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DEPARTMENT OF TRANSPORTATION

TRANSPORTATION BUILDING, 425 WEST OTTAWA POST OFFICE BOX 30050, LANSING, MICHIGAN 48909

PHONE: (517) 373-2090 FAX: (517) 373-0167 WEB SITE: <http://www.mdot.state.mi.us>

JAMES R. DeSANA, DIRECTOR

December 17, 1999

The Honorable Philip E. Hoffman, Chair
Appropriations Subcommittee on
Transportation
Michigan State Senate
P.O. Box 30036
Lansing, Michigan 48909

The Honorable Judith Scranton, Chair
Appropriations Subcommittee on
Transportation
Michigan House of Representatives
P.O. Box 30014
Lansing, Michigan 48909

Dear Senator Hoffman and Representative Scranton:

Enclosed is an update to the " State- Supported Rail Passenger Service Report," as required by PA 309 of 1998, Section 707 (2).

If you have any questions or comments regarding these reports, feel free to contact me or Philip Kazmierski, Deputy Director, Bureau of Urban and Public Transportation, at (517) 373-2282.

Sincerely,

James R. DeSana
Director

UPT:PK:TH:mjb

Enclosure

cc: G. Rosine
T. Horsfall
W. Niles
P. Kazmierski
T. Hoeffner
E. Timpf
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T. Kraus

January 1, 2000 Update
 State Supported Rail Passenger Service Report
 As Required by PA 309 of 1998, Section 707 (2)

This document is provided as an update to the report that was submitted January 28, 1999. The department's Rail Passenger Services Group has continued to work with Amtrak to improve intercity passenger rail service in Michigan. The *Pere Marquette* service is continuing to make a strong come back both from a ridership and revenue standpoint. Unfortunately, there have been several external forces, associated with the purchase of Conrail by NS and CSXT that adversely affected ridership and revenue on the Detroit-Chicago corridor. Ridership and revenue on the *International* service is down less than one percent. The following is a Fiscal Year 1999 summary of ridership and revenue performance for all three services.

| Detroit-Chicago Corridor | | <i>PERE MARQUETTE</i> | | <i>INTERNATIONAL</i> | |
|--------------------------|-------------|-----------------------|-------------|----------------------|-------------|
| Riders | Revenue | Riders | Revenue | Riders | Revenue |
| 339,280 | \$8,498,789 | 68,091 | \$1,659,799 | 113,702 | \$2,904,627 |
| *down 8.3% | *down 7.2% | *up 5.6% | *up 9.1% | *down 0.9% | *down 0.8% |

*In comparison to fiscal year **1998**

Update Five Year Plan

Amtrak's operating subsidy request for Fiscal Year 2000 is \$1,472,526 for the *Pere Marquette* Service and \$3,205,664 for the *International* Service. This is lower than Amtrak's request of FY 1999. As mentioned last year, MDOT requested an analysis of several options to reduce the cost of the *International* Service. None of the alternatives reduced Amtrak's operating subsidy request for this service. Amtrak has identified annual revenue potential of \$600,000 from mail and express on the *Pere Marquette* Service. MDOT and Amtrak are continuing to negotiate for the continuation of both services for FY 2000.

There has been a new president appointed for Amtrak Intercity. This is the fifth president since Amtrak's creation of the business unit in 1995. Several other key members of the Amtrak Intercity leadership team have also been replaced. With changes in the top leadership positions there is always a certain amount of additional time and effort needed to develop the relationships necessary for negotiating the operating subsidy and other contracts.

The next phase report of the Midwest Regional Rail Initiative (MWRRI) should be available early next year. Copies of the executive summary on this effort will be forwarded to you at that time. Presently, the Michigan, Illinois, and Wisconsin Department of Transportation and Amtrak are working on developing specifications for new passenger equipment. Once the specifications are developed and a manufacturer is selected it should take approximately 24 months for new equipment to be available for service. MDOT will be evaluating the benefits of new equipment in comparison to other capital investments in the Detroit-Chicago corridor.