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Request for Information: Exploring New Options to Reduce Costs and Improve Amtrak Cascades Intercity Passenger Rail Service

In April 2014, the Washington State Department of Transportation Rail Division and Oregon Department of Transportation Rail and Public Transit Division announced a Request for Information to explore potential cost and service efficiency improvements to the Amtrak Cascades Intercity Passenger Rail service. This RFI was issued to providers of rail services in response to the recent shift of Amtrak operating costs to Washington and Oregon. This cost shift is required by the federal Passenger Rail Investment and Improvement Act. Due to increased costs, the 2013 Washington State Legislature directed WSDOT to “find cost saving alternatives” resulting in the issuance of the RFI:

“In recognition of the increased costs the state is expected to absorb due to changes in federal law, the department is directed to analyze the Amtrak contract proposal and find cost saving alternatives.”
– Engrossed Substitute Senate Bill 6001, Section 222

The RFI sought information on ways to reduce Amtrak Cascades operating costs and improve the delivery of this transportation service to the travelling public. RFI respondents were asked to describe how they would:

• Provide an efficient, safe and cost-effective alternative to highway and air travel.
• Support future growth of intercity passenger rail service on the Pacific Northwest Rail Corridor between Vancouver, British Columbia, and Eugene, Oregon.
• Operate an efficient, high-quality intercity passenger rail service that helps minimize the need for state subsidies.
• Provide flexibility for WSDOT and ODOT to manage service amenities and business costs.
• Be sensitive to community and environmental impacts.
• Integrate with local roadway, transit, bicycle and pedestrian transportation networks.

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During summer 2014, WSDOT and ODOT interviewed 13 RFI respondents. Respondents included maintenance providers, union representatives, advocacy groups, research and planning entities, and international rail service operators.

What the states learned from this RFI process:
- The RFI process has proven to be a meaningful undertaking that has allowed states to hear directly from rail industry professionals on how to make Amtrak Cascades Intercity Passenger Rail Service even more successful.
- The findings from this process will help the states update various plans and strategies. The ultimate goal would be to maximize the public utility of Amtrak Cascades intercity passenger rail service through cost controls, revenue increases and continuous quality improvement.

Suggested smaller-scale improvements to the existing intercity passenger rail service included the following recommendations:
- Consider incremental service delivery changes that are more manageable and minimize impacts to the service to produce positive results.
- Develop a pilot program to test options for competitive contracting and ease into a transition away from the current business model.
- Identify pilot project opportunities to work with vendors on portions of the service in the near term, including marketing and advertising, onboard food and beverage service, ticketing, reservations, station services, baggage handling and other elements in the day-to-day operations of the service.
- Include pilot project incentives that inspire vendors to invest in the service.

The RFI responses also recommended that business partnerships be maintained, expanded or improved, including:
- A strong ongoing relationship with railroad labor unions.
- Well-managed and streamlined coordination among rail equipment manufacturers, operators, maintainers and regulators.
- Greater involvement by the provincial government of British Columbia in sharing the management and public funding responsibilities.

What the states could do next:
- Identify specific operational, equipment and infrastructure needs to achieve the long-range vision for the service using the Service Development Plan and Fleet Management Plan for Amtrak Cascades.
- Develop zero-based budgets to use as a cost measurement and management tool. This tool could help states evaluate reasonableness of costs.
- Work with other states and industry subject matter experts to identify business model options.

We learned from the RFI responses that the following issues should be addressed when moving forward. The states could:
- Establish standards with host railroads for allowing new operators on their infrastructure.
- Clarify private sector rights to identify the process and cost for use of Amtrak facilities or equipment by new operators and/or maintainers.
- Ensure private companies with proprietary information understand exposure to public disclosure and public records laws that are in place to promote government transparency.
- Consider using a contracting model when working with the private sector that balances risks, predictable costs and profit incentives.
- Take a leadership role in establishing a programmatic governance structure that clearly identifies roles and responsibilities. This role includes negotiating host railroad agreements, along with operations and maintenance responsibilities.
- Create an RFP process that is transparent and easy for respondents to follow:
  - Set the vision and detail for what is desired and expected from private operators prior to release of an RFP for any aspect of the service.
  - Bring rail industry experts and potential service providers together for a pre-RFP workshop to address a variety of contracting and administrative requirements. This would assist in developing a comprehensive and efficient RFP process, selection and transition.
  - Create a transparent RFP process to hold the public’s trust and attain the efficiency improvements the states are seeking, including the purpose, objective, benefits, challenges, public engagement and performance metrics.
  - Fully understand and determine railroad liability insurance costs and track access rights before issuing an RFP.

All charts are created from Amtrak data and all numbers are rounded.