

HB 3401 Report

Introduction

[House Bill \(HB\) 3401](#) was passed by the 78th Oregon Legislative Assembly (2015 Regular Session), requiring the Oregon Department of Transportation (ODOT) to report on the Oregon Passenger Rail program by November 30, 2015. Specifically, HB 3401 requires ODOT to study and make recommendations to improve on-time performance and optimize ridership.

A significant part of these discussions is funding. Concurrent to HB 3401 passage was ODOT's 2015-2017 budget, requesting \$10.4 million in General Funds to continue operations of the Amtrak Cascades. By providing another option in transportation, the Amtrak Cascades brings value to those traveling both in Oregon and throughout the Pacific Northwest, with service from Eugene to British Columbia. The service from Eugene to Portland, however, serves a smaller population base and while continuing to develop, it also continues to experience challenges in areas such as on-time performance, ridership volume and ongoing operations. This report is a foundation for the work ODOT is engaging in to ensure Oregon operates a successful passenger rail service.

Background

In 1992, the U.S. Department of Transportation designated the Pacific Northwest Rail Corridor (PNWRC) as a high-speed rail corridor. It is one of eleven corridors designated for high-speed rail in the United States. Partners in managing the Amtrak Cascades Rail service that runs on the PNWRC include the Oregon Department of Transportation (ODOT), the Washington State Department of Transportation (WSDOT), Amtrak, Federal Railroad Administration, the owners of the rail infrastructure (BNSF Railway north of Portland Union Station and Union Pacific Railroad (UP) to the south) and Talgo, who has the train maintenance contract. Until 2013, the Amtrak Cascades had five operating trainsets: three owned by WSDOT and two owned by Amtrak. While ODOT has always been a participant in this corridor, it wasn't until the Oregon purchase of two trainsets in 2010 that ODOT became a key partner.

After the passage of the federal Passenger Rail Improvement and Investment Act of 2008, ODOT and WSDOT became solely responsible for paying for the Amtrak Cascades service; only long-distance corridors receive federal funds, effective Oct. 1, 2013.

On-Time Performance

ODOT's operating agreement with Amtrak requires that passenger trains arrive and depart

within 10 or 15 minutes of the schedule¹ at least 80 percent of the time. With a few exceptions, the Amtrak Cascades trains have historically met the 80 percent criteria. Despite the 82 percent overall on-time performance for all the Amtrak Cascades trains in 2014, certain trains performed poorly.

On-time performance dropped in 2014 for a variety of reasons. A new schedule implemented in January resulted in opposing passenger trains meeting three times south of Portland. This also affected freight trains sharing the line because they too had to meet or be passed by passenger trains. These logistics require dispatchers to engage in advance planning for meets and overtakes.

Other delays during this period were due to weather, mechanical problems and capital construction projects north and south of Portland. Trespasser incidents, including pedestrian strikes, collisions with automobiles and motor vehicles lodged on the rails, crews exceeding their allowable hours of service, interference from other train traffic on the line and equipment problems also dragged down on-time performance.

ODOT works closely with WSDOT, the host railroads, Talgo and Amtrak to mitigate delays, and this partnership has helped address on-time performance issues. On-time performance has improved in 2015—Amtrak Cascades trains are running at 87 percent on-time through September, with only one southbound train, originating in Seattle, averaging below 80 percent. The agency will continue to monitor and address on-time performance and report to the legislature quarterly on its progress.

To help improve on-time performance, HB 3401 directed ODOT to explore modern dispatch systems and potential infrastructure improvements.

Modern Dispatch Systems and Protocols

ODOT examined modern dispatch systems and protocols used around the United States and Europe.

UP and BNSF currently use Centralized Traffic Control platforms to operate their rail systems. Both railroads have concentrated dispatching functions at two national centers. The UP facility is in Omaha, Nebraska and BNSF's is in Fort Worth, Texas. The train dispatchers that work from these facilities are the railroad equivalent of air traffic controllers.

¹ The southbound evening train out of Portland (coming from Seattle) is considered on-time if it arrives within 15 minutes of its scheduled time. All other Amtrak Cascades trains are considered on-time if they arrive within 10 minutes of their scheduled arrival.

In the U.S., Centralized Traffic Control dispatching is state-of-the-art. In recent years, software developments have created computer-aided dispatching capabilities that enable the computer to dispatch trains over a territory subject to priorities and protocols entered by the dispatcher. There is a movement toward cross-industry standardization in dispatching equipment to allow interoperability between different manufacturers' systems.

ODOT has also engaged the host railroads in discussing other plausible dispatch systems. While the current platforms are considered state-of-the-art, all parties continue to explore other options that become available. Any move to another platform would ultimately be up to the railroads, who both purchase and operate them.

Infrastructure Improvements

The Amtrak Cascades service operates on the BNSF and UP railroad lines. Because freight and passenger trains share the same tracks, conflicts occur when trains meet each other on the tracks. Sidings allow a place for one train to pull over, allowing a second train to pass.

Today, there are 13 sidings between Willsburg Junction (end of the double track in southeast Portland) and the passenger station in Eugene. Twelve sidings range from 7,278 feet in length to 8,011 feet; these sidings are not adequate to completely accommodate some freight trains. When opposing trains meet under these circumstances, the passenger train has to slow down and often stop thereby causing unavoidable delay. When a passenger train overtakes a non-clearing freight train going the same direction, the only recourse is to follow the slower freight train to either Eugene or Portland where it can exit the mainline. The Willamette Valley's 13th siding, which is associated with the Eugene yard, is 15,796 feet long.

Lengthening existing sidings to the current industry standard of 10,000 to 12,000 feet and adding sidings between Portland and Eugene would help to minimize freight train and passenger train conflicts. Improvements to sidings would need to be approved by the host railroad, and funding would need to be secured.

Any improvements must also align with timelines for the current Oregon Passenger Rail Project—a study exploring improved passenger rail service between Eugene-Springfield and Portland. During the next 25 years, the population of the Willamette Valley is expected to grow approximately 35 percent, and freight train volume in the state is expected to grow by 80 percent according to the 2010 Oregon Rail Study. Through this project, ODOT is studying how passenger rail can be improved to meet these challenges.

ODOT and the Federal Railroad Administration (FRA) are preparing a Corridor Investment Plan that includes an updated Service Development Plan and a Tier 1 Environmental Impact

Statement to help ODOT and FRA make important decisions, including selecting the general passenger rail alignment and communities where stations would be located. The Environmental Impact Statement (EIS) that is in process for the Oregon Passenger Rail Project anticipates a Record of Decision in early 2018.

Funding sources

Operations

Oregon currently supports the operation of the Amtrak Cascades passenger rail service in the Willamette Valley with:

- State General Fund appropriations.
- Revenue from the voluntary custom license plate fee.
- Fuel tax revenue attributed to non-highway uses known as the Transportation Operating Fund (TOF).
- One-time federal funding sources to pay Amtrak Cascades operating costs.

These sources are no longer sufficient to pay the full cost of the trains due to a number of factors that have combined to increase the gap between revenue and costs, including the end of federal subsidies, license plate revenues that failed to meet projections, and increased costs due to train ownership.

A number of states fund passenger rail service through a combination of sales tax and vehicle-related taxes and fees. Neither is currently an option in Oregon—we do not have a sales tax and vehicle-related taxes and fees are restricted by the Oregon Constitution to highway uses. ODOT continues to explore potential federal revenue streams and look for other possible funding suggestions to bring forward, as well as ways to streamline costs.

Capital Costs

In recent years, Oregon has made significant public investments in the rail system. However, these investments have been made using a variety of one-time funding sources—such as *ConnectOregon* and federal grants—with no ongoing revenue stream to support them. This leads to a lack of certainty about funding levels—an environment that is not conducive to effective long-term planning.

Federal funding opportunities are very limited, and those that do exist require matching funds as a condition of the grant, normally a minimum of 20 percent. For recent applications on smaller projects, the host railroad was approached for potential matching dollars with limited success. Larger projects, such as those associated with the Oregon Passenger Rail Project, are

expected to see match needs above and beyond what the host railroads can be counted on to supply. New state funding to provide match for capital improvements could be used to leverage additional private and federal funding for rail projects.

Optimizing Ridership

Until 2014, ridership on the Amtrak Cascades had steadily increased since the service began in 1994. A second train was added in 2000, providing more capacity and more options for riders—resulting in a significant increase in riders. Overall ridership increased by 255 percent from 1995 to 2013. However, we saw a significant decrease in 2014 ridership, falling 15 percent from 2013.

Schedule Modifications

In January 2014, Oregon updated its schedules with the goal of supporting the continued growth in passenger rail ridership by offering better connections for Willamette Valley intercity passenger rail users. The analysis by Amtrak projected an increase in ridership but instead ridership dropped by 15 percent. Several factors contributed to the decline in ridership in Oregon: 1) one of the more popular trains that left Eugene later in the morning was discontinued to allow the new schedule; 2) BoltBus, a curbside low-cost intercity bus service, entered the Oregon market, directly competing with the Amtrak Cascades; 3) on-time performance dropped (for reasons stated earlier in the report); and 4) gasoline prices fell significantly, making driving more affordable. This, of course, is something the state has no control over. It is interesting to note, however, that when gas prices were over \$4 per gallon, ridership on the train as well as on other public transit soared.

ODOT worked with Amtrak, WSDOT and the railroads to make a recent schedule change, implemented on October 24, 2015, to help address the 2014 ridership drop. Departure of the weekend morning train northbound from Eugene was changed from 5:30 am to 9:00 am, arriving in Portland at 11:35 am and continuing on to arrive in Seattle at 3:50 pm. This later departure time will make the service more convenient to weekend travelers. A bus replaced the earlier train to ensure travelers wanting to leave earlier still have a viable travel option. In addition to meeting traveler needs, the change should provide an increase in ridership on the Amtrak Cascades, particularly after a new marketing plan is implemented. ODOT is currently in negotiations with Amtrak and UP on additional schedule changes.

Marketing Strategy

To continue passenger rail service in Oregon, ODOT must attract new riders while retaining existing riders.

ODOT has developed a strategic marketing plan for the Oregon segment of the Amtrak Cascades service that provides targeted strategy and tactics to boost ridership with an emphasis on inspiring tourism through passenger rail. The objective is to position the Amtrak Cascades service in Oregon as not just a mode of travel, but a unique leisure travel experience.

The most frequently cited reason for using Amtrak Cascades is for leisure travel, making this segment the most significant opportunity for increasing ridership on the train. This includes visiting friends/family (50 percent of trips) and taking a mini vacation (33 percent of trips).

Marketing activities outlined in the plan will run from October 2015 to June 2017, with 75 percent of investment expended before May 2016 to drive quick momentum and ridership volume. The marketing strategy is designed for immediate implementation to start building ridership now.

Marketing efforts intended to specifically increase leisure travel between Portland and Eugene in this short time period include:

- The “See What Happens” media campaign that promotes using Amtrak Cascades for tourism/leisure travel (63 percent of the overall budget).
- The “Game Train” campaign that promotes taking Amtrak Cascades to Eugene for University of Oregon games—which most likely involves staying overnight (5 percent of the overall budget).
- The Oregon Country Fair sponsorship that promotes taking the train to the event—which most likely involves staying overnight (1 percent of the overall budget).
- The Portland International Film Festival sponsorship that promotes taking the train to Portland for the event—which most likely involves staying overnight (1 percent of the overall budget).
- Value-added radio promotions that will highlight leisure/tourism travel along the rail corridor in Oregon.

Paid media in the form of radio, digital streaming, print, digital display and media promotions will earn exposure for the Amtrak Cascades travel experience throughout the 2015-2017 biennium. Special offers or discounts will help overcome travelers’ perceptual barriers, increase competitiveness and position passenger rail as a desirable travel choice.

Outreach to college students along the rail corridor in Oregon—with an emphasis on University of Oregon students—provides an opportunity to introduce Amtrak Cascades to young adults who are beginning to explore travel options on their own. ODOT has been partnering with the University of Oregon for several years and will leverage this relationship for more intensive outreach this biennium.

Increasing Rail Tourism Through Event Marketing

Event marketing offers an opportunity to package and promote specific leisure trip experiences that include rail travel. ODOT will build on past event successes and sponsor events in 2015-2017 that promote rail tourism as a highlight, and which allow us to reach audiences that reflect current and new riders.

Events are selected that target primary and secondary audiences and where Amtrak Cascades can make a big impression. Sports events, such as the University of Oregon “Game Train” for football games (and new for 2016: basketball games), give us opportunity to reach college students and their families with a unique reason for booking Amtrak Cascades. Other examples of large events in the corridor that provide unique marketing opportunities include: the Oregon Country Fair, the Portland International Film Festival, National Train Day in May, and The Great Oregon Steam Up in July/August.

Cooperative marketing partnerships with other tourism brands and agencies are included in the marketing plan and budget to align Amtrak Cascades with local leisure experiences and the work these organizations perform to promote tourism within the state. For example, Amtrak and ODOT are negotiating with a tourism bus company and wineries outside of Salem to develop an exclusive, comprehensive wine country travel experience. Opportunities will be explored with heavily invested tourism entities such as Travel Oregon, Travel Portland, Travel Salem, Travel Lane County and others that:

- Reach people within the rail corridor in Oregon.
- Communicate with travelers before they plan their trip.
- Leverage online media likely used for pre-trip planning.
- Connect with regional transit agencies for first/last mile travel.

Targeted Passenger Outreach

ODOT plans to conduct new and innovative outreach to Oregonians who would gain distinct advantage and benefit with train travel. The following activities are planned among specific audiences for the 2015-2017 biennium:

- Conduct outreach to seniors to promote taking grandchildren on the Amtrak Cascades by using the senior discount and child’s fare to make the trip more affordable and attractive.
- Offer a 25 percent discount on travel for a patient needing medical treatment and his/her travel partner. The discount information will be provided to medical centers and organizations.

- Increase outreach to state employees to increase awareness of the Amtrak Cascades as a travel option for business purposes. Highlight the fact that state employees can use a state credit card to purchase the ticket for the Amtrak Cascades when the travel is for approved state business.
- Implement real-time arrival information for Amtrak Cascades and the supporting Amtrak POINT buses. Real time arrival information provides security and freedom to people catching the bus or train. Providing this information can greatly reduce frustration related to buses/trains that are behind schedule.
- Work with Albany/Corvallis area transit agencies to improve connections to the Amtrak Cascades and Cascades POINT services and better promote these connections with the goal of attracting Oregon State University students and the Corvallis population. An estimate of the cost to ODOT for a dedicated connection to and from the Amtrak Cascades trains and Corvallis will be developed.
- Consider creating a Web page that serves as a North I-5 Corridor information hub including information about transit services in the corridor and connecting to the corridor.

In addition to building ridership among leisure travelers on the Amtrak Cascades, ODOT is engaging in efforts to retain current riders and increase ridership for the passengers that use the Amtrak Cascades service for business and routine trips. Adjusting the schedule and improving on-time performance will help retain existing riders while serving leisure travelers. Direct communications with repeat customers regarding the schedule change has already been implemented and will continue as schedule changes occur.

Conclusion

Ridership on the Amtrak Cascades service must increase to demonstrate the importance of the service and to remain a viable investment. ODOT continues to work closely with its partners to deliver successful service to Oregonians. There is unique value in the service from Eugene to Portland especially as congestion on I-5 in the same area increases. While ODOT Rail has been engaged in the corridor for two decades, it has only been a train owner with funding needs for the past couple of years. ODOT continues to work on the needs of the corridor to grow ridership, increase on time performance, engage in robust marketing, implement optimal schedules and provide value to Oregonians.