

Michigan Department of Transportation

Passenger Rail Legislative Report

PA 66 of 2019 Section 711

April 29, 2020

From a ridership and revenue perspective, Fiscal Year 2019 continued a positive trend for passenger rail in Michigan. Overall ridership on all three routes totaled 780,549, while Amtrak's ticket revenues for the services totaled \$32,147,224. These numbers represent increases of 2.1% and 0.2%, respectively, from FY2018 levels. The services continue to benefit from investments in track and signal improvements resulting in increased speeds and reliability. In 2019, MDOT and Amtrak continued to make progress on implementing Positive Train Control (PTC) by extending an Incremental Train Control System (ITCS) on MDOT-owned track, and are currently working toward an interoperable electronic train management system (I-ETMS), which is the PTC system for freight trains on the Michigan Line. Once implemented, a fully interoperable PTC system will allow further speed increases between Kalamazoo and Dearborn. Passengers continue to respond well to these activities, and ridership and revenue continue to show a positive trend. The FY2019 breakdown of ridership, revenue and expenses is as follows:

| FY 2019 | Wolverine | Blue Water | Pere Marquette |
|-------------------------|--------------|--------------|----------------|
| Ridership | 501,124 | 181,832 | 97,593 |
| Ticket Revenue | \$22,606,661 | \$6,263,759 | \$3,276,803 |
| Total Revenue | \$24,505,541 | \$6,792,787 | \$3,523,392 |
| Operating Expenses* | \$34,838,913 | \$12,854,467 | \$6,544,446 |
| Payments from MDOT | \$10,333,372 | \$6,061,680 | \$3,021,053 |
| Revenue-Operating Ratio | 70.3% | 52.8% | 53.8% |

**MDOT is awaiting a final equipment capital reconciliation bill from Amtrak. This assumes a \$1,500,000 estimate.*

During FY2019, 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 increased in FY2019 compared to FY2018.

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 ticket agent needs with trends in technology use and is working to ensure stations are staffed during train times. Additionally, in FY2019, MDOT began a Horizon Refresh project along with other Midwest states to refurbish, deep clean, and update Amtrak's fleet of passenger rail cars used on Midwest Services.

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 acquired as part of the Midwest Next Generation Equipment procurement consortium, which were deployed on all three of Michigan's services in FY2019. 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.