

Michigan Department of Transportation

Passenger Rail Legislative Report

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Fiscal Year 2018 continued a positive trend for passenger rail in Michigan. Overall ridership on all three routes totaled 764,230, while Amtrak’s ticket revenues for the services totaled \$32,094,323. These numbers represent increases of 3.4% and 6.5%, respectively, from FY2017 levels. These increases can be attributed to increased speeds and reliability made possible by track and signal improvements. Amtrak services in Michigan ran normal summer schedules for a second straight year after decreased construction activities between Kalamazoo and Dearborn. Further, Amtrak revised schedules in January 2018 to reflect speed increases between Kalamazoo and Dearborn. As anticipated by MDOT, passengers have responded well to the completion of these activities, and ridership and revenue has rebounded well as a result. The FY2018 breakdown of ridership, revenue and expenses is as follows:

<u>FY 2018</u>	Wolverine	Blue Water	Pere Marquette
Ridership	483,670	185,020	95,540
Ticket Revenue	\$22,222,989	\$6,574,007	\$3,297,327
Total Revenue	\$23,998,932	\$7,108,220	\$3,538,781
Operating Expenses	\$32,327,628	\$12,868,142	\$7,488,381
Payments from MDOT	\$8,328,696	\$5,759,922	\$3,949,600
Revenue-Operating Ratio	74.2%	55.2%	47.3%

During FY2018, MDOT provided operating assistance for the three services – the Wolverine (Pontiac-Detroit-Chicago), Blue Water (Port Huron-East Lansing-Battle Creek-Chicago) and Pere Marquette (Grand Rapids-Holland-Chicago). The amount of support provided for all three services slightly decreased in FY2018 compared to FY2017.

MDOT continues to work with Amtrak on several initiatives designed to increase ridership, maximize the services’ revenues, and lower costs. In addition to the upgrade of the track and signal systems, joint MDOT/Amtrak efforts include exploring opportunities for discounts and promotions, supporting the use of passenger amenities such as Wi-Fi, Quiet Cars, and business class service, and monitoring on-time-performance. MDOT also continues to align station staffing needs with trends in technology use and is working to ensure stations are staffed during train times. Additionally, in order to make connections easier for passengers desiring to travel to other regions of the Midwest, MDOT collaborated with Midwest partners to align schedules with other regional trains, where possible. This move resulted in slightly revised schedules in July 2018.

While factors such as fuel costs are difficult to predict and impossible to control, MDOT continues to explore and evaluate strategies for service efficiencies and enhancements, as well as options to optimize revenue while still increasing ridership. One initiative is the introduction of new energy-efficient locomotives being acquired as part of the Midwest Next Generation Equipment procurement consortium, which began service on the Pere Marquette in FY2017. The Department will remain engaged with Amtrak on aggressive marketing and advertising campaigns and other strategies designed to reduce the state’s financial obligation. MDOT continues to support periodic fare increases designed to optimize revenue without negatively impacting ridership, annually evaluates the impacts of federal PRIIA regulations on service costs, and actively participates in inter-state discussions about ways to increase efficiency and reduce costs.