

MOTION NO. M2014-104  
**Amtrak Operating Agreement**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	12/18/2014	Final Action	Ahmad Fazel, DECM Executive Director <b>Eric Beckman, Deputy Executive Director Business and Construction Services</b>

PROPOSED ACTION

Authorizes the chief executive officer to execute an operating agreement with the National Railroad Passenger Corporation to allow intercity and interstate passenger service to operate on the Sound Transit-owned Lakeview rail corridor between Nisqually and Tacoma.

KEY FEATURES SUMMARY

- The operating agreement establishes the rights and responsibilities for the National Railroad Passenger Corporation's (Amtrak) operations on Sound Transit-owned rail line and details the standards to which Sound Transit will maintain the track.
- The agreement establishes the financial terms for Amtrak's use of the rail line. Revenues collected from Amtrak's usage are intended to offset annual maintenance of activities performed by Sound Transit.
- The agreement contains an incentive/penalty provision which adjusts the compensation based on delays to Amtrak's service on the Sound Transit corridor. Persistent delays increase the risk that revenues will not fully cover costs.
- Compensation from this agreement is anticipated to be in the range of \$690,000 to \$730,000 in the first year of operations.
- Sounder and Amtrak schedules have been coordinated to eliminate conflicts; however, the additional trains in the corridor could impact Sounder on-time performance.

BACKGROUND

WSDOT has obtained nearly \$800 million in funding through the Federal Railroad Administration's (FRA) High-Speed Intercity Passenger Rail program. The FRA funds will be used to deliver rail infrastructure improvements that expand travel choices, preserve freight mobility, and foster economic growth across the state. The program goal is to improve Washington's Amtrak Cascades service between Portland, OR, and Vancouver, B.C., with specific outcomes to reduce travel time between Portland and Seattle, increase on-time performance to 88%, and add two additional daily roundtrips.

The Point Defiance Bypass project is a keystone project within the program and will improve portions of the Sound Transit-owned Lakeview corridor in Pierce County between Nisqually and Tacoma. The project is anticipated to be complete in early 2017 and passenger service will then be routed along the Lakeview corridor between Nisqually and Tacoma, avoiding the slower congested route along Puget Sound.

As the operator of both the intercity Cascades service funded by the State of Washington and its own interstate Coast Starlight service, Amtrak must enter into an operating agreement with Sound Transit in order to operate on Sound Transit owned rail. An incentive/penalty provision is contained in the proposed agreement, which adjusts the level of compensation based on Amtrak's

delay (such as track maintenance and Sounder and freight interference) on the Sound Transit corridor. When Sound Transit maintains the corridor and minimizes delays to Amtrak, the total compensation increases. Conversely if Amtrak begins to experience excessive delays on the Sound Transit-owned corridor, the compensation will be decreased.

## FISCAL INFORMATION

Amtrak and Sound Transit staff have proposed a compensation arrangement for the use of the Nisqually to Lakewood rail corridor commonly referred to as Point Defiance Bypass. The compensation is a combination of an annual fixed fee \$467,373 plus an incentive/penalty element which is determined through on-time performance. The Operations Department developed eight performance scenarios based on Amtrak historical performance of the Cascade and Starlight services and projected revenues from this agreement. Revenues range between \$467,373 and \$729,708 annually with the most probable revenues between \$687,196 and \$729,708. Of the eight scenarios, none resulted in a penalty which reduced the fixed fee portion of the compensation. The risk of such a result is possible, but low.

The projected cost to maintain the rail segment between Nisqually and Lakewood is \$642,183. Of the eight likely scenarios, six exceeded the projected cost to maintain the rail segment. Although there is risk that compensation could fall under the cost to maintain the rail segment and result in costs in excess of revenue of up to \$174,810, it is more likely than not, based on historical performance, that revenues will meet or exceed the projected cost to maintain the rail segment.

The costs of maintaining the rail corridor will be included in the annual budget development process.

Revenues from this agreement will be estimated and included in the budget development process and recognized when received.

## PUBLIC INVOLVEMENT

Not applicable to this action.

## TIME CONSTRAINTS

A one month delay would not create a significant impact to the project schedule.

## PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2014-21: Authorizing the chief executive officer to execute a Service Outcomes Agreement with the Washington State Department of Transportation (WSDOT) and the National Railroad Passenger Corporation (Amtrak) and a Construction and Maintenance Agreement with WSDOT to implement a portion of the Cascade High Speed Rail Program on Sound Transit owned rail corridor.

## ENVIRONMENTAL REVIEW

Ji 11/24/2014

## LEGAL REVIEW

JW 12/12/2014

**MOTION NO. M2014-104**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an operating agreement with the National Railroad Passenger Corporation to allow intercity and interstate passenger service to operate on the Sound Transit-owned Lakeview rail corridor between Nisqually and Tacoma.

**BACKGROUND:**

WSDOT has obtained nearly \$800 million in funding through the Federal Railroad Administration's (FRA) High-Speed Intercity Passenger Rail program. The FRA funds will be used to deliver rail infrastructure improvements that expand travel choices, preserve freight mobility, and foster economic growth across the state. The program goal is to improve Washington's Amtrak Cascades service between Portland, OR, and Vancouver, B.C., with specific outcomes to reduce travel time between Portland and Seattle, increase on-time performance to 88%, and add two additional daily roundtrips.

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**MOTION:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an operating agreement with the National Railroad Passenger Corporation to allow intercity and interstate passenger service to operate on the Sound Transit-owned Lakeview rail corridor between Nisqually and Tacoma.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 18, 2014.

  
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Paul Roberts  
Board Vice Chair

ATTEST:

  
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Marcia Walker  
Board Administrator