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## I. EXECUTIVE SUMMARY

### A. Background

Enacted into law on October 16, 2008, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) (Public Law 110-453) reauthorizes the nation's intercity passenger rail provider, Amtrak, and establishes new programs and policies to strengthen the U.S. intercity passenger rail system.

Section 226 of PRIIA requires Amtrak to develop, by July 16, 2009, a plan for restoring passenger rail service between New Orleans, Louisiana and Sanford, Florida. The plan is to include a projected timeline and projected costs, and identify any legislative changes required to support reinstatement of service.

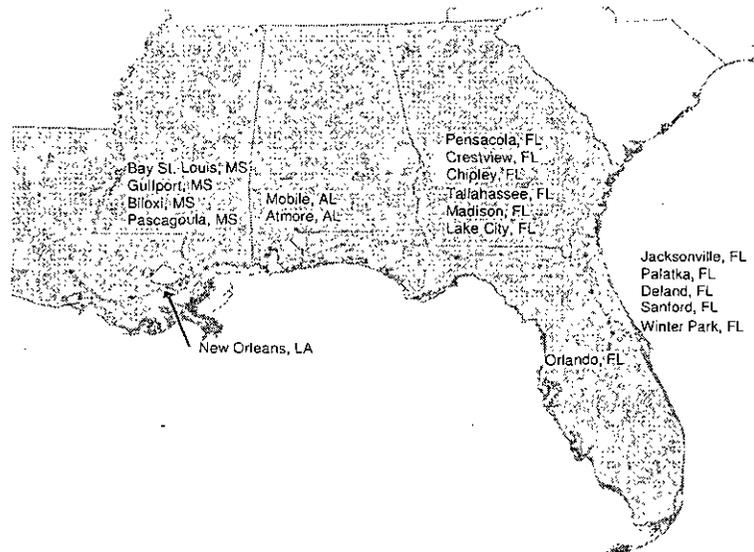
The report fulfills the requirements of Section 226. It identifies the most feasible options for restoring service and their projected timelines and costs, and the need for legislative action to provide additional funding if one of the options is chosen. During the development of the report, Amtrak consulted with representatives from the states of Louisiana, Mississippi, Alabama and Florida; host railroad partners; rail passengers; rail labor representatives; and other entities, as appropriate and as specified by Section 226.

### B. Service History

In 1993, Amtrak's *Sunset Limited*, which operated between Los Angeles, California and New Orleans, Louisiana, was extended east from New Orleans to Jacksonville, Orlando, and initially to Miami, Florida. This created a new transcontinental Amtrak route and brought passenger rail service to the Gulf Coast Region between New Orleans and Jacksonville. In August 2005, *Sunset Limited* service east of New Orleans was suspended due to Hurricane Katrina, which caused massive damage to rail infrastructure on the portion of the train's route between New Orleans, Louisiana and Mobile, Alabama. The service remains suspended today because of the cost and challenges associated with restoring service to this route.

### C. Route Map

The following map depicts the route of *Sunset Limited* at the time of its suspension, and the 19 train stations it formerly served between New Orleans and Orlando.



**D. Operating Plan Overview**

**1. Suspended Service Stations**

Amtrak's suspension of *Sunset Limited* service east of New Orleans at the time of Hurricane Katrina halted intercity passenger rail service at twelve stations not served by other Amtrak routes. A thirteenth station, the Sanford station in Central Florida, was removed from service in February 2005 due to damage from hurricanes preceding Hurricane Katrina. These 13 stations are referred to as the "Suspended Service Stations". In addition to Sanford, they are:

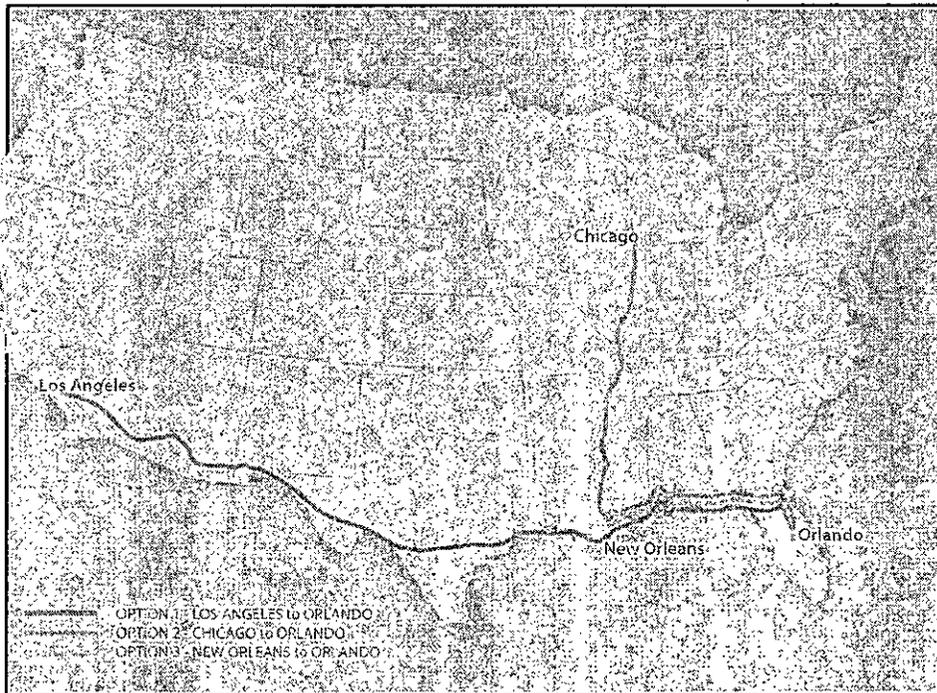
- Bay St. Louis, Mississippi
- Gulfport, Mississippi
- Biloxi, Mississippi
- Pascagoula, Mississippi
- Mobile, Alabama
- Atmore, Alabama
- Pensacola, Florida
- Crestview, Florida (Ft. Walton Beach)
- Chipley, Florida (Panama City)
- Tallahassee, Florida
- Madison, Florida
- Lake City, Florida

## 2. Preferred Options for Service Restoration

Amtrak initially evaluated 12 alternatives, described in more detail in Section IV of the report, for restoring service between New Orleans, and Florida. Of the 12 alternatives, three were selected as preferred options for evaluation in the study based upon projected ridership, revenue, operating costs, and operating loss.

The preferred options, which are depicted in the route map below, are:

- Option 1: Restore tri-weekly *Sunset Limited* service between Los Angeles, California and Orlando, Florida.
- Option 2: Extend the daily *City of New Orleans* service, which currently operates between Chicago, Illinois and New Orleans, Louisiana, east from New Orleans to Orlando, Florida.
- Option 3: Implement daily stand-alone overnight service between New Orleans, Louisiana and Orlando, Florida.



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Each of the three proposed options would restore service between New Orleans and Orlando. This report assumes that all of the 19 stations between New Orleans and Orlando, including the 13 Suspended Service Stations, would be served by the restored service.

### 3. Preferred Options: Key Metrics

The table depicts the key projected financial and performance metrics, discussed below, for the three preferred options:

| Projected Performance<br>(dollar figures are in millions) | Option 1<br>(Tri-Weekly<br><i>Sunset Limited</i> ) | Option 2<br>(Daily <i>City of New Orleans</i><br>Extension) | Option 3<br>(Daily Stand-Alone Train) |
|---|--|---|---------------------------------------|
| Capital/Mobilization Costs                                | \$32.7   | \$57.6-\$96.6   | \$57.6-\$96.6                         |
| Passenger Revenue   | \$6.0  | \$9.2   | \$5.6                                 |
| Direct Costs  | \$10.8   | \$20.9  | \$24.0                                |
| Direct Operating Contribution/(Loss)                      | (\$4.8)  | (\$11.7)  | (\$18.4)                              |
| Farebox Recovery  | 56%  | 44%   | 23%                                   |
| Annual Ridership  | 53,300   | 96,100  | 79,900                                |
| Passenger Miles/Train Mile                                | 228  | 126   | 81                                    |

#### E. Capital Improvements and Mobilization Costs

Projected capital and mobilization costs for restored service are \$32.7 million for Option 1 (*tri-weekly Sunset Limited*) and \$57.6 million to \$96.6 million for both Option 2 (*daily City of New Orleans extension*) and Option 3 (*daily stand-alone train*). Capital/mobilization expenditures required for all three options are:

- \$10.7 million for restoring the 13 Suspended Service Stations to a state of good repair and bringing them into compliance with Americans with Disabilities Act (“ADA”) requirements (including \$3.2 million for the demolition and reconstruction of the Sanford, Florida station);
- \$600,000 for improvements at Amtrak’s Sanford maintenance facility where equipment would be maintained;

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- a preliminary estimate of \$20 million for Positive Train Control (PTC) costs as the Rail Safety Improvement Act of 2008 may require installation of PTC by 2015 on portions of the route solely because of the restoration of passenger service; and
- training and engineer/conductor qualification costs of \$1.4 million for Option 1 and \$2.3 million for Options 2 and 3.

For Options 2 and 3, additional equipment would be required to support this service. Each of these options is projected to require the acquisition of between six and 14 new passenger cars, at a cost of \$24 million to \$63 million.

These capital and mobilization cost estimates do not include expenditures, if any, required to increase rail line capacity. CSX Transportation, Inc., the host freight railroad that owns nearly all of the New Orleans - Orlando route, has indicated that it will seek significant capacity investments as a prerequisite to any service restoration. Contrary to this assertion, Amtrak does not believe that any infrastructure capacity investments on CSX are required to restore the formerly operated tri-weekly service (Option 1), and holds that the need for any track investments to support daily service, Options 2 and 3, should be determined through capacity modeling undertaken in collaboration with CSX.

#### F. Financial Performance

The projected annual direct operating loss associated with restoring service between New Orleans and Orlando is:

- \$ 4.8 million for Option 1 (restoration of tri-weekly *Sunset Limited*);
- \$11.7 million for Option 2 (daily *City of New Orleans* extension); and
- \$18.4 million for Option 3 (daily stand-alone train).

Projected farebox recovery – the percentage of direct operating costs covered by passenger revenues generated by restored service (including additional revenues on connecting routes) – is 56% for Option 1, 44% for Option 2, and 23% for Option 3.

### G. Ridership Forecast

Ridership was a primary consideration in selecting the three preferred options. The projected additional Amtrak annual ridership associated with each is:

- 53,300 for Option 1 (restoration of tri-weekly *Sunset Limited*);
- 96,100 for Option 2 (daily *City of New Orleans* extension); and
- 79,900 for Option 3 (daily stand-alone train).

Projected additional passenger miles on the Amtrak route system (on both the restored service and other routes with which it would connect) for each train mile operated are:

- 228.3 passenger miles for Option 1;
- 125.9 passenger miles for Option 2; and
- 80.5 passenger miles for Option 3.

Option 1 produces the highest passenger miles per train mile because it attracts more passengers making longer trips (e.g., Los Angeles to Orlando). Potential ridership between New Orleans and Orlando is adversely impacted by the circuitry of the rail route (769 miles versus 639 miles by highway) and slow speeds that result in a rail trip time of 18.5 hours versus 9.6 hours by automobile.<sup>1</sup>

### H. Public Benefits

Assuming additional federal or state funding is provided, Amtrak anticipates that restoring passenger service between New Orleans and Orlando will produce modest net economic benefits. Direct benefits include the impact of the approximately \$11.3 million in station and facility capital investments along the route and the creation of between 32 and 122 permanent Amtrak jobs, depending upon which option is chosen. Such expenditures would create jobs, primarily in construction, manufacturing and material supply, for the duration of these projects. Operation of the service will also lead to expenditures for food, supplies, lodging for train crews, etc. that will benefit local economies, and can also be expected to produce significant ongoing spillover economic benefits. The daily service options – Options 2 and 3 – would require additional capital expenditures of \$24-\$63 million for new equipment. While construction of new equipment is likely to create domestic manufacturing jobs, these jobs are unlikely to be located in the Gulf Coast Region.

<sup>1</sup> Data from MapQuest Driving Directions

Restoration of passenger rail service between New Orleans and Orlando would also produce mobility benefits by creating a direct link between Florida, the Gulf Coast Region, and the Central and Western United States. Communities along the Gulf Coast, many of which have limited or no intercity public transportation service and continue to be affected by the devastation of Hurricane Katrina, would regain a passenger rail option.

Option 1, which generates the highest number of additional passenger miles per train mile, may produce some energy savings due to diversion of trips that would otherwise be taken by less energy efficient automobiles and airplanes. Options 2 and 3 are not likely to produce measurable environmental, energy or congestion relief benefits because they generate relatively few additional passenger miles per train mile operated and the distance by rail between many city pairs they would serve is considerably longer than the distance by air or highway.

#### I. Timeline

Implementation of Option 1 (restoration of tri-weekly *Sunset Limited*) would require a minimum of 20 months lead time from the date on which funding is made available. This is due to the time required to hire, train, and qualify locomotive engineers, and to bring stations into to a state of good repair and make them ADA compliant. Option 2 (daily *City of New Orleans* extension) and Option 3 (daily stand-alone train) would take approximately four years to implement, since purchase of new equipment would be required. These projections are subject to a number of contingencies.

#### J. Conclusion and Next Steps

This plan identifies the most viable options for restoring intercity passenger rail service between New Orleans, Louisiana and Orlando, Florida. Amtrak recommends that federal and state policymakers determine if passenger rail service should be restored between New Orleans and Orlando; and if so:

1. Identify the preferred option for service restoration; and
2. Provide the additional funding for capital and ongoing operating costs that will be required to implement that option.

Once these actions are taken, Amtrak will move quickly to initiate the steps required for service restoration, if such an option is chosen.