
Historical Review of State-Supported Service and PRIIA Section 209 Text

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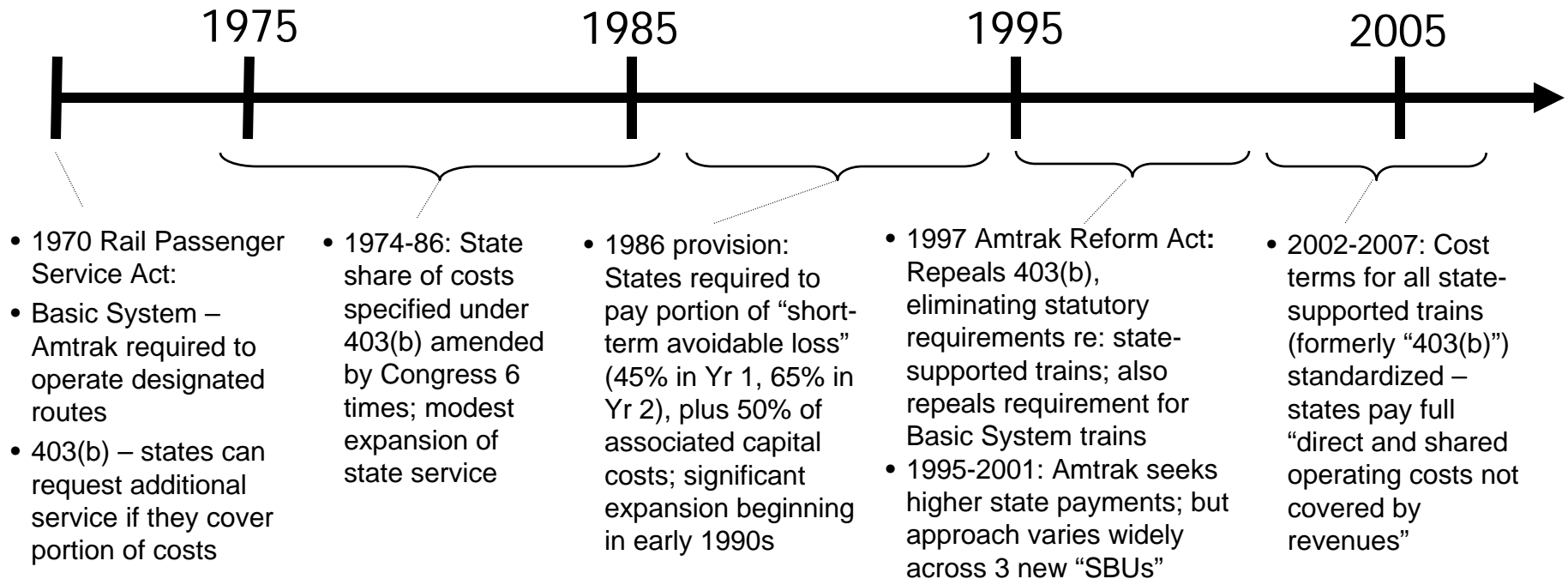
- Evolution of State-Supported Service and Past Efforts at Standardization
- PRIIA Sec 209 Intent and Language
- Amtrak Corridor Services today
 - Single State
 - Multi-State (non-NEC)
 - NEC Base-Increment (Single- and Multi-State)

Amtrak Network Today

- Long Distance Routes: National network, greater than 750 miles
- Corridor Routes: Less than 750 miles
- Freight railroads: No passenger service



Statutory Evolution of State Supported Services



Meanwhile system corridor trains continue to operate without state financial support creating an equity issue

Section 209 Overview: Clarifying the State/Federal Partnership

- Federal government supports Amtrak service with operating funds and capital infusion
 - Capital investments in equipment and infrastructure allow operating revenue to be used for operating funding
 - Obviates need for ‘profit’ to be reserved for capital investment
- State governments determine the amount and level of intercity corridor passenger rail desired:
 - State Rail Plans: “this is what we want”
 - Understanding of operating and capital cost implications (TBD through Sec 209 process): “these are the costs we have to cover”
 - Amtrak service agreements: “this is the deal”
- States benefit from Amtrak’s Federal Government-supplied support:
 - Incremental cost access rights and dispatching priority to host railroads (the “public bargain” the private railroads made in return for federal relief from passenger service losses)
 - Rather than pay fully-allocated costs, states only pay direct costs, and some shared costs as determined through Sec 209 process—difference is federal support through Amtrak
 - Sec 209 and Sec 301 (Capital Assistance) allow states to use PRIIA capital funding for host railroad capital payments and Amtrak capital charge

Section 209 text: (a) General

(a) IN GENERAL.—Within 2 years after the date of enactment of this Act, the Amtrak Board of Directors, in consultation with the Secretary, the governors of each relevant State, and the Mayor of the District of Columbia, or entities representing those officials, shall develop and implement a single, nationwide standardized methodology for establishing and allocating the operating and capital costs among the States and Amtrak associated with trains operated on each of the routes described in section 24102(5)(B) and (D) and section 24702 that—

- Passed Oct 16, 2008:
2 years = Oct 16, 2010
- “in consultation with”:
collaborative process
- Single, nationwide,
standardized methodology: all
corridors treated equitably
- See statutes in handouts

Section 209 text: (a) (1) & (2)

(1) ensures, within 5 years after the date of enactment of this Act, equal treatment in the provision of like services of all States and groups of States (including the District of Columbia); and

(2) allocates to each route the costs incurred only for the benefit of that route and a proportionate share, based upon factors that reasonably reflect relative use, of costs incurred for the common benefit of more than 1 route.

- Passed Oct 16, 2008:
5 years = Oct 16, 2013
– Transition period
- “allocates” – Amtrak Performance Tracking (APT)
- “costs incurred only for the benefit of that route” = **Direct Costs**
- “costs incurred for the common benefit of more than 1 route” = **Shared Costs**

Section 209 text: (b) Revisions

(b) REVISIONS.—The Amtrak Board of Directors, in consultation with the Secretary, the governors of each relevant State, and the Mayor of the District of Columbia, or entities representing those officials, may revise or amend the methodology established under subsection (a) as necessary, consistent with the intent of this section, including revisions or modifications based on Amtrak’s financial accounting system developed pursuant to section 203 of this division.

- This will be a “living” policy
 - Changes due to continuing refinements of Amtrak accounting system

Section 209 text: (c) Review

(c) REVIEW.—If Amtrak and the States (including the District of Columbia) in which Amtrak operates such routes do not voluntarily adopt and implement the methodology developed under subsection (a) in allocating costs and determining compensation for the provision of service in accordance with the date established therein, the Surface Transportation Board shall determine the appropriate methodology required under subsection (a) for such services in accordance with the procedures and procedural schedule applicable to a proceeding under section 24904(c) of title 49, United States Code, and require the full implementation of this methodology with regards to the provision of such service within 1 year after the Board’s determination of the appropriate methodology.

- Failure results in the development and imposition of a formula by the Surface Transportation Board (STB)
- §24904(c) of Title 49:
 - “...the costs Amtrak incurs only for the benefit of the carrier, plus a proportionate share of all other costs of providing transportation”
- If Oct 16, 2010 voluntary deadline missed, then 1 year to STB implementation

Section 209 text: (d) Chapter 244 Funds

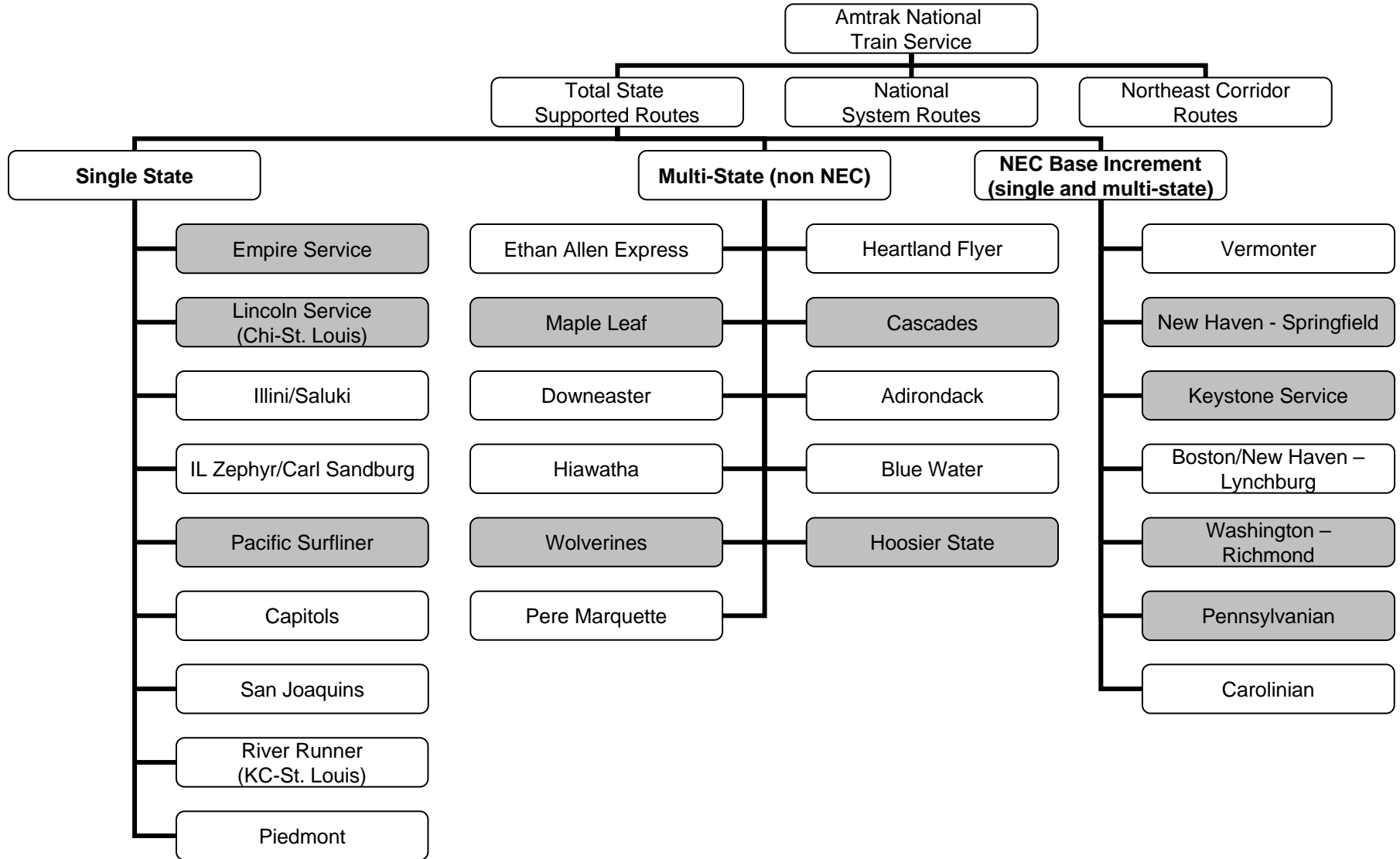
(d) USE OF CHAPTER 244 FUNDS.—Funds provided to a State under chapter 244 of title 49, United States Code, may be used, as provided in that chapter, to pay capital costs determined in accordance with this section.

- Chapter 244, Title 49:
 - Capital grants can be used to pay capital charges

State Supported Train Pricing – Principles and Challenges

- Basic principles for new operating cost methodology:
 - Consistency: “System” corridors must be converted to state support
 - Transparency: Understandable/straightforward
 - 100% of direct costs plus a proportionate amount of indirect costs
 - Service level based (as service changes associated costs change)
 - Management/assignment of risk
- Challenges:
 - Linkage of future costs with future service plans
 - Linkage to the new Amtrak Performance Tracking (APT) system
 - Definition and cost recovery for capital costs—largely equipment and facilities
 - Cost forecasting and alignment with Amtrak’s operating budget
 - Type of service contract (pure cost-based, performance-based, negotiated contract structure)

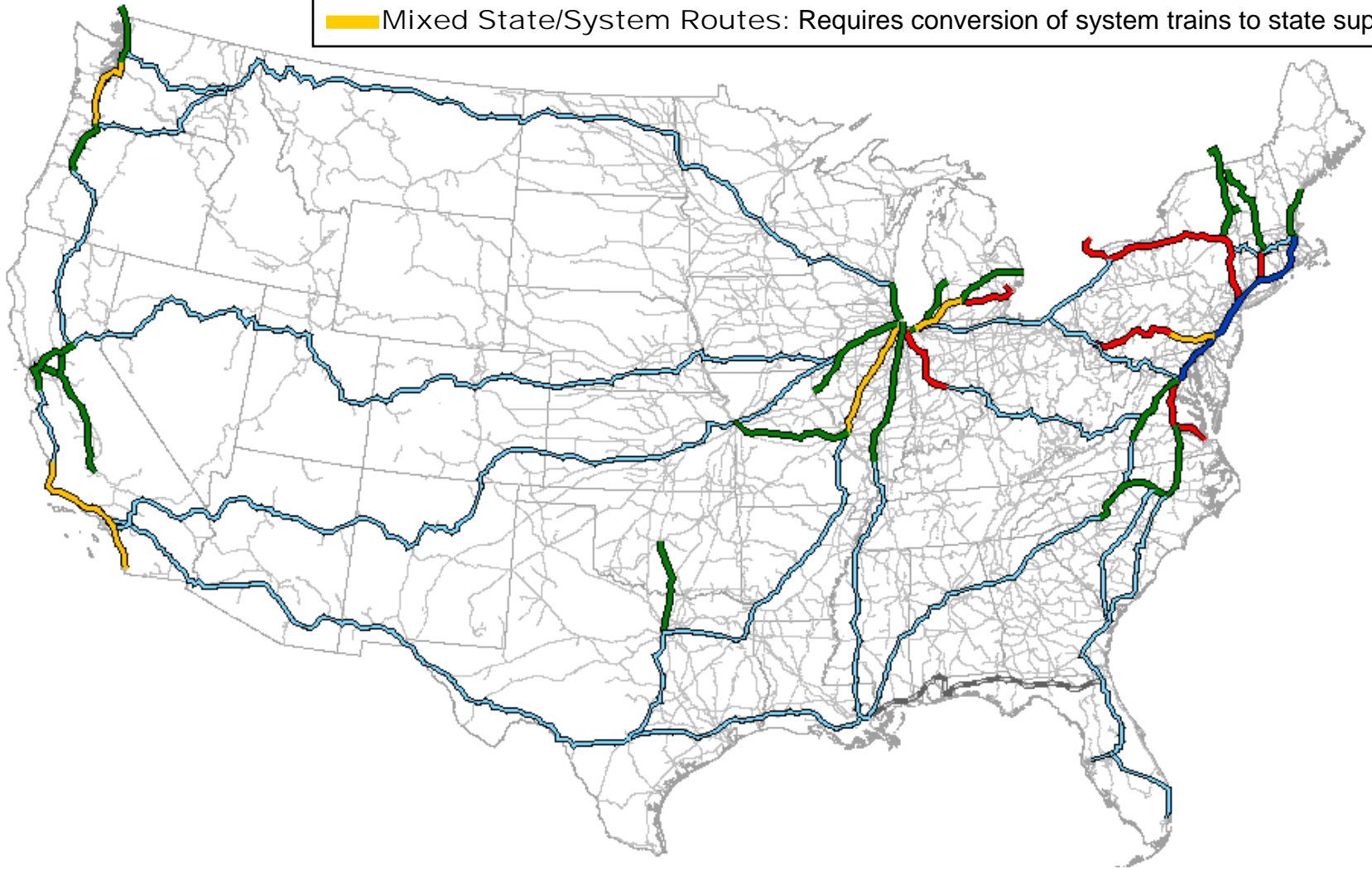
Segmentation of Amtrak's National Train Service



Some/all service not currently paid by states

Corridor Services – Impacted Routes

- NEC Spine: Excluded from Section 209
- State Supported Routes: Require consistent agreements under Section 209
- System Corridor Routes: Require new agreements, no state support in place
- Mixed State/System Routes: Requires conversion of system trains to state support



Coming up next...

- Understanding Amtrak Performance Tracking (APT)