



Expanding Passenger Rail Service on America's Growing Corridors

States and Amtrak working together for new and improved passenger rail service through the Infrastructure Investment and Jobs Act

April 1, 2022

Second Great Passenger Rail Revolution Begins Now

- On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) – also known as the *Bipartisan Infrastructure Law* – was signed into law. This legislation provides historic levels of investment for rail and makes important federal policy updates.
- The IIJA included:
 1. Infusion of guaranteed funding released over the next 5 years
 2. New and improved federal transportation policy
- The IIJA was particularly important for rail, as it provides a robust infusion of additional federal funds and creates a framework for the expansion of new and enhanced “corridor routes” across the nation.

IIJA Overview

- **\$550 billion** in new, supplemental funding (on top of regular authorized funding) to support infrastructure investments
- **\$66 billion** for rail
 - ↳ \$22 billion for Amtrak
 - ↳ \$36 billion for FRA passenger rail
 - ↳ \$8 billion for FRA rail and safety
- New FRA Corridor Identification and Development program
- Other improvements to Amtrak and rail programs, and additional support for states that want Amtrak service

What are State-Supported corridor routes?

- Amtrak has three train service lines: Northeast Corridor (NEC), State-Supported, and Long-Distance.
- The State-Supported service line provides intercity passenger train service for state partners, who are the customers for this service, commonly referred to as “Section 209” service.
- State-Supported routes, by law, serve corridors less than 750 miles in length (and usually less than 500 miles), typically over tracks owned by third-party “host railroads.”
- **Demand for corridor service is growing!** State-Supported ridership has continuously increased due to market shifts, societal changes, and strong state-Amtrak partnerships.
- The IIJA provides robust federal funding to **help states and Amtrak improve and expand corridor service**, including unprecedented assistance with up-front capital costs and initial operating costs – a game changer!

State-Supported Results, FY19

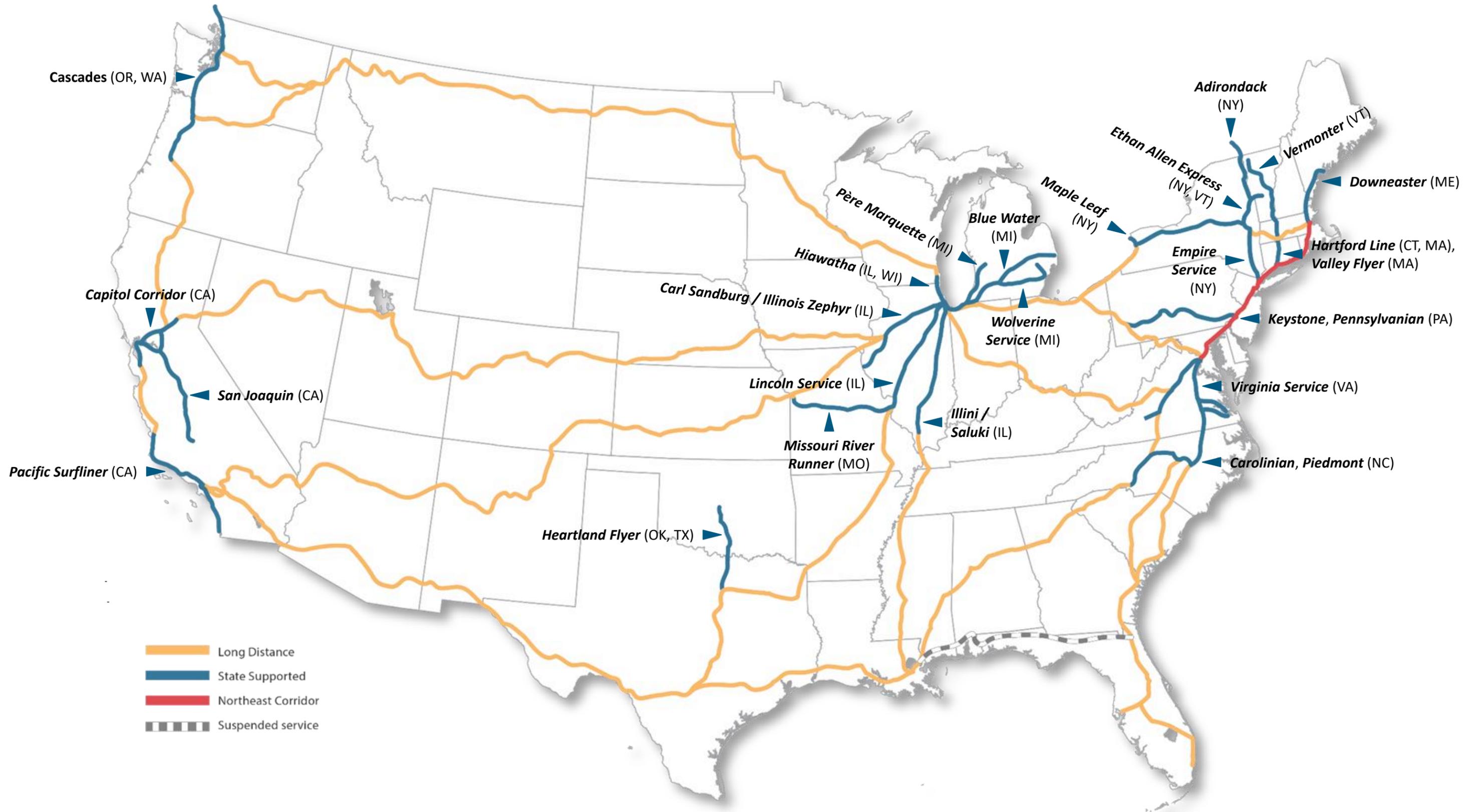
Pre-pandemic, all-route totals

Ridership	15.4 million
Operating Revenue	\$806.4 million
Operating Expense	\$864.4 million

State-Supported Fast Facts

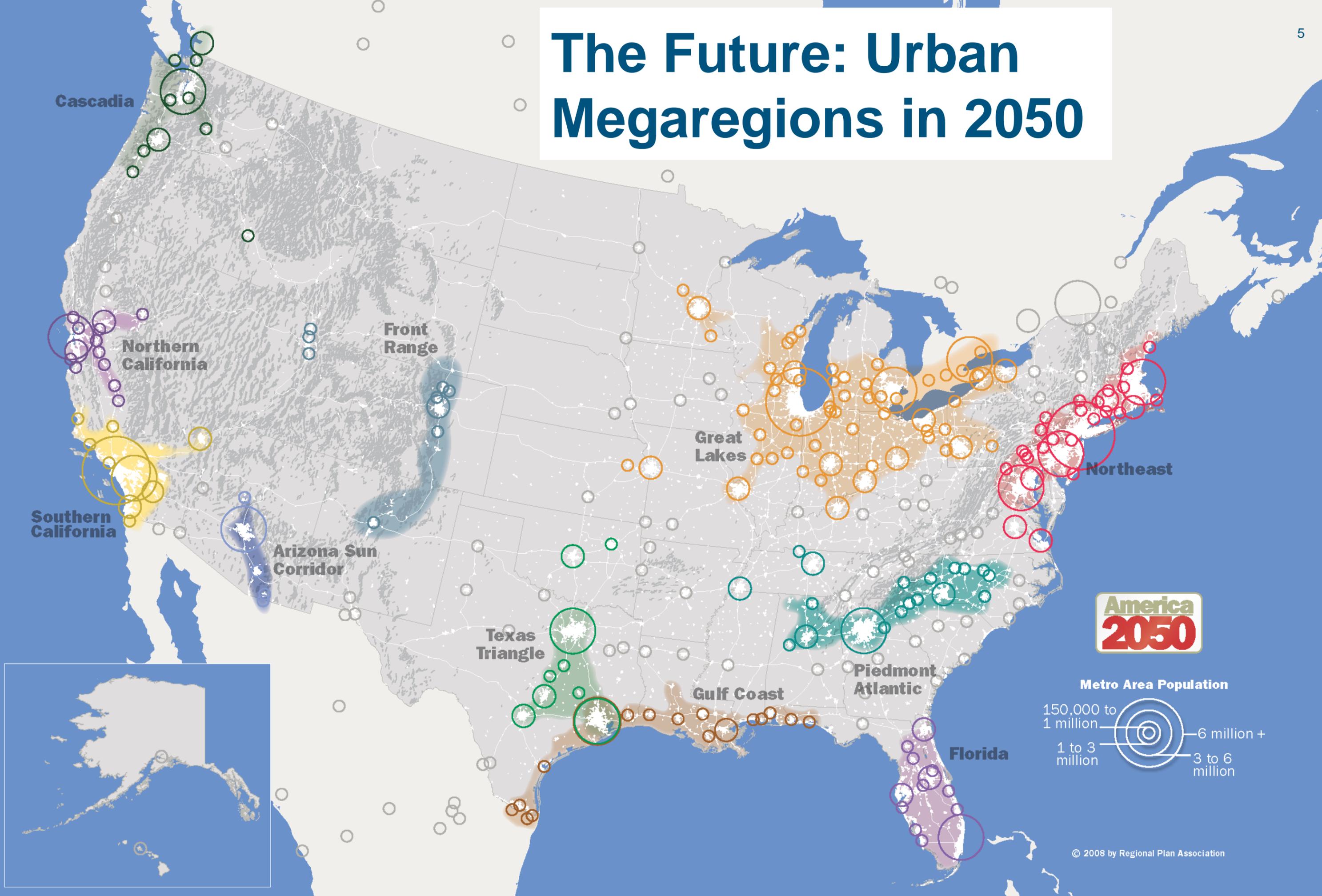
- **17 state partners** support **28 routes**
- **Steady ridership growth** (up by 70%+ over last 20 years (pre-pandemic))
- **New services** continue to launch (e.g., *Valley Flyer* in CY19)
- Governed by **Section 209** of the Passenger Rail Investment and Improvement Act (PRIIA) of 2008
- States and Amtrak address shared needs and challenges through the **State-Amtrak Intercity Passenger Rail Committee (SAIPRC)**

Amtrak's State-Supported Routes (shown in blue)

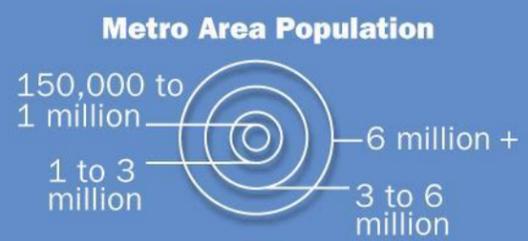
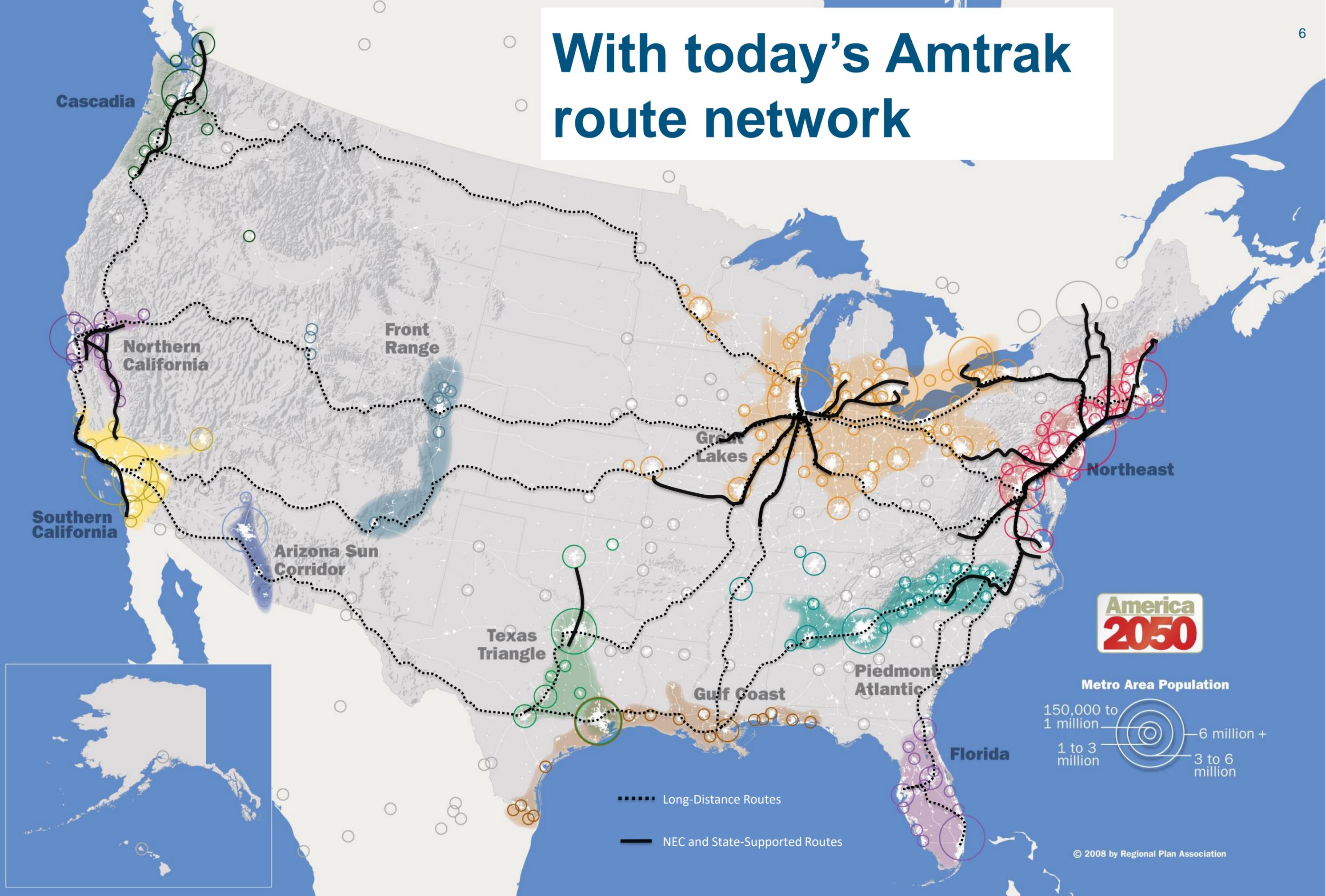


Note: If a State-Supported route and Long-Distance route operate along the same segment, that segment is shown as State-Supported (blue). If the NEC and either a State-Supported or a Long-Distance route operate along the same segment, that segment is shown as NEC (red).

The Future: Urban Megaregions in 2050



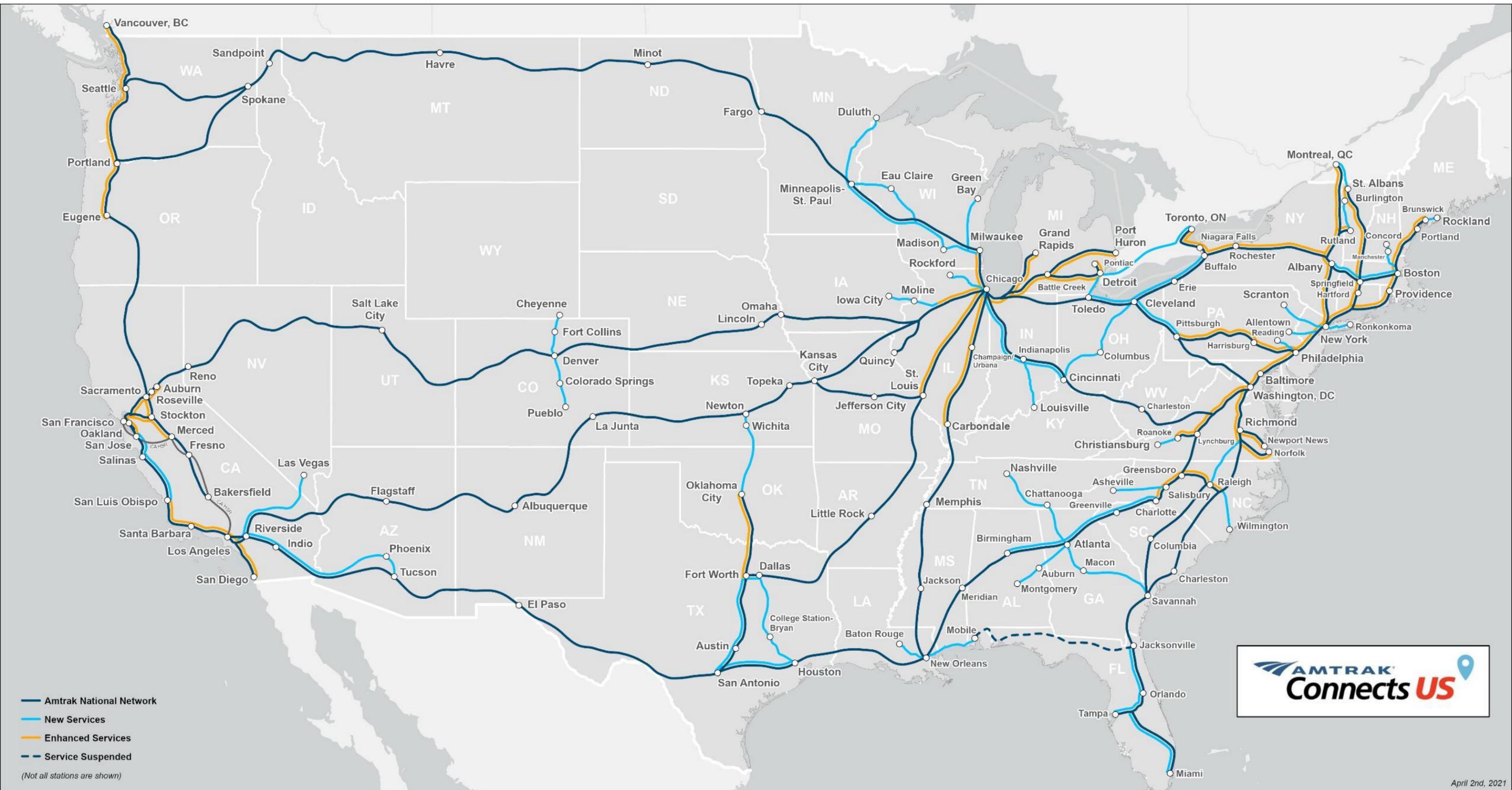
With today's Amtrak route network



- Long-Distance Routes
- NEC and State-Supported Routes

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Amtrak's vision for the future of intercity passenger rail



Advance Appropriations: NEC and National Network

Dedicated NEC Funding
up to \$30 billion

**Amtrak
Northeast
Corridor Grant**

\$6 billion

**Fed.-State Partnership for
Intercity Passenger Rail:**

Reserved for NEC

not more than
\$24 billion

Multipurpose Funding
(could benefit NEC or NN or neither)
\$8 billion

**Railroad
Crossing
Elimination**

\$3 billion

Amtrak would not be eligible to apply for RCE grant funding directly, but eligible applicants could use such funding in ways that benefit the NEC or the NN.

CRISI

\$5 billion

Amtrak would remain an eligible applicant, and most currently-eligible project types would likewise remain eligible.

Dedicated NN Funding
at least \$28 billion

**Amtrak
National Network Grant**

\$16 billion

**Fed-State Partnership
for Intercity Passenger
Rail:**

Available for NN

at least
\$12 billion

This funding is technically available for "non-NEC" projects, which could include either Amtrak's National Network or routes not operated by Amtrak.

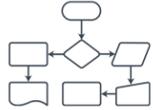
LEGEND

Grant to Amtrak

FRA Discretionary Grant

Corridor Development Programs and Funding in IIJA

The IIJA updates current law, creates new programs, and provides five years' worth of guaranteed funding (advance appropriations) to promote intercity passenger rail corridor development.

Program Name	Type(s)	Amount	
<p>Corridor Identification & Selection Program <i>New: FRA process will enable states or other entities to propose specific corridor routes; FRA will select high-potential corridors for development, and selected corridors will then become funding priorities for federal grant programs described below.</i></p>	 Process (Administrative)	<p>N/A (Not a grant program)</p>	
<p>Federal-State Partnership for Intercity Passenger Rail Grants <i>New: FRA discretionary grant program will, among other functions, serve as primary source of federal <u>capital</u> assistance for efforts to initiate or enhance service in corridors selected via Corridor Identification & Selection Program.</i></p>	 Funding (Capital)	<p>at least \$12 billion / 5 yrs. (Advance appropriation for non-NEC projects)</p>	
<p>Restoration & Enhancement Grants <i>Updated: FRA discretionary grant program, as amended, will serve as primary source of federal <u>operating</u> assistance for services initiated or enhanced via Corridor Identification & Selection Program, providing gradually-diminishing support over up-to-six-year phase-in period.</i></p>	 Funding (Operating)	<p>up to \$250 million / 5 yrs. (Advance appropriation)</p>	
<p>Interstate Rail Compact Grants <i>New: FRA discretionary grant program will assist entities implementing interstate compacts (with Amtrak); federal funds can cover costs associated with administration, planning, service promotion, grant applications, operations coordination, etc.</i></p>	 Partnership (States-Amtrak)	 Funding (Administrative)	<p>up to \$15 million / 5 yrs. (Advance appropriation)</p>
<p>Amtrak's National Network Grant (Corridor Set-Aside) <i>Updated: Amtrak will be allowed to put up to 10% of National Network grant funds towards capital needs and initial operating assistance for service on corridors selected via Corridor Identification & Selection Program.</i></p>	 Funding (Capital & Operating)	<p>up to \$1.26 billion / 5 yrs. (10% of Amtrak's National Network grant)</p>	

FRA Corridor Identification and Development Program

The IIJA creates a new process by which FRA is to identify, select, and prioritize corridors in which intercity passenger rail service could be initiated or expanded. The agency's selections will then **guide federal decisionmaking** about where to invest scarce resources.

- **Program establishment and scope:** FRA will establish a program to identify, select, and prioritize for investment: new routes under 750 miles; enhancements of existing routes under 750 miles; increases in Long-Distance service frequency; and restorations of service along all or part of former Amtrak routes.
- **Eligible applicants:** Amtrak, states, groups of states, entities implementing interstate rail compacts, regional rail authorities / planning organizations, political subdivisions of states, Indian tribes, and other public entities may provide FRA with corridor development proposals.
- **Corridor selection by FRA:** FRA will review and select among submitted proposals; decisions will reflect factors like projected ridership, revenue, capital & operating needs, trip times, and economic / connectivity / environmental effects; inclusion in state / regional rail plans; and operator support.
- **Service development plan prepared by FRA:** FRA will prepare service development plans for selected corridors in partnership with relevant entities, and will consult with Amtrak, states, regional transportation authorities, local officials, labor, host railroads, and other stakeholders in doing so.
- **Project pipeline issued by FRA to guide grantmaking:** Within one year of establishment (and annually thereafter), FRA will submit to Congress a prioritized list of corridors selected for development (with details on funding needs and other key information) to inform federal appropriations. FRA will also use this list to guide its own grantmaking.

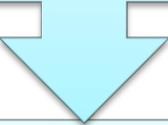
FRA Corridor Identification and Development Program

Program
standup by
May 14, 2022

FRA Creates Corridor Program
The Secretary “shall establish a program to facilitate the development of intercity passenger rail corridors,” which shall include processes governing all of the features below.



Corridor Selection Process
Eligible entities (states, entities implementing interstate compacts, Amtrak, etc.) will submit corridor development proposals to FRA via the process that FRA will have established



FRA Review of Submitted Proposal
FRA will review eligible entities’ corridor development proposals



Service Development Plan
FRA will partner with the submitter of a selected proposal (and other relevant entities) to prepare a service development plan for the corridor

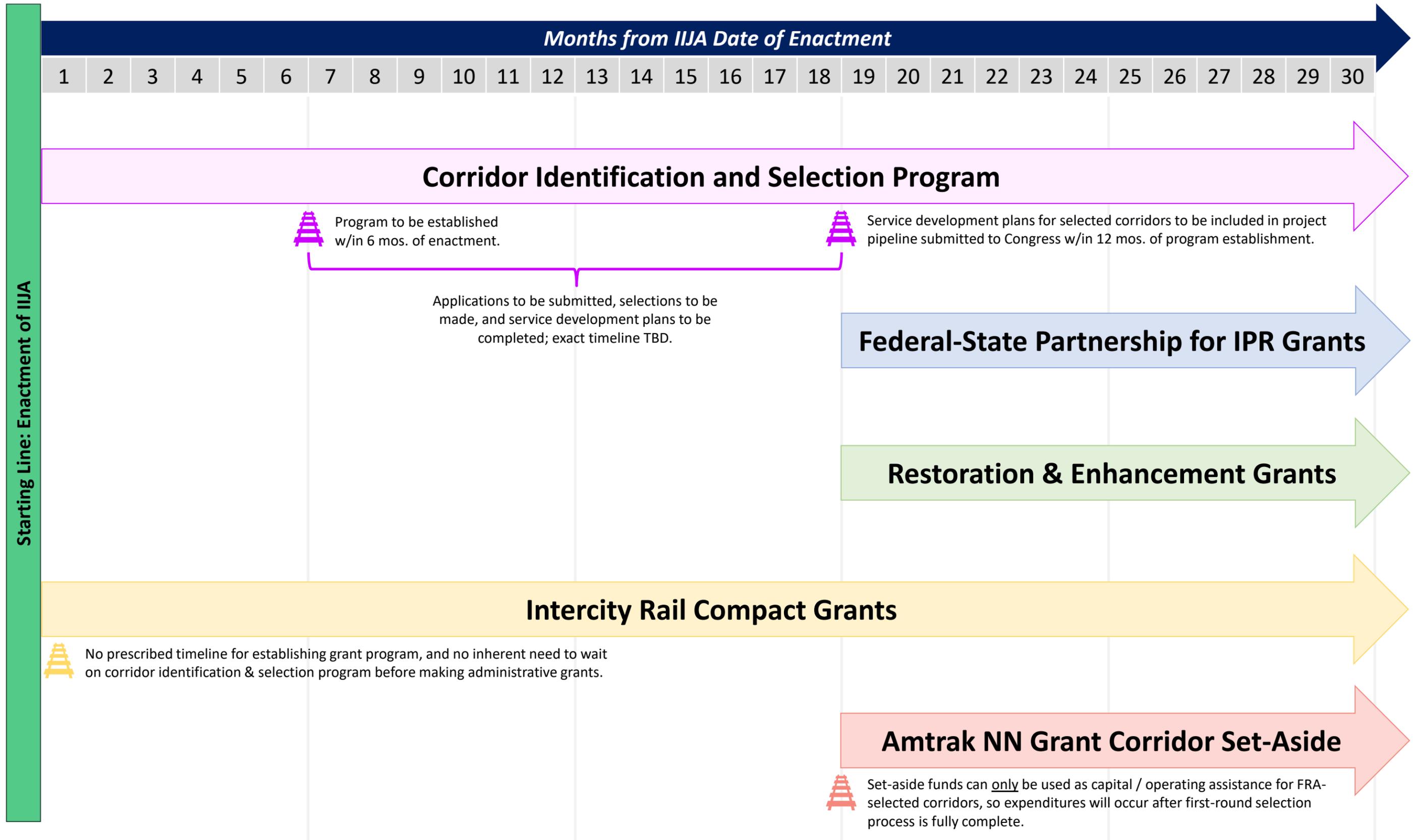


Report to
Congress by
May 14, 2023

FRA Submits Corridor Pipeline Report to Congress
FRA will submit to Congress a “project pipeline” that identifies selected corridors and prioritizes relevant capital projects, as articulated in those corridors’ service development plans; this pipeline will inform future federal appropriations for corridor development



Corridor Development Timeline



IIJA Capital Grants

Federal-State Partnership for Intercity Passenger Rail Grants

IIJA updates an FRA competitive grant program, making it the primary source of **capital** funding for corridor development (alongside several other functions). Of total program funding, at least 45% is reserved for NEC projects and at least 45% is reserved for non-NEC projects (of which 20% is reserved for projects that benefit a long-distance route). With respect specifically to non-NEC funding being used for corridor development purposes:

- **Scope and Eligibility:** Eligible applicants (includes states, interstate compacts, and Amtrak) can receive support (up to 80% of total project costs) for capital projects that expand or establish new intercity service. FRA may reserve up to 5% of total program funds specifically for planning grants.
- **Preferences in Grantmaking:** FRA will give preference to:
 - Corridors selected via the FRA corridor identification and selection program
 - Projects for which Amtrak is not the sole applicant
 - Projects that improve the financial performance, reliability, frequency, or SoGR of an Amtrak route, among other factors

IIJA Operating Grants

Restoration and Enhancement (R&E) Grants

IIJA updates a currently-authorized FRA competitive grant program, making it the primary source of **operating** funding for intercity corridor development.

- **Scope and Eligibility:** Eligible applicants (including states, interstate compacts, & Amtrak) can receive temporary assistance with the net operating costs of initiating, restoring, or enhancing intercity service according to the schedule at right.
- **Major changes:** IIJA extends the maximum phase-out period for federal assistance from three years to six, and gives priority to corridors selected via FRA's corridor identification and selection program.

R&E Grant	
Year	Federal Share, Net Operating Costs
Year 1	up to 90%
Year 2	up to 80%
Year 3	up to 70%
Year 4	up to 60%
Year 5	up to 50%
Year 6	up to 30%
Years 7+	PRIIA Sec. 209 applies

Interstate Rail Compact Grants

IIJA creates a new FRA competitive grant program specifically to support interstate rail compacts, with an emphasis on **administrative** and **planning** costs.

- **Scope and Eligibility:** Entities implementing interstate rail compacts in partnership with Amtrak can receive support for administrative costs, systems planning, service promotion, preparation of competitive grant applications, and operations coordination (up to the lesser of 50% of eligible expenses or \$1 million/year).
- *Note that no more than ten awards are authorized per year.*

Amtrak Funding for Corridor Development

Corridor Development Support via Amtrak's Grant

IIJA explicitly authorizes Amtrak to use up to 10% of its National Network grant for corridor development purposes.

- Amtrak National Network grant funds must support corridors selected via FRA's corridor identification and selection program.
- These funds may be used either for ***planning and capital costs***, or for ***operating assistance*** consistent with the new up-to-six-year phase-out timeline applicable to FRA Restoration and Enhancement grants.

What can Amtrak do for states?

State partners receive higher-quality service, sooner, and at a lower cost due to Amtrak's unique capabilities, including:

- ✓ Extensive in-house **skills and expertise**
- ✓ **Strong relationships** with stakeholders and customers
- ✓ **National footprint** with the connectivity, efficiencies, and flexibilities that come with it
- ✓ **Unique legal authorities and federal funding** to which no other railroad has access

Amtrak's Value Proposition

Skills and Expertise

- 17,000 employees, many with decades of experience, based across 41 states & DC
- Most financially efficient passenger rail operator in U.S.

Strong Relationships and Processes

- Established partnerships with Congress, FRA, states, host railroads, advocates, etc.
- Partnerships with 17 states sponsoring 28 routes, plus venue for collaboratively addressing shared challenges (SAIPRC)
- Best-in-class customer satisfaction ratings

National Footprint

- 32 million riders in FY 19 (pre-pandemic)
- 500+ communities served across 46 states
- Key operational resources (e.g., national equipment pool, maintenance facilities)

Legal Authorities and Federal Funding

- Guaranteed access to host railroads' tracks / facilities, plus statutory right to dispatching preference over freight
- Direct annual grant funding from Congress, plus access to competitive grant streams not available to other operators

Amtrak is the most skilled and experienced U.S. intercity passenger rail operator

Growing intercity passenger rail service is a complex, resource-intensive process—but as America's Railroad, Amtrak has the skilled workforce to plan and deliver world-class train service.

When states look to sponsor a corridor route, teams at Amtrak are available to help with the following:

- Route planning, from assessment of capital needs to modeling revenue and ridership
- Building stakeholder support
- Accessing grant funding
- Reaching fair agreements with host railroads that work for the states, host railroads, and Amtrak
- Coordinating with federal agencies / other partners
- Handling a wide variety of administrative functions, both before and after service begins



Turnkey Operating and Commercial Solution

Amtrak provides full-service intercity passenger rail operation and management, at cost without markup, leveraging our national scale and economics – some state partners have as few as one employee focused on passenger rail.

Revenue Generation

- Comprehensive marketing and revenue services, including loyalty, distribution, revenue management, onboard concessions, and customer experience.
- Amtrak continues to invest in and evolve commercial programs and capabilities and state partners benefit from these investments without capital outlays.
- All revenue applied to the state service is considered state revenue.

Optimized Operations

- Amtrak manages the full service offering and continually invests in operating processes, tools, and technology.
- Our capabilities cover all aspects of passenger rail operations, including safety, train crews, dispatching, planning, staffing, and equipment maintenance and overhaul, and in addition to states, several commuter rail authorities entrust Amtrak as their operator.

Financial Efficiency

- Our state partnership financial relationships are governed by PRIIA section 209 – which establishes one consistent cost policy across states.
- Amtrak utilizes a cost assignment/allocation model; no markup added.
- The only capital charge for states is for equipment maintenance
- Dedicated Amtrak regional corridor manager ensures service meets state needs.

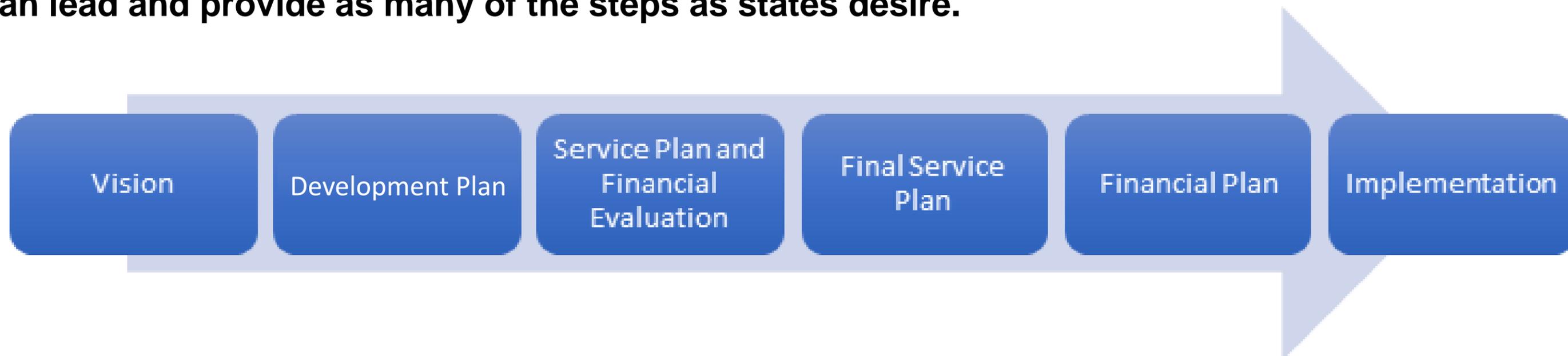
Amtrak's Unique Legal Rights for Host Railroad Access

- 1. Access to rail lines:** Unlike any other passenger rail operator or governmental entity, Amtrak has the following rights, enforceable by the Surface Transportation Board (STB):
 - Operate anywhere on the national rail network
 - Compensation and other terms for its operations over host railroads determined by the STB if agreement cannot be reached
 - Add trains and routes, with the STB resolving any disputes with host railroads over capital investments to accommodate the additional service
- 2. Compensation to host railroads based on incremental costs:** Amtrak's compensation to host railroads is based upon the incremental costs attributable to its trains; any additional compensation must reflect the quality of service the hosts provide.
- 3. Preference over freight:** Amtrak trains have the right to dispatching preference over freight trains that is now enforceable by both the US DOJ and the STB.
- 4. Existing liability apportionment agreements:** Amtrak has existing liability apportionment agreements with all of the major Class I railroads and, where there are not agreements, the right to have the STB determine liability terms.

Amtrak has strong relationships with host railroads,
with teams in daily contact to ensure safe and efficient operations

Service Development Process in Six Steps

There are six typical steps to develop and implement new intercity passenger rail services. Amtrak can lead and provide as many of the steps as states desire.



1. **Vision:** Propose the route and basic characteristics of the service, including number of trips per day, schedules, and connections. High-level estimates of impacts such as ridership, revenue, and economic development.
2. **Development Plan:** In close cooperation with state(s), a more detailed assessment of schedules, ridership, infrastructure, equipment needs, host railroad needs, and financials.
3. **Service Plan and Financial Evaluation:** Equipment and financial estimate corresponding to the Development Plan, in accordance with PRIIA state pricing methodology.
4. **Final Service Plan:** If state(s) elect to proceed, develop detailed implementation plans for schedules, stations, train consist, crews, fares, mechanical staffing, host railroad agreements, and infrastructure improvements as needed.
5. **Financial Plan:** Financials and PRIIA 209 pricing based on Final Service Plan.
6. **Implementation:** Implement Service and Financial plans to commence train operations. Amtrak's multi-disciplinary "Landing Team" manages the process using Amtrak staff with the experience and skills needed to work with States to make the new service a success.

