

Michigan Department of Transportation

Passenger Rail Legislative Report

PA 252 of 2014 Section 711(1)(2)

April 27, 2015

Fiscal Year 2014 was another strong year for passenger rail in Michigan. Overall ridership on all three routes totaled 769,348. While a 4.4% decrease from FY2013 levels, this change in ridership was consistent with national trends. As for revenues, the Michigan Services had a 1.0% decrease over the previous fiscal year. These minor decreases in ridership and revenue are not surprising considering construction on the rail line between Chicago and Porter, IN and work on the Michigan line between Kalamazoo and Dearborn and the fact ridership and revenue for these services increased significantly in FY 2013. The FY2014 breakdown on ridership, revenue and expenses is as follows:

FY 2014	Wolverine	Blue Water	Pere Marquette
Ridership	477,156	191,231	100,961
Revenue	\$18,900,614	\$6,487,869	\$3,101,530
Operating Expenses	\$33,621,000	\$12,580,000	\$6,106,000
Operating Payments from MDOT	\$15,059,000	\$6,955,000	\$3,164,000

During FY2014, MDOT provided operating assistance for the Michigan portions of all three services – the Wolverine (Pontiac – Detroit – Chicago), Blue Water (Port Huron – East Lansing – Battle Creek – Chicago) and Pere Marquette (Grand Rapids – Holland – Chicago) Services. The costs for the Blue Water and Pere Marquette services were in line with previous years.

FY2014 represented the first year the State of Michigan was obligated to pay the operating costs of the Wolverine Service as well, under provisions of the Passenger Rail Investment and Improvement Act (PRIIA) of 2008. This increased MDOT's overall operational costs significantly. In preparation for these additional costs, the State of Michigan undertook several initiatives designed to maximize the service's revenues. These efforts included the implementation of Wi-Fi throughout the fleet, the implementation of Quiet Cars, and the ability for riders to bring bicycles onboard. Also, MDOT continues 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. MDOT was involved in planning and implementing periodic fare increases designed to optimize revenue without negatively impacting ridership. 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.