

SRF 2016

Southeast Rail Forum

District of Columbia • Virginia • North Carolina • South Carolina • Georgia • Florida

Preparing for Change...Planning for Success

Amtrak Briefing

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Philadelphia*



Today's remarks

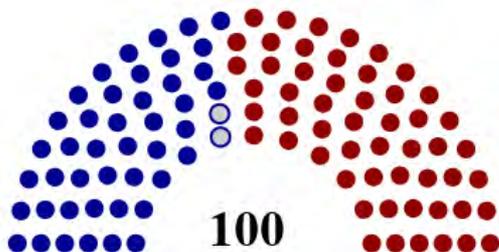
- How is Amtrak structured and funded?
- 2015 legislative developments
- Implications of the FAST Act
- What does the future hold?

Amtrak's structure

- Amtrak is a Federally owned corporation created by an act of Congress in 1970
- Created in order to relieve the Freight Railroads of their legal obligation to provide passenger service across the United States
 - Prior to 1971, the freight railroads required to operate passenger train service over portions of their networks
- Amtrak was created to preserve the service and expand it if possible
- Amtrak was set up as a corporation, typical corporate structure (board, etc.)
- Board members are nominated by the President
 - Confirmed by the Senate
 - Serve five-year terms
- Chairman is Tony Coscia, former chairman of the Board of Commissioners of the Port Authority of New York and New Jersey
- Board selects CEO and puts management structure in place

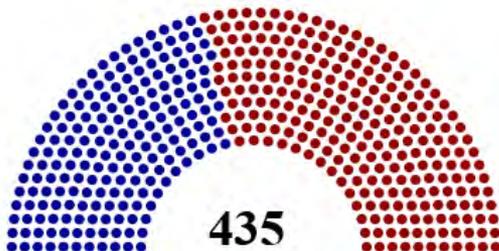
The United States Congress

U.S. Senate



54 R
44 D + 2 I

U.S. House of Representatives



- 244 R
- 188 D
- 3 vacant

- Congress is our principal partner
- Congress has changed a lot in recent years:
 - Increasingly polarized
 - Senate a “supermajority” (e.g., 60 vote) institution
 - This one has the largest Republican majority in decades
- Our services are the foundation of our coalition
 - Urban areas (NEC and state-supported services)
 - Rural areas (LD and state-supported services)

The core of our relationship is Amtrak’s ongoing need for a Federal appropriation to sustain service

Appropriation vs. Authorization

- In each chamber, jurisdiction split between two committees:
 - Authorizing (House T&I/Senate Commerce)
 - Appropriating (House Approps/Senate Approps)
- Neither is necessarily compelled to recognize, acknowledge, or agree with the work of the other
- This distinction gets to the very heart of the political process:
 - Subject to votes
 - Dependent on the decisions of individual legislators
 - Both the authority to authorize and the authority to appropriate are unique prerogatives
 - Assigned by the Constitution to Congress
 - The President can request and veto; the Supreme Court can rule if a plaintiff brings a case – but the meat of the work is done in Congress

Appropriation vs. Authorization, cont'd.

- In general:
 - An authorization law establishes Federal policy and “authorizes” spending levels
 - An appropriations law actually provides funding
- Appropriations functions a little differently for surface transportation:
 - Highway Trust Fund funds highway and transit programs from user fees (18.4¢/gallon gas tax)
 - While trains do run on the surface, Amtrak is dependent on annual appropriations

Amtrak Continuing Resolution (CR) History

FY	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03
CR	X		X	X	X	X	X		X		X	X	X	X	X	X
No CR		X						X		X						
Days Late	83	0	52	36	28	6	27	0	46	0	27	21	9	23	79	143

FY	04	05	06	07	08	09	10	11	12	13	14	15	Total/ Avg
CR	X	X	X	X	X	X	X	X	X	X	X	X	24
No CR													3
Days Late	115	69	61	138	87	161	76	192	48	176	109	74	75

Amtrak has operated on a CR in 25 of the last 28 years, and was formally authorized in only 11 of the last 22 years

Significant legislation in 2015

- Four important pieces of transportation legislation passed in 2015:
 - FAST Act (Surface Transportation reauthorization, includes Amtrak)
 - Omnibus Appropriation (funds Amtrak for FY 2016)
 - Positive Train Control extension
 - STB extension
- All of these are significant and important:
 - PTC extension will shift date to Dec. 31, 2018
 - STB reauthorization will increase members from 3 to 5

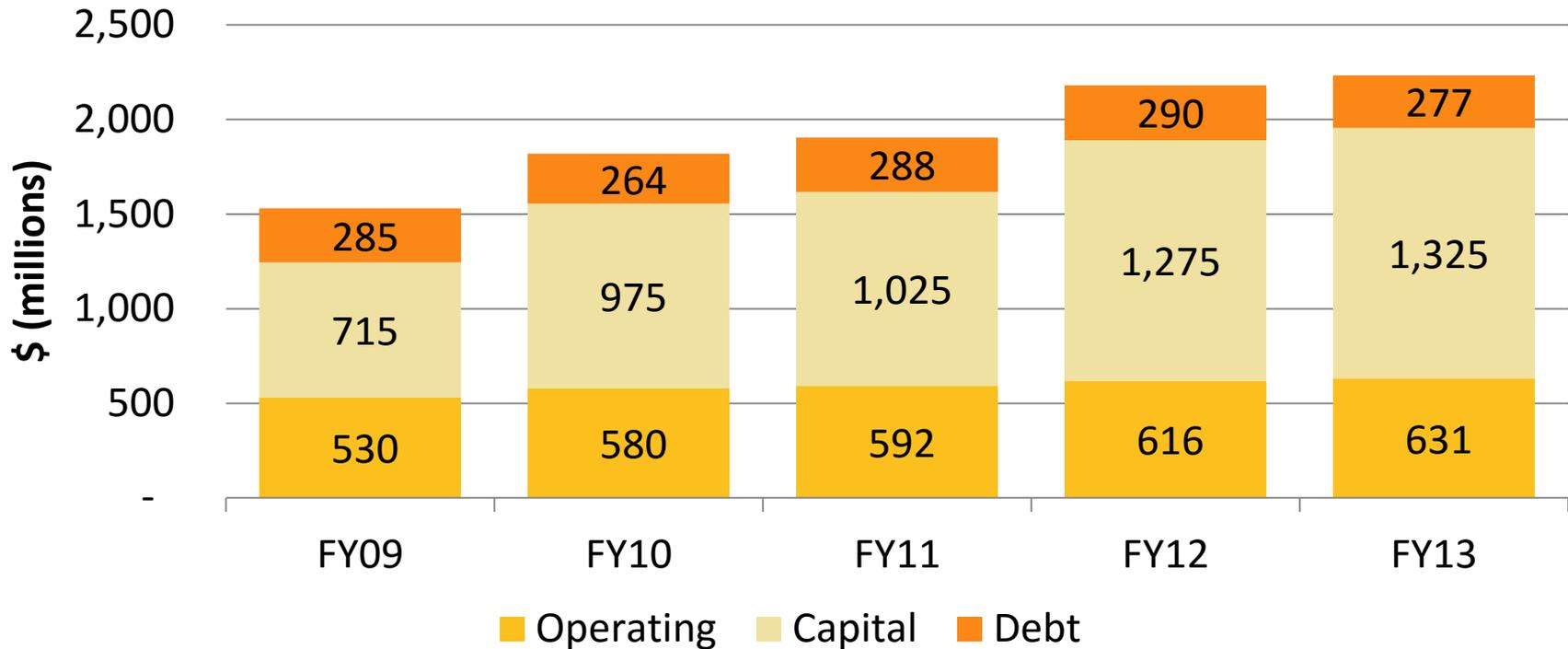
What is the FAST Act?

- Authorizes surface transportation programs for five years through FY2020
- First time surface transportation law includes a rail title
 - Passenger Rail Reform and Investment Act of 2015
- \$305 billion for all programs

FAST Act – Amtrak Reform Provisions

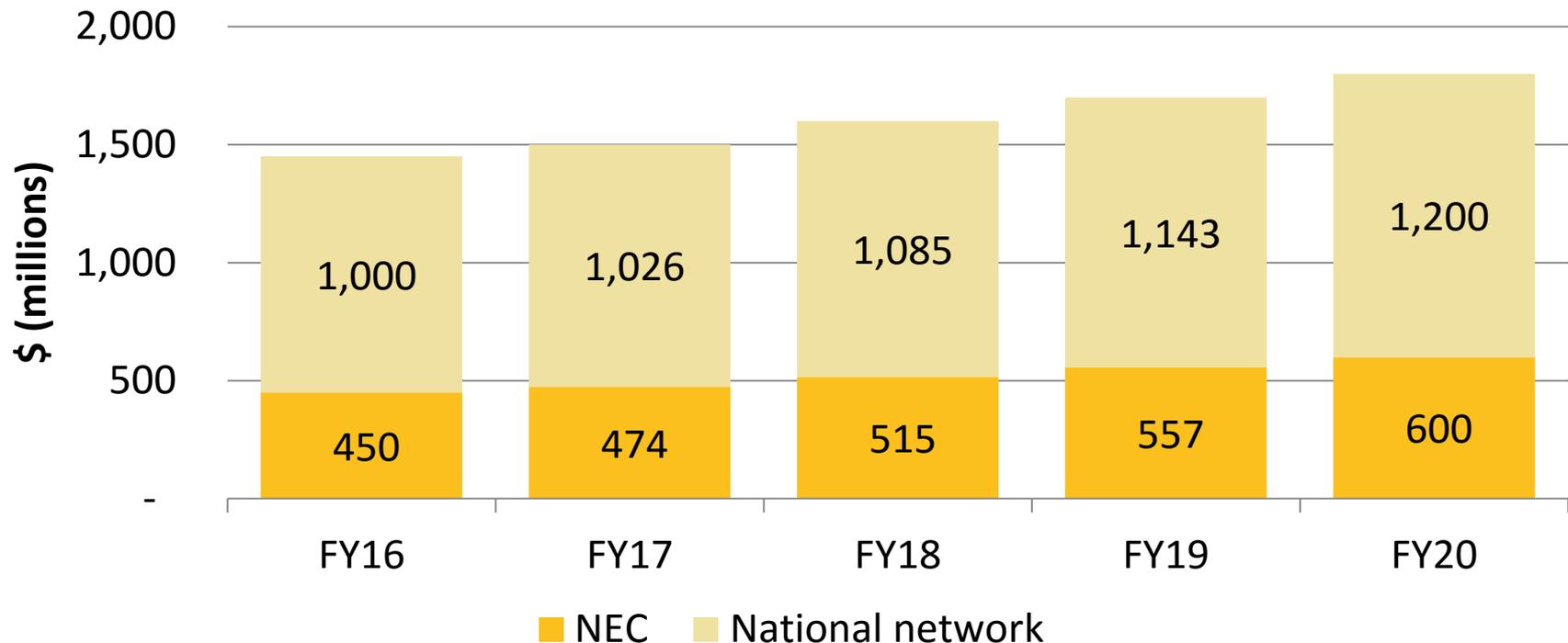
- Restructures funding accounts into two separate accounts: NEC/National Network (2017)
- Requires asset plans (2019)
- Creates a State-supported Route Committee
- Private sector station development opportunities
- Explores new revenue streams for right-of-way development
- Promotes local product use
- DOT tasked to review Amtrak reporting requirements and identify opportunities for streamlining and elimination of duplicate reports
- Authorizes three new grant programs:
 - Rail Infrastructure and Safety Improvements
 - Federal-State Partnership for State of Good Repair
 - Restoration and Enhancement Grants

Prior PRIIA 2008 Authorized Funding Levels



- Old model provided an Operating Grant and a Capital Grant
- Appropriated funds never approached authorized levels

New FAST Act Authorized Funding Levels



- New structure uses NEC/National network breakdown
- FRA, in consultation with Amtrak, defines accounts

FAST Act Funding authorizations

- Abolishes distinctions between “operating” and “capital”
- In the future, money will be appropriated for two accounts:
 - NEC
 - National Network
- Several other grant programs authorized:
 - Rail Infrastructure & Safety Improvements (\$1.1B)
 - Federal-State partnership for SOGR (\$997M)
 - Restoration and Enhancement Grants (\$100M)
- Also authorizes:
 - Gulf Coast Working Group (\$1M)
 - Small Business Participation Study (\$3M)

Intercity Passenger Rail Grants

- Consolidated Rail Infrastructure and Safety Improvements
 - \$1,103 billion over five years
 - 80/20 competitive grant program; 25% rural set-aside
 - Passenger and freight safety, reliability, efficiency improvements
- Federal Partnership for State-of-Good-Repair
 - \$997 million over five years
 - 80/20 competitive grant program for “Qualified Railroad Assets”
 - Preference given to joint applications and projects with 50% match
- Restoration and Enhancement Grants
 - \$100 million operating grants over five years

What does the future hold?

- How will FAST Act implementation work?
 - How will new account structure look?
- What will next Administration and next Congress have in mind for Amtrak?
 - Will they be able to work together?
- Can next President and Congress conclude a budget deal to lift caps or will D.C. return to sequestration?
- Will rail ever gain access to dedicated funding?
 - If so, what will mechanism be?
- What will role be for Amtrak partners (such as states, local governments, transportation authorities, private sector, etc.)?



**What are your policy recommendations
for intercity passenger rail?**

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Preparing for Change...Planning for Success

Leading Corridor Partnerships

*Peter Burrus, Chief of Rail
Virginia Department of Rail and Public Transportation*



*Advancing Women in Transportation
NC Triangle Chapter*

Rail: The First Great American Economic Development



1860—This map shows the extent of railway development just prior to the Civil War. The decade 1850-1860 was a period of rapid railway expansion, characterized by the extension of many short, disjointed lines into important rail routes. This decade marked the beginning of railway development in the region west of the Mississippi River. By 1860, the "Iron Horse" had penetrated westward to the Missouri River and was beginning to make itself felt in Iowa, Arkansas, Texas, and California.

Interstates Created a New Economic Development Direction



Retreat Will Only Succeed in Limiting Results



Figure 3.6 Tonnage Growth Virginia Cities and Counties, 2012-2040

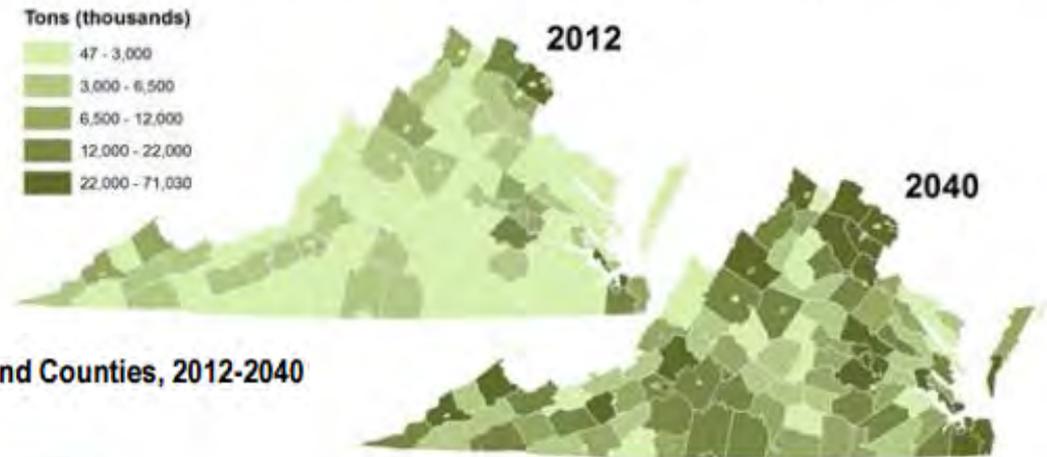
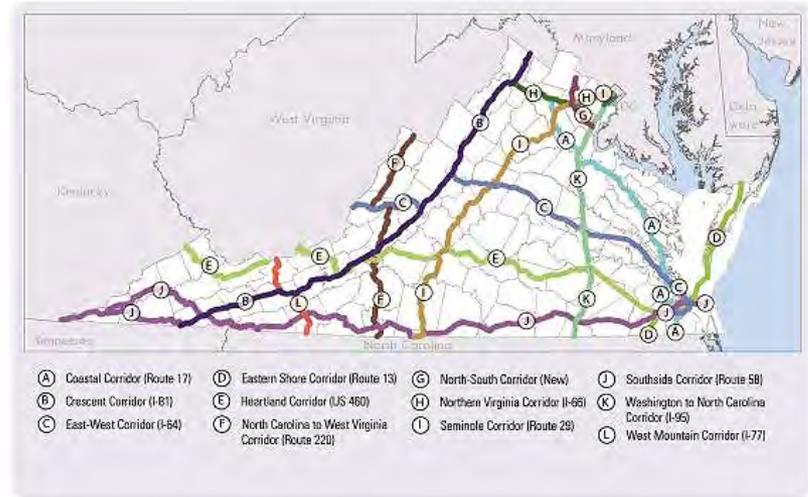
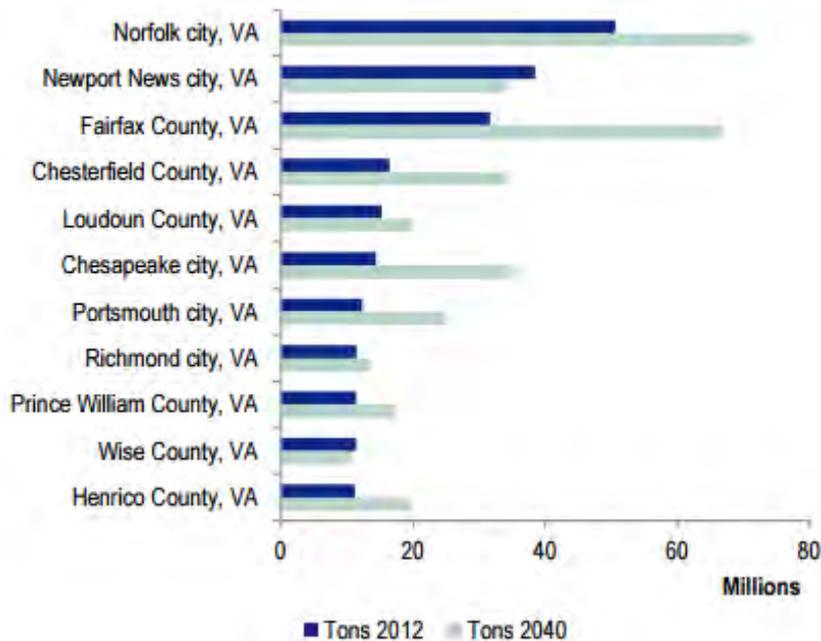


Figure 3.7 Virginia's Top Freight Generating Cities and Counties, 2012-2040



Commonwealth's Reach – Future Rail Flows

Figure 3.42 Detailed Rail Freight Flows by Tonnage in Virginia, 2012 and 2040

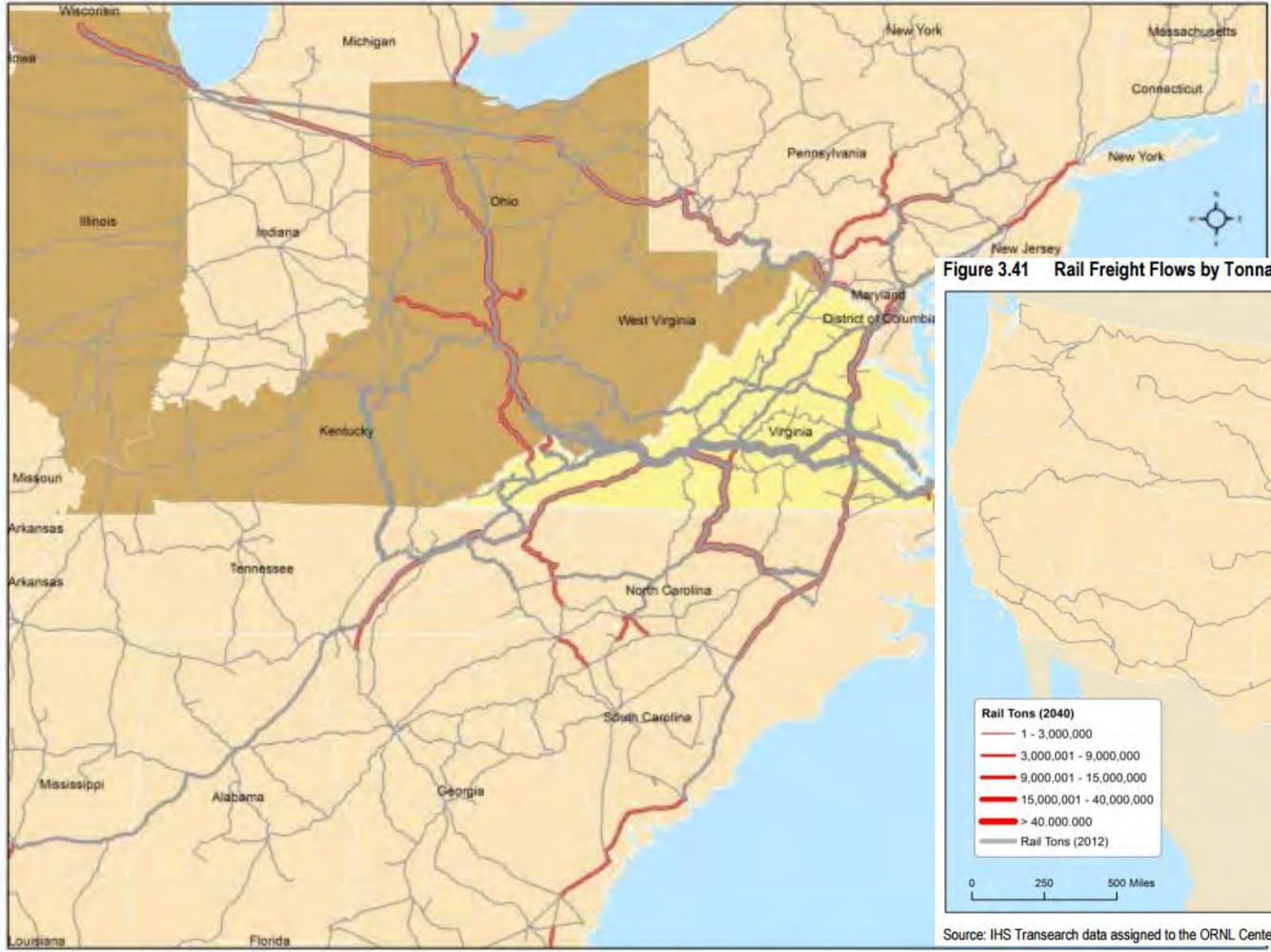
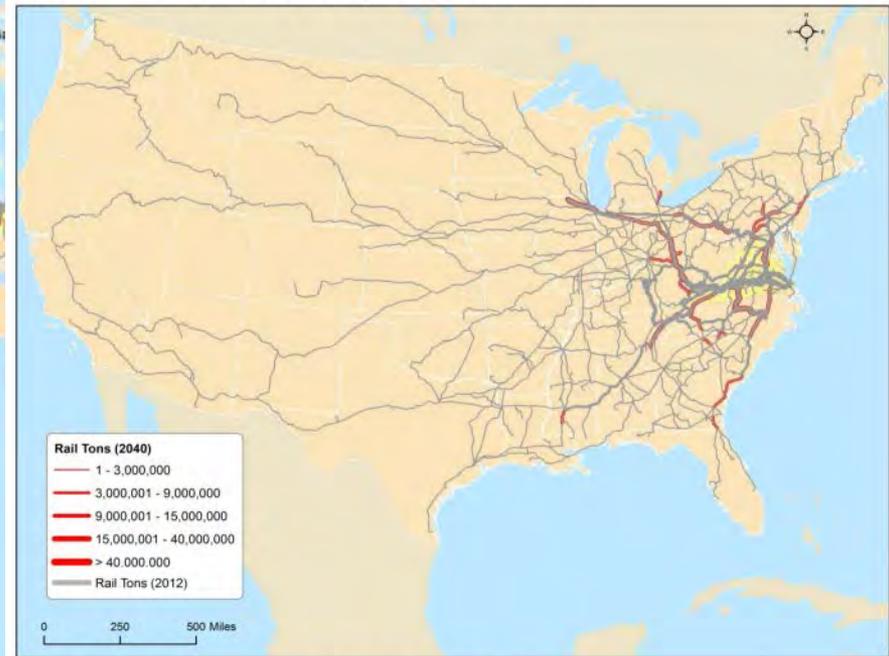


Figure 3.41 Rail Freight Flows by Tonnage in Virginia, 2012 and 2040



Source: IHS Transearch data assigned to the ORNL Center for Transportation Analysis rail network

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Commonwealth's Reach – Future Truck Flows

Figure 3.38 Detailed Flows of Truck Freight by Tons Originating-Terminating in Virginia, 2012 and 2040

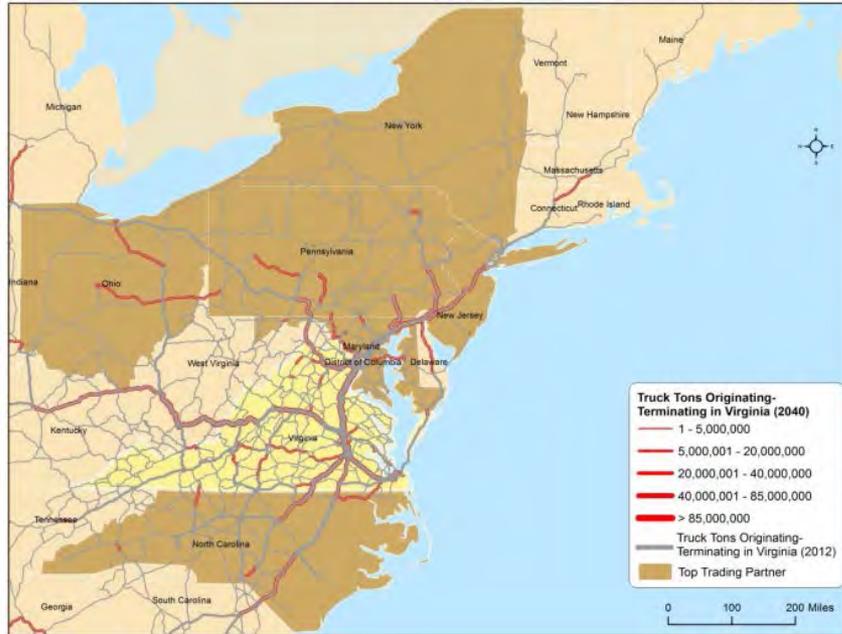
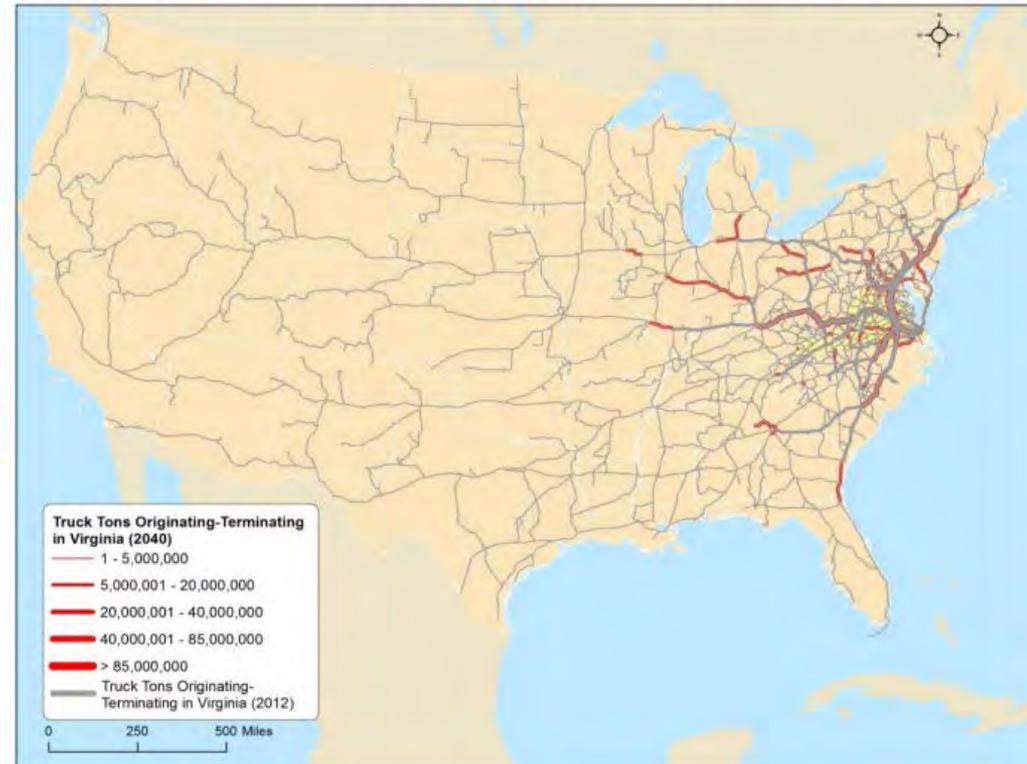


Figure 3.37 Flows of Truck Freight by Tons Originating-Terminating in Virginia, 2012 and 2040



Source: IHS Transearch data assigned to the Freight Analysis Framework (FAF) highway network



Note: Long-haul freight trucks typically serve locations at least 50 miles apart, excluding trucks that are used in movements by multiple modes and mail.
Source: U.S. Department of Transportation, Federal Highway Administration, Office of Freight Management and Operations, Freight Analysis Framework, version 2.1, 2010.

Economic Development Opportunity is Again Knocking

PROPOSED RAIL PROJECTS

- I-95/I-64 Intercity Passenger Rail
- Commuter Rail Improvement
- - - Southeast High Speed Rail
- National Gateway
- US 29, US 460, I-81 Passenger Service
- Crescent Corridor
- Heartland Corridor



Figure 2.3 NS Four Major Intermodal Corridor Initiatives

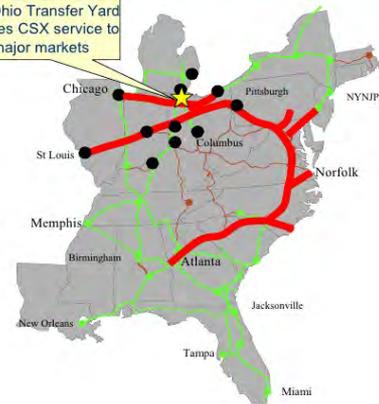
CSX National Gateway



- Connects Norfolk to the Midwest and beyond
- Expedites traffic through Chicago and St. Louis gateways

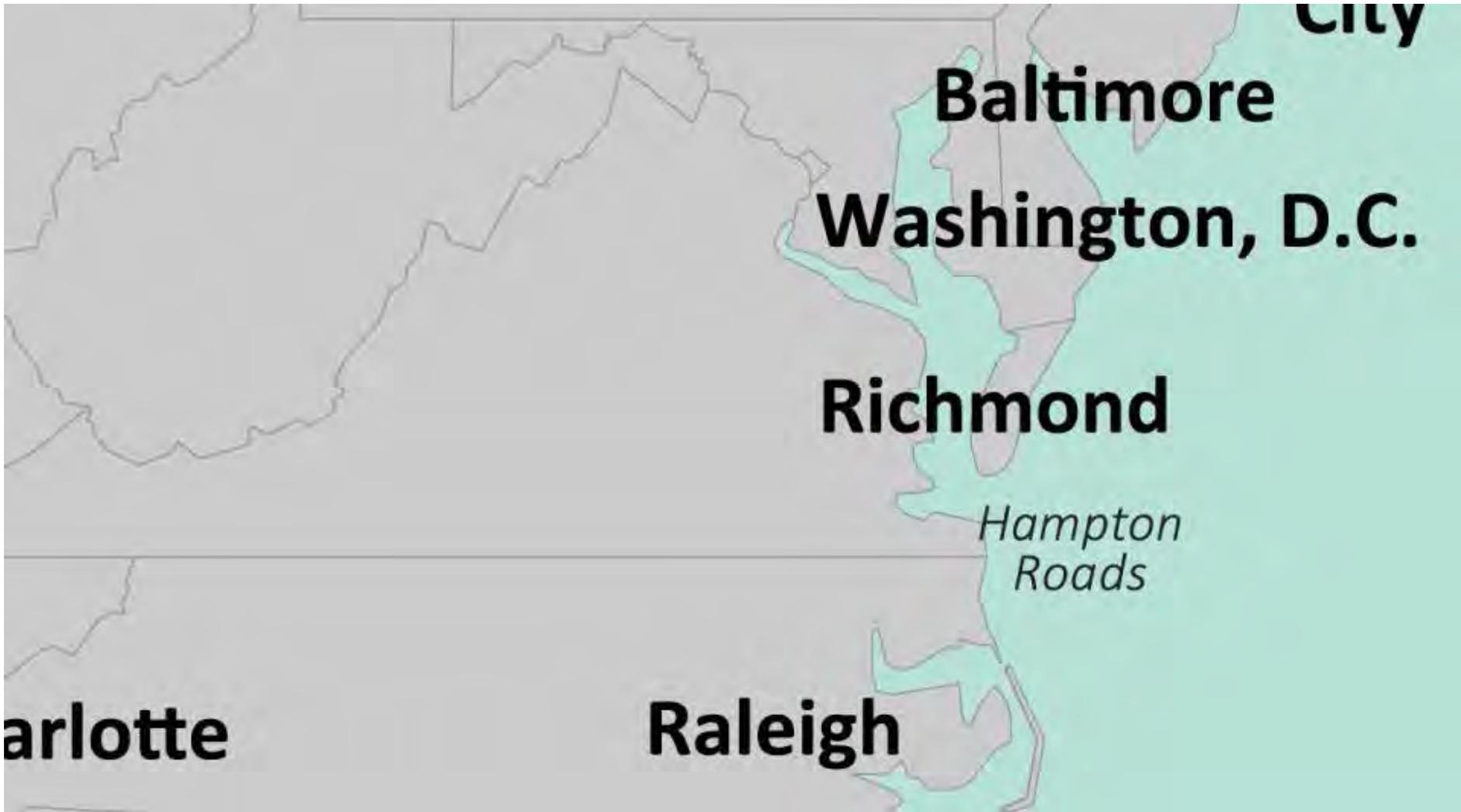
- CSX National Gateway
- CSXT double stack routes
- Other CSXT routes

NW Ohio Transfer Yard enables CSX service to new major markets

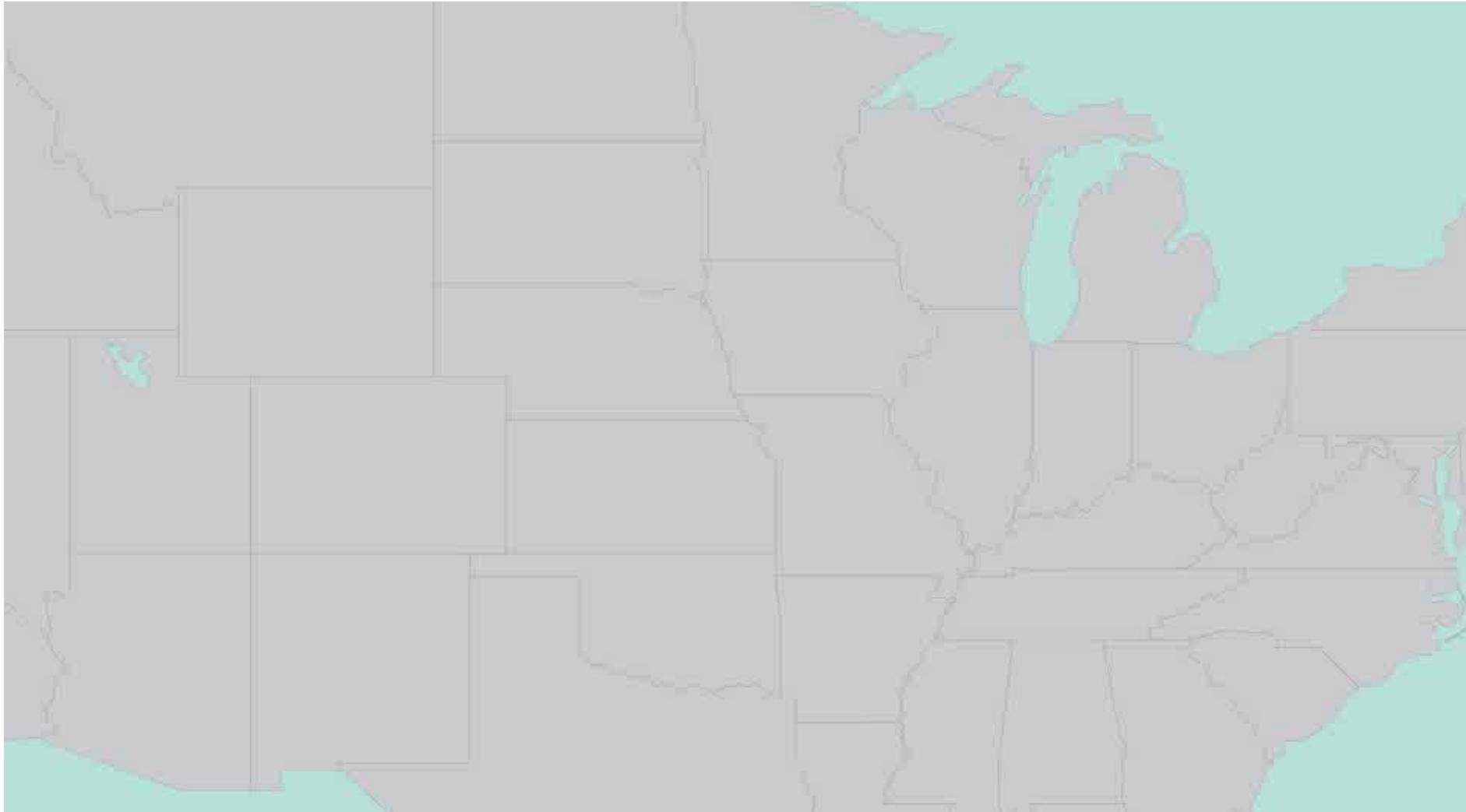


Source: BizNS, Volume 4 Issue 6, November-December 2012.

Economic Development Opportunity is Again Knocking



Economic Development Opportunity is Again Knocking



What Could Drive Joint Economic Development?

- **Major traffic shifts**

- 2017 Panama Canal opening
- Norfolk/Portsmouth redevelopment and major State capacity investment
- Better connectivity to Midwest and Southeast
- Highways and airways are getting full

- **Corridor Development**

- Heartland and National Gateway improvements
- Major state investments in Railroads for route capacity and speed
- Reduced Railroad capital availability
- Redesign corridors for new demands

- **Past Risk with Speed Reduced**

- Bulk Commodities traffic mix like Coal are substantially reducing
- Intermodal opportunity continues to climb
- Passenger demand continues to escalate
- Speed Differential Formula has changed

Thank you! - Questions?





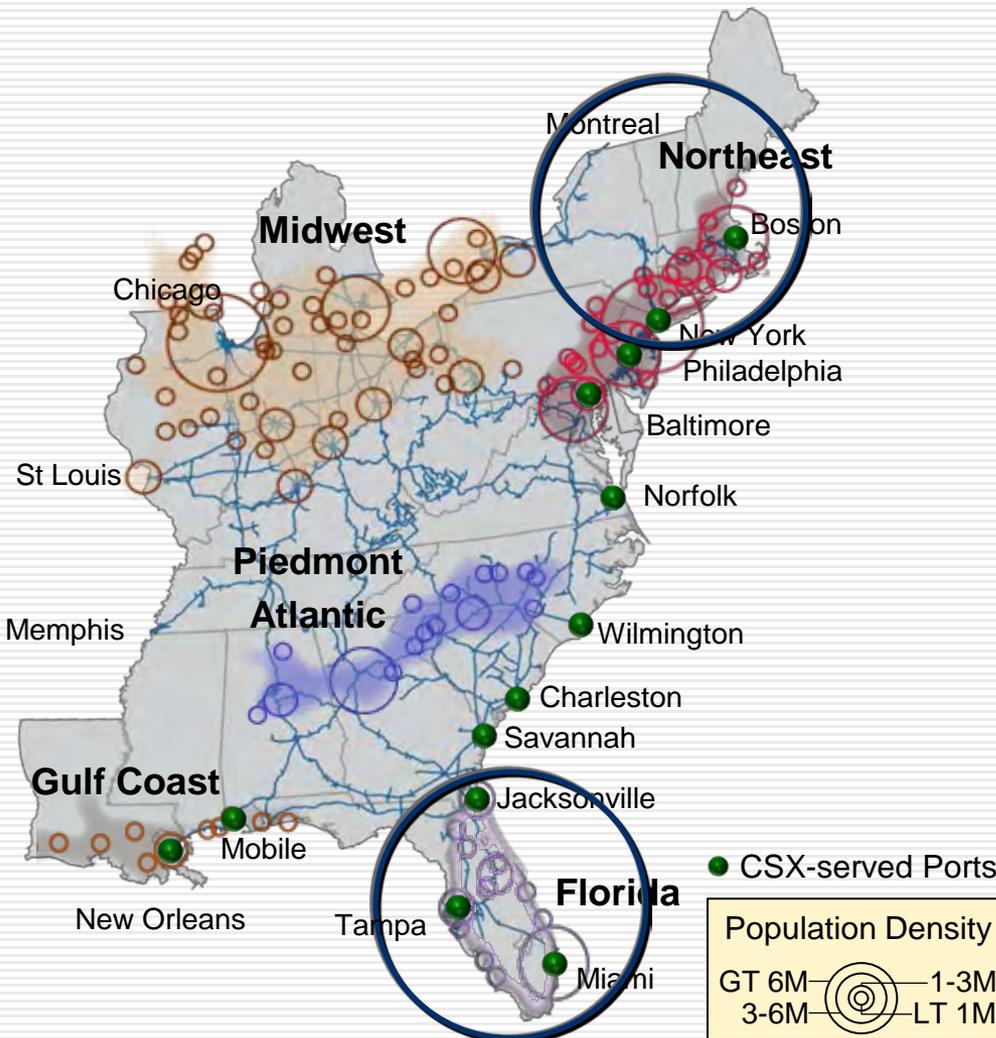
Future of Railroad Trends, Policies, and Planning

Barry Hall

CSX Transportation



CSX is a Class I freight railroad, serving East Coast

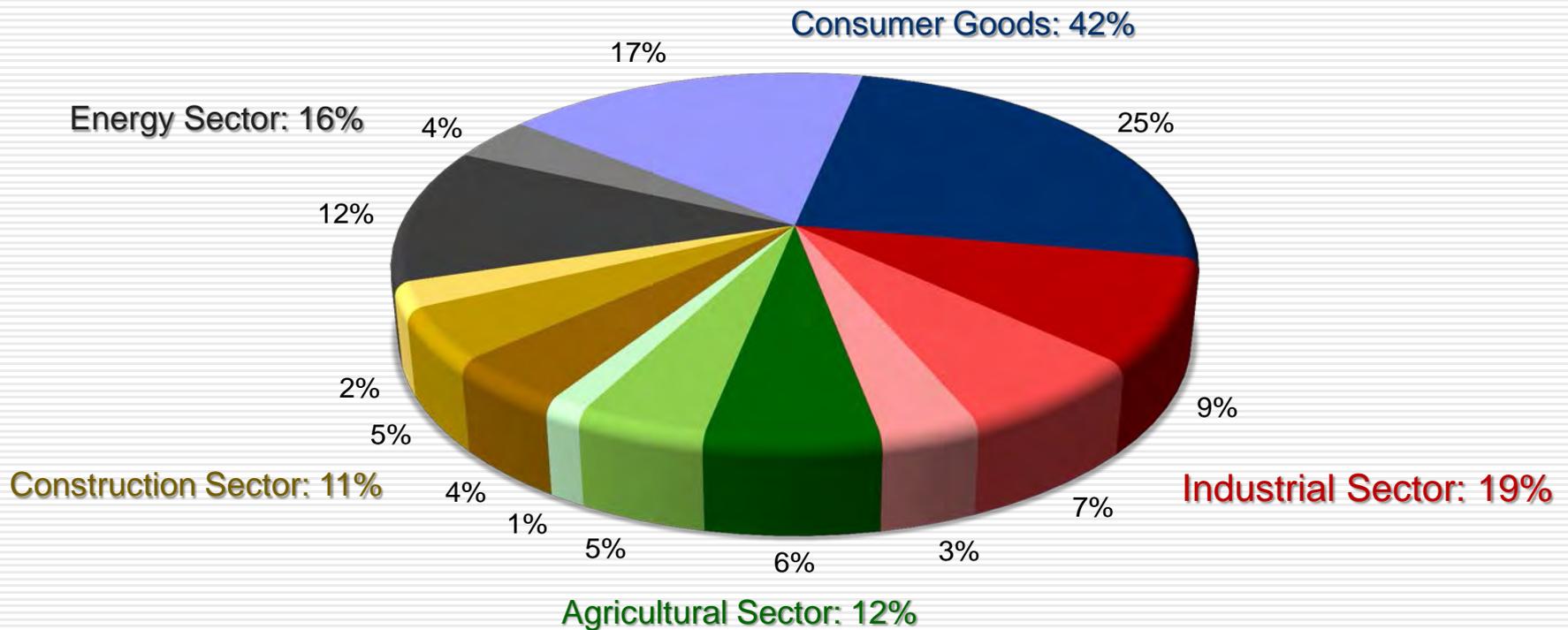


- Connects all five eastern mega-regions
- Serves nearly two-thirds of the nation's population
- Access to over 60% of U.S. industrial production
- Superior market reach into Northeast and Florida
- Network reach is foundation for business diversity

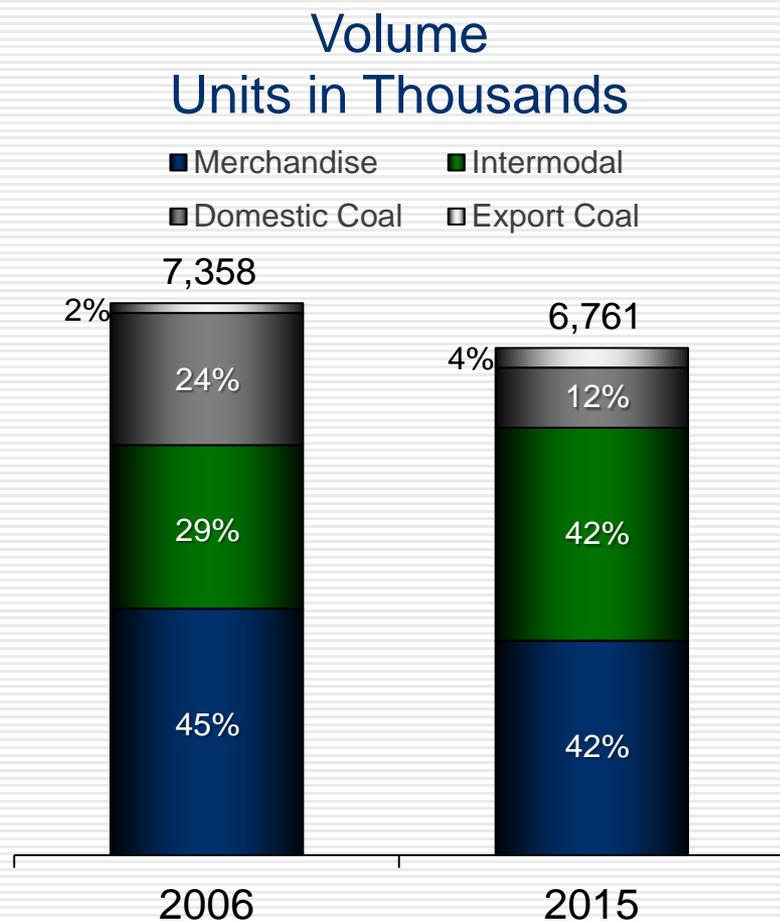
Business diversified across broad market base

2015 Volume by Market: 6.8 Million Units

Domestic coal
 Export Coal
 Domestic Intermodal
 International Intermodal
 Chemicals
 Automotive
 Metals
 Agriculture
 Phosphates
 Food & Consumer
 Forest Products
 Minerals
 Waste & Equipment

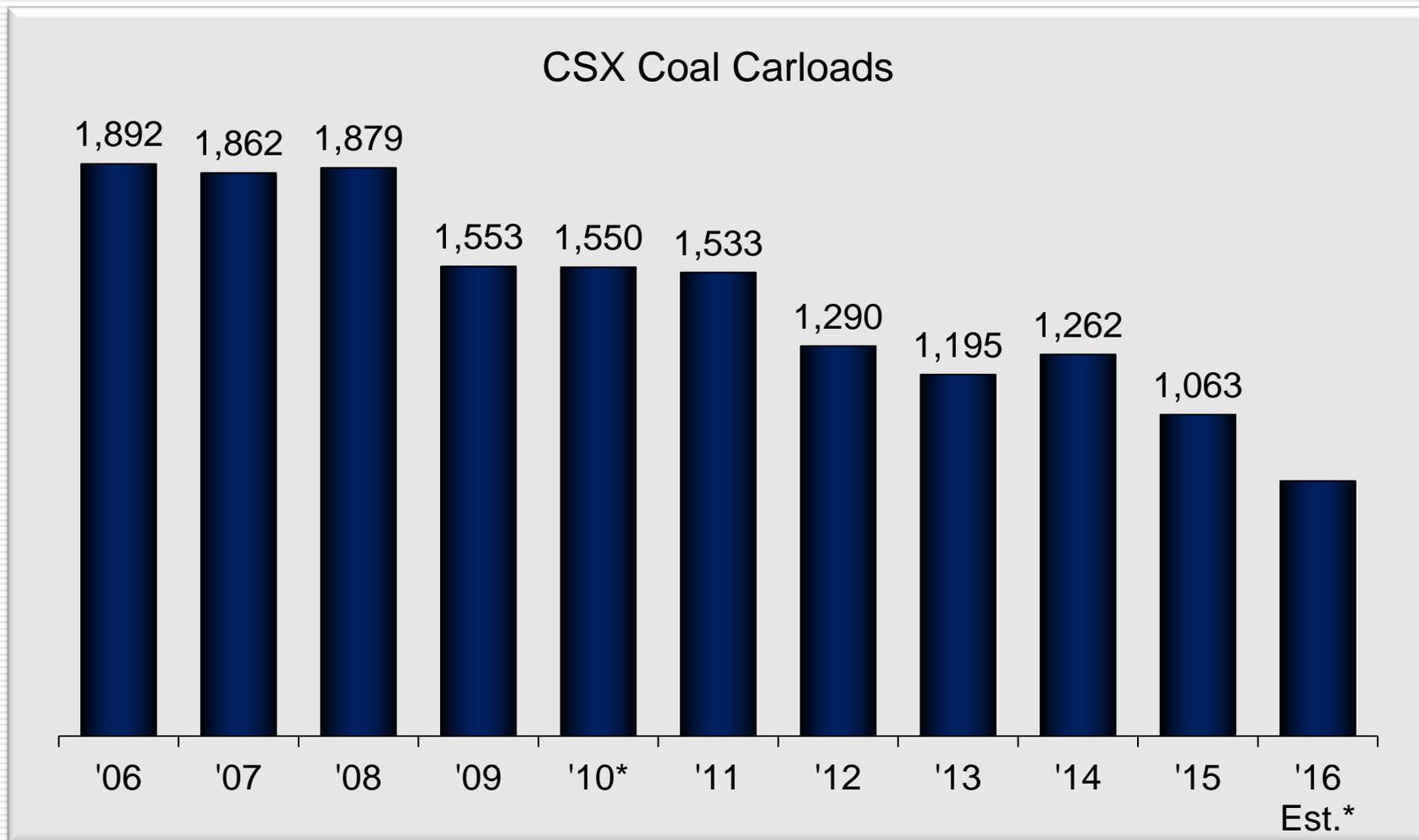


However, the portfolio has shifted dramatically



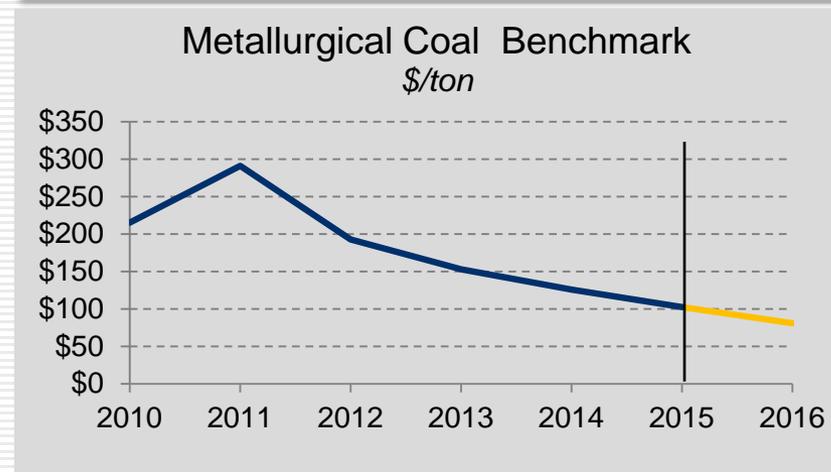
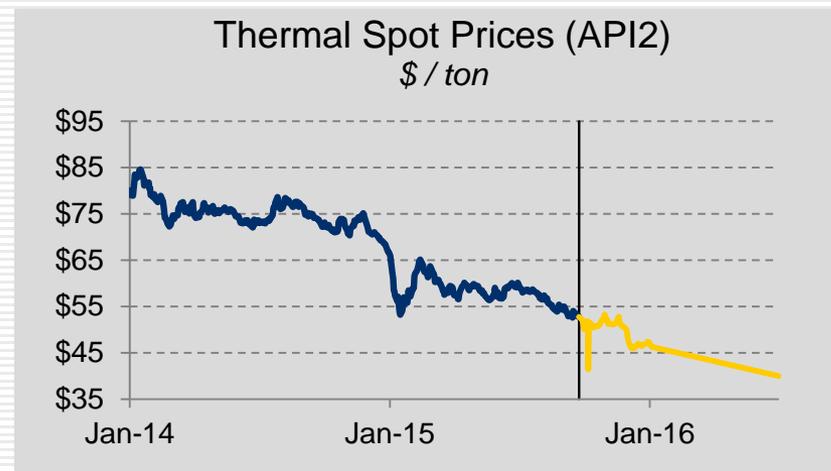
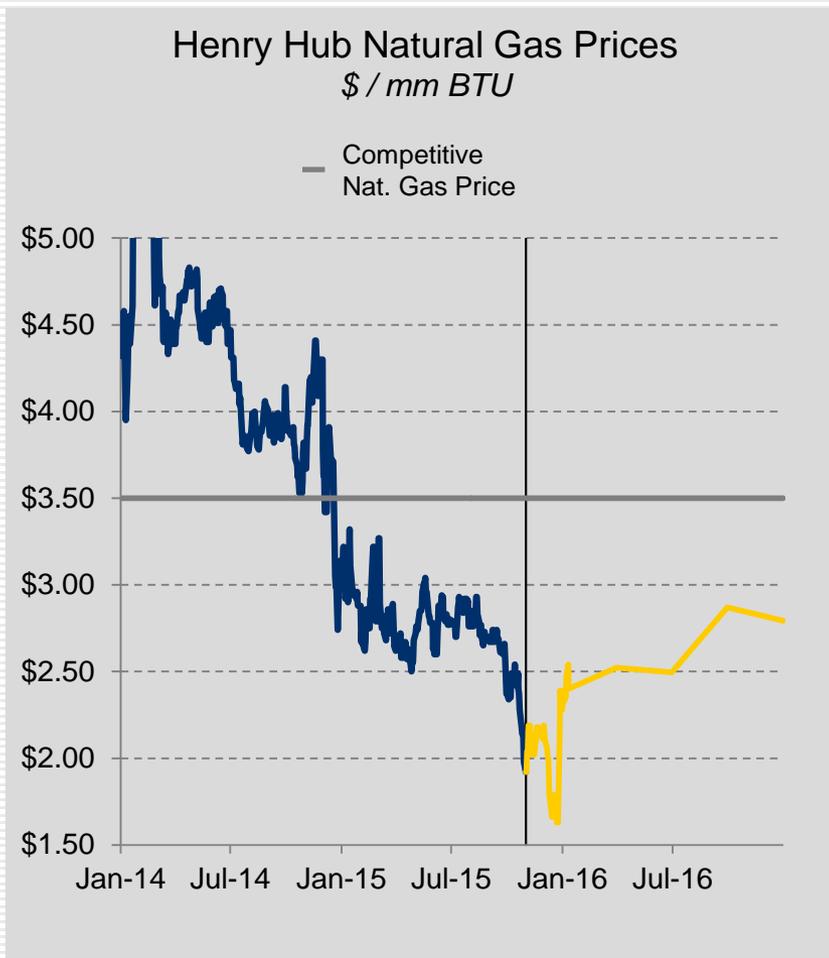
- Intermodal growth
 - *Driven by highway conversions and new customers and services*
- Merchandise down
 - *Shifting industrial landscape*
- Domestic coal decline
 - *Driven by natural gas substitution*
- Export coal more variable
 - *Driven by commodity prices for metallurgical and thermal coal*

Coal decline has been sustained over last decade



* 2010 and 2016 shown on a 52-week basis

Coal challenges are likely to continue

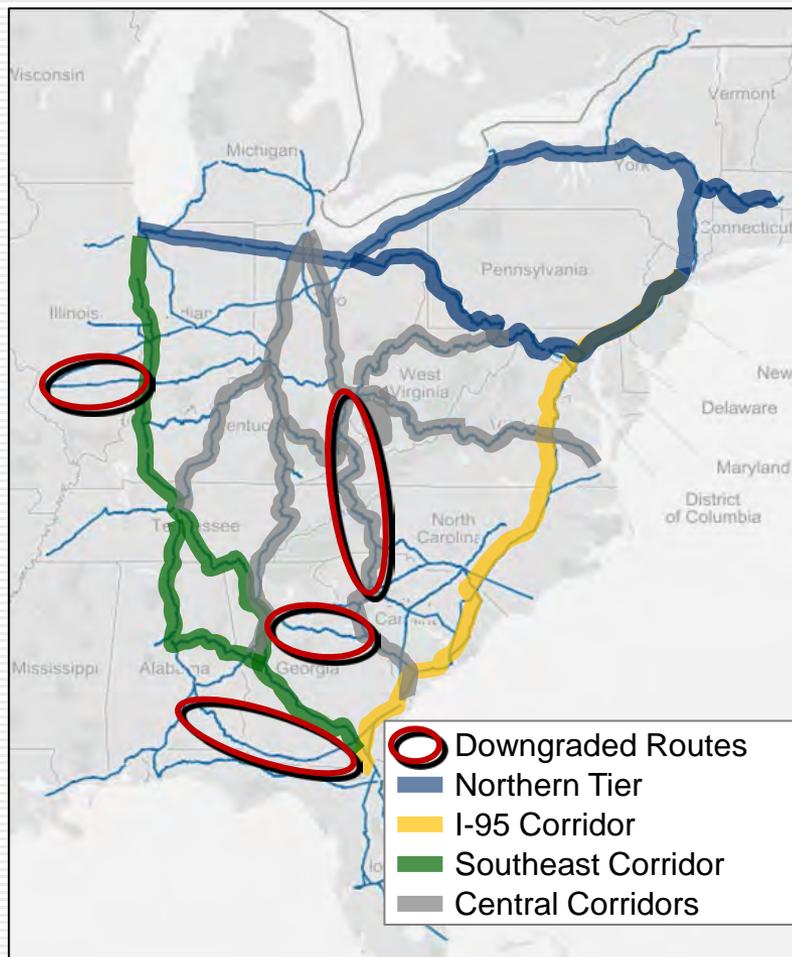


— Actual

— Projection

Driving density to core routes due to demand shift

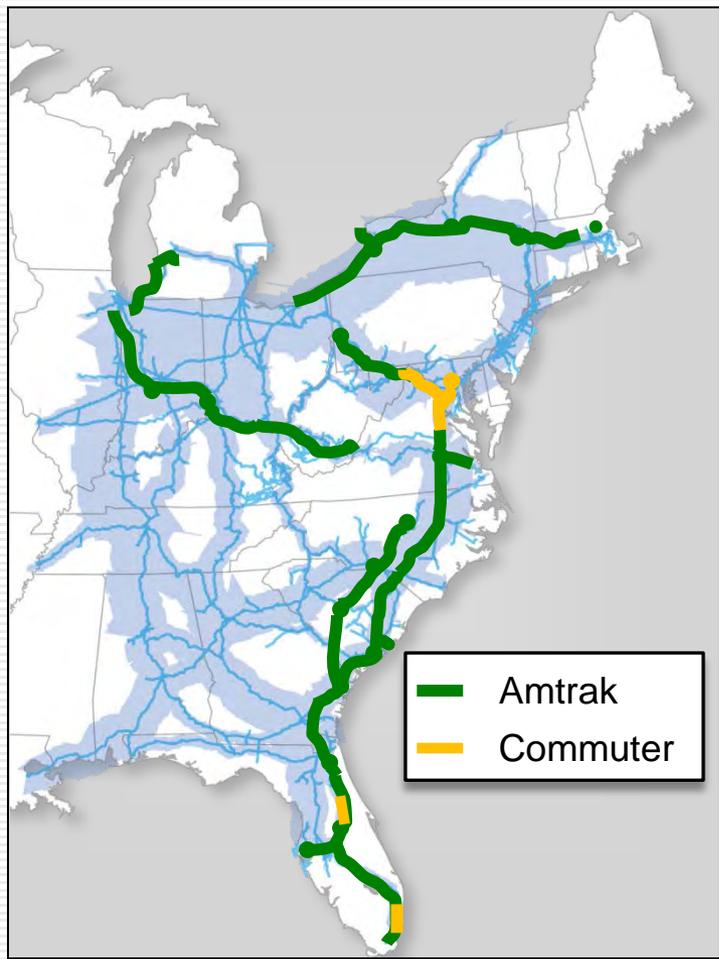
CSX Network Map



- Focus of investments is on the core “triangle”
 - Includes Northern Tier, I-95 and Southeast Corridor
- Asset reductions in process on Central Corridors
 - Driven by declining Appalachian coal production
- Exploring downgrades of interior segments
 - Re-route through trains while maintaining service to local customers, encouraging new business opportunities

Balancing freight capacity and passenger service

Passenger Operations on CSX



- Passenger trains share infrastructure with about 30% of CSXT freight moves
 - *Per day: 114 trains, 3.4k miles, 42k riders*
- Corridors are becoming more congested and some where expansion is not possible
- Encourage separate ROW for new/expanded services on such corridors
- Separate ROW and tracks for passenger trains >90 mph

Four guiding principles for new passenger service

Safety

- Must meet CSXT's guidelines for safe operations
- Facilities engineered to CSXT standards; service capped 90mph

Liability

- CSXT must be fully protected from any passenger related liability
- Operator must secure mutually acceptable, adequate insurance

Capacity

- Capacity for new service must be replaced at no cost to CSXT
- Required capacity must be built before new service commences

Compensation

- CSXT must be properly compensated for operating/capital needs
- CSXT should not be asked to subsidize passenger service

Questions...