

February 27, 2015

Joseph Boardman
President and CEO
Amtrak
60 Massachusetts Avenue
Washington, DC 20002

Mr. Boardman –

Thank you again for taking time to be our luncheon speaker at the AASHTO Standing Committee on Rail Transportation (SCORT) on February 18, 2015. Based on the discussion by PRIIA Section 209 States that participated in a meeting on the following day, many seem encouraged by your efforts to address the challenges which we are together facing implementing the 209 Policy. We appreciate you engaging us in a discussion on how to move forward, and we are taking this time to accept your invitation to respond to your questions.

“How can Amtrak be a better partner?”

As you well know, State Supported Routes generate nearly half of all Amtrak riders, and by adopting the Section 209 Policy, all States have agreed to pay the “costs incurred for the benefit of their routes, and a proportionate share of costs incurred for the benefit of more than one route”. Additionally, States have and continue to make considerable investments in infrastructure and facilities to support and improve intercity passenger rail. As such, States are not just Amtrak funding partners; we are Amtrak’s business partners, and seek to be involved in the decisions that affect the pricing and growth of our routes. The States share Amtrak’s interest in and commitment to quality and performance of service, efficiency of operations, controlling costs and delivering public benefit. Amtrak and States must work cooperatively and collaboratively, with mutual goals, to solidify our partnership and demonstrate that passenger rail, at all levels, can be a national success story.

“How can we make 209 work?”

The Section 209 Working Groups remain engaged in detailed discussions regarding specific issues and have made progress developing Performance Standards, a Capital Equipment Plan and a Governance Structure. To be forthright, the current challenges to the implementation of Section 209 for the States arise from a poorly functioning business relationship between Amtrak and the States. Some areas for States and Amtrak to develop and improve include:

- A clear criteria to determine which costs are eligible to be charged to States within the Cost Categories outlined in the Policy;
- A consistent process for early inclusion of States in Amtrak’s annual budgeting decisions that will also demonstrate solid support for budget deliberations at federal and state levels; and

- A pricing model which:
 - Is transparent and easy to understand;
 - Demonstrates a direct relationship between services provided by Amtrak that are used by States in the provision of their routes and the amount paid for the use of those services by States; and
 - Gives States the ability to work with Amtrak to understand business factors and work jointly to control costs.
- A commitment from Amtrak to remain within budget. Including states in Amtrak's budgeting processes early will help us secure funding needed and also provide opportunities to demonstrate that passenger rail costs can be managed. The ability to reliably remain within budget increases credibility and will give appropriators greater confidence in the value of investments.

In an effort to improve our partnership, and to develop the successful business model envisioned pursuant to Section 209, the States propose that a 2-day facilitated meeting be scheduled in Washington, D.C. in April 2015 attended by decision-makers from Amtrak, States, and FRA. The intent of this meeting is to allow the parties to roll up their sleeves and come to agreement on specific and workable policy principles which address the above mentioned challenges. In the meantime, the Working Groups will continue their efforts to identify and refine the more detailed issues with the expectation that they will be more easily resolved once a Policy framework has been approved.

The States are committed to working with you and your team at Amtrak to strengthen our partnership to implement a fair, equitable and transparent Section 209 Policy. It is in our mutual best interest to resolve our differences as soon as possible and establish a clear path forward which will allow us to work together to grow and improve our nation's passenger rail system.

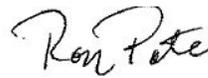
A representative from the Federal Mediation Conciliation Service (FMCS) will be reaching out to your team to determine an agreeable date for our meeting.

Thank you again for your ongoing support and participation.

Sincerely,



David Kutrosky, CCJPA
Chair, Performance Standards Working Group
And Governance Working Group



Ron Pate, WASDOT
Chair, Equipment Capital Working Group



Patricia Quinn, NNEPRA
Chair, Operating Cost Working Group

cc: DJ Stadtler, Amtrak
Jay Commer, Amtrak
Paul Nissenbaum, FRA
Paul Worley, AASHTO SCORT Committee
Bud Wright, AASHTO
Josh Flax, FMCS