

Bob,

As discussed during our June 27 meeting in your offices, and subsequently during two phone conversations, we have completed our ridership and financial analysis for several scenarios of a hypothetically-improved "Hoosier State" train service between Chicago and Indianapolis. Attached are two attachments: the first is the detailed financial analysis and the second is a comparative summary, based upon the PRIIA Section 209 format, which reflects the total projected financial results associated with each option.

Four schedule scenarios were analyzed, each reflecting a 30-minute reduction in one-way trip times. This would be achieved by raising maximum authorized track speeds to 79-mph where practical. A further trip time reduction of 10 minutes would be possible through initiation of a routing change in the Chicago area. The latter is estimated to generate about 10% more incremental ridership and ticket revenue than the numbers shown in the attached analysis. As we discussed, increases in speeds will require yet-to-be-determined capital infrastructure investments on the host railroads, and increases in frequencies could create capacity issues also requiring capital investments to mitigate. Due to the ongoing uncertainty of the State of Indiana's willingness to support this service in the future under the provisions of PRIIA Section 209, no discussions have been initiated with the host railroads on schedule changes or on the potential infrastructure improvement scope or costs, and no such references to capital costs are included in the attachments. It is our understanding that the consulting firm retained by INDOT to study this corridor may have initiated some analysis of the physical plant needs. The four hypothetical schedules analyzed were:

- Option 1: One daily round trip which retains same-day connectivity with several long distance trains in Chicago.
- Option 2: One daily round trip which offers better local service between Chicago and Indianapolis than Option 1, but same-day connectivity in Chicago is broken.
- Option 3: Two daily round trips providing connectivity to several long distance trains in Chicago and providing better schedules for local markets than Option 4.
- Option 4: Two daily round trips which retain connectivity with several long distance trains in Chicago and which possess certain operational advantages.

The proposed schedules for all options are included in the first attachment. Under these scenarios, the annual increases in the number of rail passengers in this corridor from today's ridership levels range from nearly 52,000 under Option 1 (to a total of 89,000), to nearly 127,000 under Option 3 (to a total of 164,000).

After you and your staff have had an opportunity to review the detailed revenue, expense, and state operating support information, please let me know if you wish to discuss further or if have any questions. Bruce Hillblom and I would be pleased to meet in person with you as well.

Mike

Amtrak Route 54 - Hoosier State Service - FY 2014 Financial Comparison With Potential Scheduling Adjustments

Annual Frequencies		416	314	730	416	314	730
Projected Ridership (Rounded)		37,000	52,000	89,000	37,000	49,000	86,000
		OPTION 1 - 1 RT			OPTION 2 - 1 RT		
Route 54 - Hoosier State		FY14 with			FY14 with		
Section 209 Line Item		FY14 Base	Option 1	Option 1	FY14 Base	Option 2	Option 2
Revenue		Amount	Incremental	Incremental	Amount	Incremental	Incremental
			Addition	Addition		Addition	Addition
Ticket Revenue		\$ 899,000	\$ 1,262,000	\$ 2,161,000	\$ 899,000	\$ 1,204,000	\$ 2,103,000
Food & Beverage		-	-	-	-	-	-
Other Revenue		9,000	-	9,000	9,000	-	9,000
Total Revenue		\$ 907,000	\$ 1,262,000	\$ 2,169,000	\$ 907,000	\$ 1,204,000	\$ 2,111,000
Expenses							
Third Party Costs							
Host Railroad (Maintenance of Way and Performance Incentives)		\$ 410,000	\$ 309,000	\$ 719,000	\$ 410,000	\$ 309,000	\$ 719,000
Synthetic Host railroad Charge		-	-	-	-	-	-
Fuel and Power		280,000	208,000	488,000	280,000	208,000	488,000
Subtotal: Third Party Costs		\$ 689,000	\$ 517,000	\$ 1,206,000	\$ 689,000	\$ 517,000	\$ 1,206,000
Route Costs							
Train & Engine Crew Labor		\$ 1,170,000	\$ -	\$ 1,170,000	\$ 1,170,000	\$ 53,000	\$ 1,223,000
Car & Locomotive Maint. And Turnaround		371,000	160,000	531,000	371,000	160,000	531,000
OBS - Crew		-	-	-	-	-	-
Commissary Provisions		-	-	-	-	-	-
Route Advertising		-	-	-	-	-	-
Sales Distribution		13,000	18,000	31,000	13,000	18,000	31,000
Reservations & Call Centers		187,000	263,000	450,000	187,000	251,000	438,000
Stations - Route		-	-	-	-	-	-
Stations - Shared		311,000	-	311,000	311,000	-	311,000
Commissions		18,000	25,000	43,000	18,000	24,000	42,000
Customer Concession		3,000	4,000	7,000	3,000	4,000	7,000
Connecting Motor Coach		-	-	-	-	-	-
Regional/Local Police		7,000	6,000	13,000	7,000	6,000	13,000
Block & Tower Operations		-	-	-	-	-	-
Terminal Yard Operations		35,000	26,000	61,000	35,000	26,000	61,000
Terminal MoW		12,000	9,000	21,000	12,000	9,000	21,000
Insurance		48,000	52,000	100,000	48,000	51,000	99,000
Subtotal: Route Costs		\$ 2,174,000	\$ 563,000	\$ 2,737,000	\$ 2,174,000	\$ 602,000	\$ 2,776,000
Additives							
Marketing		\$ 25,000	\$ 35,000	\$ 60,000	\$ 25,000	\$ 34,000	\$ 59,000
T&E		356,000	-	356,000	356,000	16,000	372,000
MoE		100,000	43,000	143,000	100,000	43,000	143,000
OBS		-	-	-	-	-	-
Police		29,000	42,000	71,000	29,000	40,000	69,000
G&A		43,000	11,000	54,000	43,000	12,000	55,000
Total: Additives		\$ 554,000	\$ 131,000	\$ 685,000	\$ 554,000	\$ 145,000	\$ 699,000
Total Expenses		\$ 3,417,000	\$ 1,211,000	\$ 4,628,000	\$ 3,417,000	\$ 1,264,000	\$ 4,681,000
Estimated State Operating Payment or (Credit)		\$ 2,510,000	\$ (51,000)	\$ 2,459,000	\$ 2,510,000	\$ 60,000	\$ 2,570,000

Copy of Rt 54 Hoosier State with Potential Scheduling Changes 080913 (2)

Annual Frequencies	416	1,044	1,460	416	1,044	1,460	
Projected Ridership (Rounded)	37,000	127,000	164,000	37,000	116,000	153,000	
		OPTION 3 - 2 RT's			OPTION 4 - 2 RT's		
Route 54 - Hoosier State		FY14 with			FY14 with		
Section 209 Line Item		FY14 Base	Option 3	Option 3	FY14 Base	Option 4	Option 4
Revenue		Amount	Incremental	Incremental	Amount	Incremental	Incremental
			Addition	Addition		Addition	Addition
Ticket Revenue		\$ 899,000	\$ 3,092,000	\$ 3,991,000	\$ 899,000	\$ 2,823,000	\$ 3,722,000
Food & Beverage		-	-	-	-	-	-
Other Revenue		9,000	-	9,000	9,000	-	9,000
Total Revenue		\$ 907,000	\$ 3,092,000	\$ 3,999,000	\$ 907,000	\$ 2,823,000	\$ 3,730,000
Expenses							
Third Party Costs							
Host Railroad (Maintenance of Way and Performance Incentives)		\$ 410,000	\$ 1,028,000	\$ 1,438,000	\$ 410,000	\$ 1,028,000	\$ 1,438,000
Synthetic Host railroad Charge		-	-	-	-	-	-
Fuel and Power		280,000	692,000	972,000	280,000	692,000	972,000
Subtotal: Third Party Costs		\$ 689,000	\$ 1,720,000	\$ 2,409,000	\$ 689,000	\$ 1,720,000	\$ 2,409,000
Route Costs							
Train & Engine Crew Labor		\$ 1,170,000	\$ 1,363,000	\$ 2,533,000	\$ 1,170,000	\$ 1,363,000	\$ 2,533,000
Car & Locomotive Maint. And Turnaround		371,000	955,000	1,326,000	371,000	743,000	1,114,000
OBS - Crew		-	-	-	-	-	-
Commissary Provisions		-	-	-	-	-	-
Route Advertising		-	-	-	-	-	-
Sales Distribution		13,000	45,000	58,000	13,000	41,000	54,000
Reservations & Call Centers		187,000	645,000	832,000	187,000	590,000	777,000
Stations - Route		-	-	-	-	-	-
Stations - Shared		311,000	-	311,000	311,000	-	311,000
Commissions		18,000	61,000	79,000	18,000	56,000	74,000
Customer Concession		3,000	10,000	13,000	3,000	9,000	12,000
Connecting Motor Coach		-	-	-	-	-	-
Regional/Local Police		7,000	19,000	26,000	7,000	19,000	26,000
Block & Tower Operations		-	-	-	-	-	-
Terminal Yard Operations		35,000	87,000	122,000	35,000	87,000	122,000
Terminal MoW		12,000	30,000	42,000	12,000	30,000	42,000
Insurance		48,000	140,000	188,000	48,000	130,000	178,000
Subtotal: Route Costs		\$ 2,174,000	\$ 3,354,000	\$ 5,529,000	\$ 2,174,000	\$ 3,067,000	\$ 5,242,000
Additives							
Marketing		\$ 25,000	\$ 87,000	\$ 112,000	\$ 25,000	\$ 79,000	\$ 104,000
T&E		356,000	414,000	770,000	356,000	414,000	770,000
MoE		100,000	259,000	359,000	100,000	201,000	301,000
OBS		-	-	-	-	-	-
Police		29,000	101,000	130,000	29,000	94,000	123,000
G&A		43,000	67,000	110,000	43,000	61,000	104,000
Total: Additives		\$ 554,000	\$ 928,000	\$ 1,482,000	\$ 554,000	\$ 850,000	\$ 1,403,000
Total Expenses		\$ 3,417,000	\$ 6,002,000	\$ 9,420,000	\$ 3,417,000	\$ 5,637,000	\$ 9,054,000
Estimated State Operating Payment or (Credit)		\$ 2,510,000	\$ 2,910,000	\$ 5,421,000	\$ 2,510,000	\$ 2,814,000	\$ 5,324,000