

Michigan Department of Transportation

Passenger Rail Legislative Report

PA 59 of 2013 Section 711(1)(2)

May 1, 2014

Fiscal Year 2013 was another year of growth for passenger rail in Michigan. Overall ridership on all three routes totaled 804,697 which was a 2.8% increase over FY2012. As for revenues, the Michigan Services had a 6.2% increase over the previous fiscal year. The FY2013 breakdown on ridership, revenue and expenses is as follows:

<u>FY 2013</u>	Wolverine	Blue Water	Pere Marquette
Ridership	509,100	191,106	104,491
Revenue	\$19,398,853	\$6,228,730	\$3,152,828
Operating Expenses	\$37,741,233	\$11,740,822	\$6,301,616
Operating Payments from MDOT	None	\$5,026,822	\$2,903,616

During FY2013, MDOT provided operating assistance for the Michigan portions of the Blue Water (Port Huron – East Lansing – Battle Creek – Chicago) and Pere Marquette (Grand Rapids – Holland – Chicago) Services. The costs for those two services were in line with previous years. The slight increases in operational costs were offset by increases in revenue. This revenue increase was due to an overall rise in ridership and a scheduled increase in ticket price.

Under provisions of the Passenger Rail Investment and Improvement Act (PRIIA) of 2008, the State of Michigan became obligated to pay the operating costs of the Wolverine Service as well beginning in FY2014. This increases MDOT's operational costs significantly from FY2013 levels. In preparation for these additional costs, the State of Michigan has undertaken several initiatives designed to maximize the service's revenues. These efforts include the implementation of Wi-Fi throughout the fleet, the implementation of Quiet Cars, and the ability to bring bicycles onboard. Also, MDOT will continue to request additional cars during peak ridership times such as holidays, spring breaks, and the summer travel season to accommodate more passengers.

MDOT continues to explore and evaluate strategies for service efficiencies and enhancements, as well as options to optimize revenue while still increasing ridership. MDOT will work with our service partner (Amtrak) on aggressive marketing and advertising campaigns and other strategies that reduce the state's financial support. Now that MDOT has full access (under PRIIA) and control of the cost of Michigan's services, we are developing an overall plan that will include creative ways to control and reduce costs such as alternatives to the existing Amtrak food service, equipment, and working with Amtrak to attract long distance train service through Michigan.