017 operating agreements
- States and Amtrak will partner to develop and pursue joint business and funding strategies to support State corridors as well as the national Intercity Passenger Rail (IPR) network, including Federal funding grant requests and legislative actions as appropriate
- Subject to adequate Federal capital appropriations Amtrak will bring all State-used Amtrak-owned equipment into a State of Good Repair (SOGR) with a target date of before FY 2017 or within the soonest practical four-year cycle, and will include those capital costs in its FY 2016 grant request to Congress. Until the equipment is in a State of Good Repair, States will receive a credit for Amtrak equipment that is used in their service and documented in FY 2015 and FY 2016 agreements
- The Equipment Capital Working Group will complete the FY 2017 to FY 2021 Equipment Capital Plan before January 31, 2015, to allow for review and concurrence by all 209 State agencies by September 30, 2015, and implementation beginning with the FY 2017 agreements
- The Operating Costs Working Group will make appropriate updates to Appendix E following a defined and accountable process provided by the Executive Committee or Governance Structure (described below) to be completed one year after receiving that process from the Executive Committee or Governance Structure, with the goal of allowing for review and concurrence by all 209 States and implementation into FY 2017 State agreements
- Prompt payment clauses will be added to all State contracts, requiring States to make prompt payments for all charges that are not in dispute

Ongoing Topics associated with FY 2014 Agreements

- Amtrak will work with the States to develop and implement invoicing and documentation solutions necessary to verify actual 3rd Party Costs (Fuel and Power, and Host Railroad Maintenance of Way and Performance Incentive payments) that will meet State audit requirements and that do not violate Amtrak's Confidentiality policy
- Amtrak will work with States to standardize invoices and identify documentation required to verify costs that meet State audit requirements and that do not violate Amtrak's Confidentiality policy
- Amtrak will provide States with accurate and timely monthly invoices
- The Performance Standards Working Group will continue to develop standards, incentives and penalties for States to include in their contracts beginning in FY 2015

FY 2015 and FY 2016

- Amtrak and each State/agency will reach 2-year agreements as soon as possible for FY 2015 and FY 2016

- Except in cases of service changes, modifications to service plans, or specific add-ons, the FY 2015 and FY 2016 contract amounts will be determined as follows:

Category	FY 2015	FY 2016
Revenues	Based on FY 2015 forecasts provided by Amtrak and revised based on discussions between Amtrak and States	Based on estimates provided by Amtrak by March 31, 2015, and agreed to by States. States and Amtrak commit to amend (or execute) the agreements within 60 days after receipt of estimates from Amtrak
Operating Costs <ul style="list-style-type: none"> • Third Party Costs • Route Costs ¹ • Support Fees 	<p>Actual costs. Forecasts will be based on actual 12 month cost history and revised as appropriate</p> <p>States will have the option to accept FY 2015 Forecasted amounts, or to enter into a two year fixed-price agreement based on FY 2014 contract amounts inflated for one year in accordance with the rates set forth in the Inflation Methodology dated December 11, 2013, and provided to States in December 2013.</p> <p>Calculated in accordance with the additive rates specified in the PRIIA 209 Policy</p>	<p>Actual costs. Forecasts will be based on actual 12 month cost history and revised as appropriate, which will be provided by Amtrak by March 31, 2015</p> <p>States will have the option to agree to accept Amtrak FY 2016 Forecasts or, in the cases where a two-year agreement is adopted, pay a fixed rate based on FY 2015 contract amounts inflated for one year in accordance with the rates set forth in the Inflation Methodology dated December 11, 2013, and provided to States in December 2013.</p> <p>Calculated in accordance with the additive rates specified in the PRIIA 209 Policy</p>
Equipment Capital Costs	<ul style="list-style-type: none"> • Based on the FY 2015 PRIIA 209 State Payment Forecast, distributed to Working Group States on June 19, 2014 which removed expenses associated with PTC installation and provided a pro-rated credit, using the FY 2015 overhaul amounts, by the percent of total units not in a State of Good Repair and pro-rated based on units used to those services that use the equipment type. • The Next Generation Equipment Committee (NGEC) Equipment Capital Working 	<ul style="list-style-type: none"> • The FY 2016 Five Year Capital Forecast provided to States in October 2013, with adjustments made to remove costs associated with PTC installation will be used to establish a target for the FY2016 equipment capital estimates. This estimate will only be adjusted for FY 2016 based on the FY 2016 forecasted units used for each specific route and the NGEC’s State Supported CIP developed by NGEC’s Equipment Capital Working Group and to provide a pro-rated credit, using the FY 2016 overhaul amounts, by the percent of total units not in a

Category	FY 2015	FY 2016
	<p>Group will provide a work plan to indicate the work to be completed during that period and will include the intended number of units to be overhauled during that period.</p> <ul style="list-style-type: none"> • Reconciliation of actual overhaul costs will be performed in accordance with the PRIIA 209 Equipment Capital Methodology and through a process that will be defined in the NGEC’s State Supported Capital Investment Program (CIP), which is currently under development by the NGEC’s Equipment Capital Working Group. 	<p>State of Good Repair and pro-rated based on units used to those services that use the equipment type.</p> <ul style="list-style-type: none"> • NGEC’s Equipment Capital Working Group will provide a work plan to indicate the work to be completed during that period and will include the intended number of units to be overhauled during that period. • Reconciliation of actual overhaul costs will be performed in accordance with the PRIIA 209 Equipment Capital Methodology and through a process that will be defined in the NGEC’s State Supported CIP, which is currently under development by the NGEC’s Equipment Capital Working Group.

Notes: 1 – Exceptions only for route-specific extraordinary circumstances as agreed to between Amtrak and the affected State IPR agency (e.g., King Street Station, insurance deductible buy-down)

209 Governance Approach

- A governance structure, including representatives from all 209 States and an Executive Committee, will be developed to oversee implementation of the May 15 agreement by Amtrak, the States, and existing working groups
- Program implementation and administrative support will be provided by FRA based on available resources
- A July 2, 2014 e-mail and attachment from the Surface Transportation Board's (STB's) Office of Public Assistance, Governmental Affairs, and Compliance proposed a structured facilitation of remaining, long-term PRIIA Section 209 issues by the Federal Mediation and Conciliation Service (FMCS) under STB staff auspices. Implementation of the facilitation is progressing based on the STB’s staff’s receipt of sufficient expressions of interest on the part of both Amtrak and the States, and is subject to the basic features, funding limitations, and FMCS approach described in the July 2 attachment