



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

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915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
March 6, 2007

Honorable Members of the
Law and Legislation Committee

Title: Endorsement of U.S. Senate Bill 294

Location/Council District: Citywide

Recommendation: Support Passenger Rail Investment and Improvement Act of 2007 (S. 294), sponsored by Senators Frank Lautenberg (D-NJ) and Trent Lott (R-MS).

Contact: Azadeh Doherty, Principal Planner, 808-3137

Presenters: Azadeh Doherty, Principal Planner, 808-3137

Department: Transportation

Division: Office of the Director

Organization No: 3416

Description/Analysis

Issue: Amtrak owns or maintains 730 miles of rail right-of-way nationwide. This includes a key segment between the Sacramento region and the Bay area along Interstate 80 where Capitol Corridor passenger service operates. Freight and passenger rail both compete for use of the tracks which results in daily delay of Capitol Corridor passenger trains. Capitol Corridor requires ongoing capital and operational improvements in order to maintain, improve and increase passenger service levels along this heavily congested corridor.

Amtrak has recognized the need to work closely with state and commuter rail agencies to develop joint capital plans that return infrastructure to a state-of-good-repair and provide speed and capacity improvements. U.S. Senate bill 294 will help stabilize rail operations nationwide. This bill will establish a predictable multi-year capital and operating funding program, including federal capital matching funds available to the states to improve intercity and commuter rail service.

Policy Considerations: Endorsement of S. 294 is consistent with the goal of the City's Strategic Plan which is to achieve sustainability and livability and to expand economic development throughout the City.

Environmental Considerations: Endorsement of S. 294 has no adverse environmental impacts.

Committee/Commission Action: None.

Rationale for Recommendation:

S. 294 will establish an 80% federal – 20% state/local match program for intercity rail capital projects. Key projects eligible for this match include:

- 1) Sacramento Valley Station
- 2) Track improvements between Sacramento and Roseville to allow more frequency and greater reliability of Capitol Corridor service.

This bill will also stabilize Amtrak operations for a six year period:

- 1) Ensures continued rights for the Capitol Corridor/Regional Rail to operate on the Union Pacific tracks at preferred rates; and
- 2) Ensures continued liability insurance coverage for the Capitol Corridor/Regional Rail at preferred rates.

Financial Considerations: None as result of this action.

Emerging Small Business Development (ESBD): There are no ESBD considerations as no goods or services are being purchased.

Respectfully Submitted by: Francesca Halbakken
 Francesca L. Halbakken
 Operations Manager

Approved by: Jerry Way
 Jerry Way
 Director of Transportation

Recommendation Approved:

Gustavo F. Vina
 GUSTAVO F. VINA
 Assistant City Manager

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Background

Summary of U.S. Senate Bill 294:

* Authorizes appropriations of \$3.335 billion for Amtrak Operations for fiscal years 2006 through 2011 in amounts that range from \$455 million to \$600 million per year and \$6.312 billion for capital in amounts that range from \$813 million to \$1.231 billion per year.

* Of the amounts above, a percentage is required to be made available for capital grants to the states ranging from 3% in FY 2006 and gradually increasing to 33% in FY 2011.

* Authorizes \$5 million per year from FY 2006 through FY 2011 for a rail research program established in the Act.

* Authorizes \$5 million per year from FY 2006 through FY 2011 for a Next Generation Corridor Train Equipment Pool Committee established in the Act.

* Requires Amtrak, DOT, and the Treasury Department to enter into negotiations with the holders of Amtrak's debt to restructure it in ways that will result in significant savings. Money to retire the principal on debt is authorized to be appropriated.

TITLE II: AMTRAK REFORM AND OPERATION IMPROVEMENTS

* Defines a national passenger rail system as follows:

- The Northeast Corridor
- USDOT designated HSR corridors
- Long Distance Routes that exist at the time of enactment of the Act.
- Short distance corridors operated by Amtrak or another carrier.

The definition does not preclude Amtrak from restoring, improving or developing additional non-high speed intercity passenger rail services.

* Makes the following changes to Amtrak's Board of Directors

- Adds the Amtrak President to the Board
- 7 individuals appointed by the president are required to have experience in business, transportation, freight and passenger rail transport, travel, hospitality, cruise line, air transport, or representatives of the users of passenger rail transportation.

* Requires Amtrak to improve its accounting system such that it appropriately assigns revenues to each line of business activity, including operations, distinguishes infrastructure expenses from operating expenses, and allows real-time analysis of ticketing and reservation systems.

- * Requires Amtrak to submit a 5-year financial plan and to update it annually.
- * Requires Amtrak to develop a standardized methodology for establishing operating and capital costs for state-supported routes that ensures equal treatment of like services and charges only the costs incurred for the benefit of each route.
- * Requires the Federal Railroad Administration (FRA) to use an independent auditor to develop and recommend methodologies, under specified conditions, for determining routes and services, adding new routes, eliminating routes, and contraction or expansion of services or frequencies.
- * Requires the FRA and Amtrak to develop, in consultation with the Surface Transportation Board (STB) and host railroads, standardized metrics and standards for measuring on-time performance (OTP), service quality, cost recovery, ridership, on-board services, stations, facilities, and equipment.
- * Requires monitoring of OTP of Amtrak trains and that the STB develop a schedule of penalties for delays caused by host railroads. Requires the STB to investigate when the OTP of any Amtrak route falls below 80% for two consecutive quarters.
- * Requires Amtrak to monitor the performance of long distance trains and develop and implement improvement plans to eliminate problems.
- * Permits infrastructure-owning railroads to bid to operate any 1 Amtrak route in FY 2008 and any 2 Amtrak routes in FY 2009. Amtrak is required to make available its reservation system, stations, and facilities to any railroad that is awarded a contract under this provision.
- * Requires Amtrak to submit a plan to return the NEC to a state of good repair and establishes a NEC Infrastructure and Advisory Commission (NECI&AC) to promote mutual cooperation and planning along the NEC.
- * The NEC I&AC is required to develop a standardized formula for determining and allocating costs, revenues and compensation for NEC commuter rail operations. The formula must eliminate cross-subsidization of services. Amtrak and the commuter authorities are required to implement the new formula.
- * Encourages (not requires) Amtrak to implement an incentive pay program for employees.
- * Encourages Amtrak to increase its operation of trains funded by the private sector in order to minimize federal subsidies.
- * Within two years of enactment, Amtrak is required to conduct a 1-time evaluation of the Pioneer route (Chicago - Denver, CO - Cheyenne, WY - Ogden, UT - Boise, ID -

Pendleton, OR - Portland - Seattle route discontinued in 1996) to determine whether a level of passenger demand exists to warrant consideration of reinstatement of the entire Pioneer route or segments of the service.

TITLE III- INTERCITY PASSENGER RAIL POLICY

* Establishes an extensive definition of "Capital Project" to be used as a basis for providing federal matching funds to the states and establishes an 80% federal match such projects.

* Defines "Intercity Passenger Rail Service" as, "Transportation services with the primary purpose of passenger transportation between towns, cities, and metropolitan areas by rail, including high speed rail."

* Gives preference to projects that: Have high levels of ridership, increased OTP, reduced trip time, additional service frequency, provide intermodal connectivity, improve freight and/or commuter operations, reduce highway or airport congestion, have significant environmental benefits, have positive economic development or employment benefits, and meet other specified criteria.

* Requires USDOT to provide and "appropriate portion" of grants to states that either have no passenger rail service but require freight rail improvements and states in which the rail system is not physically connected to the continental US.

* States that nothing in the Act applies to commuter rail operations, the Alaska Railway, and Amtrak's statutory access to railroads rights-of-way.

* Requires states to develop State Rail Plans and specifies criteria that are to be included in the plans. The plans are subject to DOT approval.

* Requires the development of a long-range Federal rail policy that is consistent with approved state rail plans and the rail needs of the nation "in order to promote an integrated, cohesive, efficient, and optimized national rail system for the movement of goods and people."

TITLE IV: PASSENGER RAIL SECURITY

* Requires the Department of Homeland Security to make grants to Amtrak for specified security enhancements.

* Requires DOT, Homeland Security, and Amtrak to submit a report with recommendations regarding various cross-border issues for trains between the US and Canada.

* Requires DOT to study the cost and feasibility security screening of baggage, cargo, and people.

TITLE V: RAIL BOND AUTHORITY

* Permits USDOT to designate state issued bonds for capital projects. The amounts are limited to \$1.3 billion per year for each fiscal year from 2006 through 2015.

March 7, 2007

The Honorable Diane Feinstein
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

Subject: Support: Senate Bill 294: Passenger Rail Investment and Improvement Act of 2007, sponsored by Senators Frank Lautenberg (D-NJ) and Trent Lott (R-MS).

Dear Senator Feinstein:

On behalf of the City of Sacramento, I am pleased to express the City's support of Senate Bill 294. It is important to stabilize Amtrak operations nationwide. This bill will establish a predictable multi-year capital and operating funding program, including federal capital matching funds available to the states to improve intercity and commuter rail service. Key benefits for the City of Sacramento will include: future funding for the Sacramento Valley Station and Track improvements between Sacramento and Roseville to allow more frequency and greater reliability of the Capitol Corridor service.

We appreciate your support on this important legislation.

Sincerely,

Sandy Sheedy, Chair
Law and Legislation Committee

cc: Senator Barbara Boxer
Congresswoman Doris Matsui
Mayor Fargo and City Councilmembers