



Sunset Limited: The Campaign for Daily Service



RAIL PASSENGERS

A CONNECTED AMERICA



Today's Webinar

(times Eastern)

- 3:00pm – Overview of call structure and agenda
- 3:02pm – Introductory remarks
 - Bruce Ashton
- 3:05pm – Sunset Limited Corridor Presentation
 - Steve Roberts & George Chilson
- 3:30 pm – Moderated Panel Q&A
 - Madi Butler w/ Steve Roberts, George Chilson, Bruce Ashton, & Todd Liebman
- 3:50 pm – IMPLAN/Call to Action
 - Jim Mathews
- 4:00 pm – Tease of next month's webinar



RAIL PASSENGERS
ASSOCIATION

Introductory Remarks

Bruce Ashton

Rail Passengers Association (TX) & Texas Rail Advocates



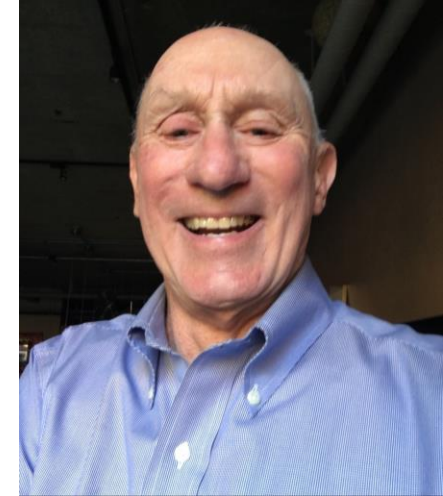


RAIL PASSENGERS
ASSOCIATION

Sunset Limited Corridor Presentation

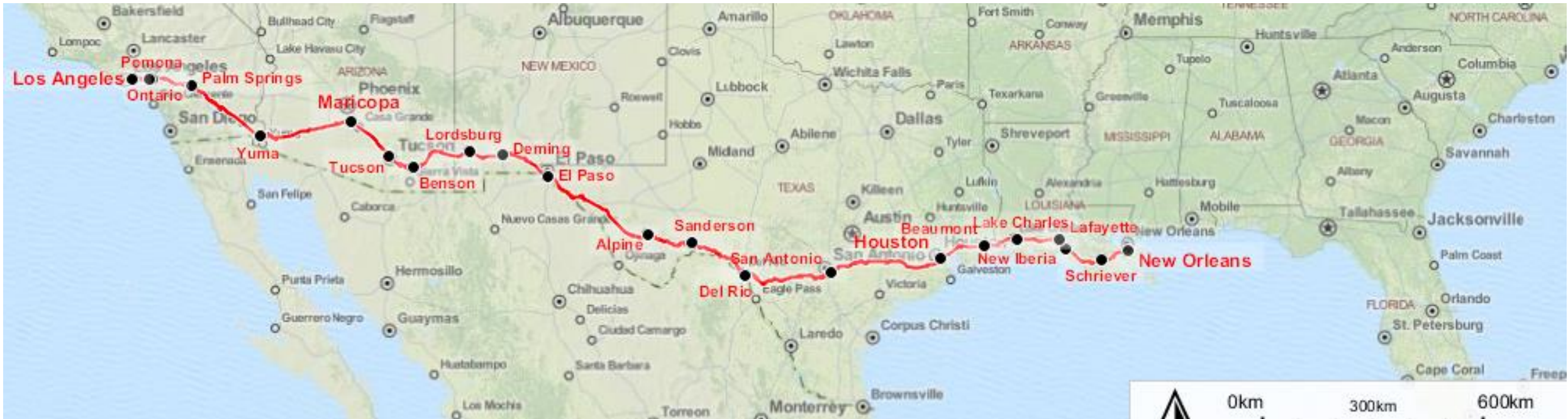
George Chilson - Chairman Emeritus, Rail Passengers
Association

Steve Roberts - President, Rail Passengers Association of
California & Nevada



Campaign for Daily Sunset Limited

“Linking the Markets, Growing the Business, Enhancing the Network”
Rail Passengers Association – August 19, 2020



Daily Sunset Limited

The Opportunity – Market Size & Growth

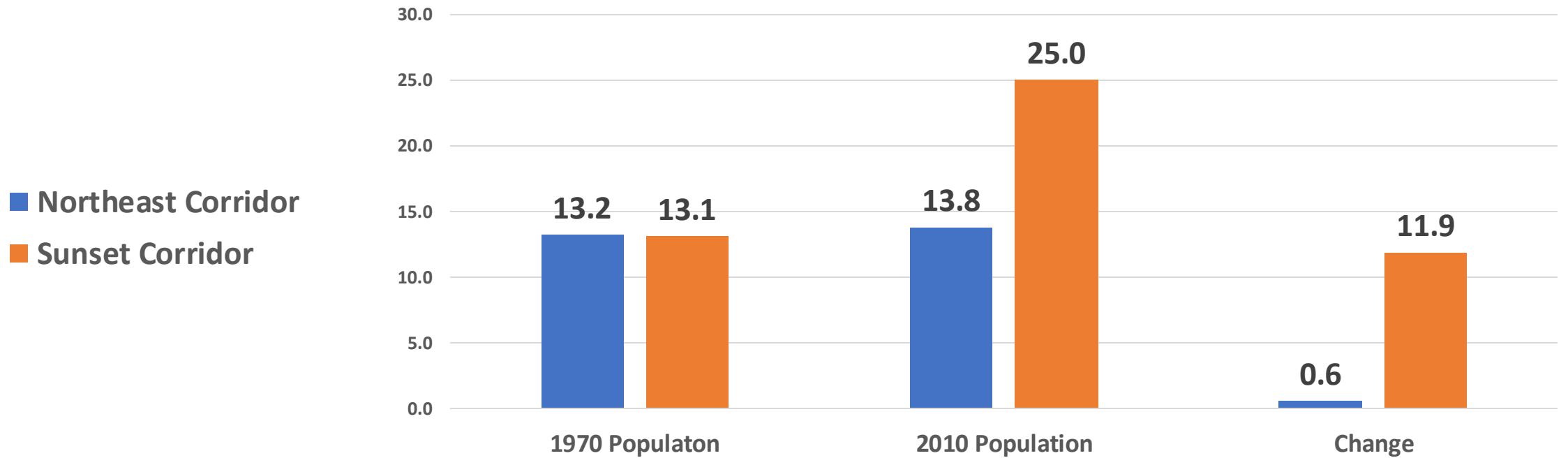
The Challenge – Rail Infrastructure

The Plan – Grassroots “Bottoms Up” Effort

The Alternative - Discontinuance

The Opportunity: Large & Growing Market

Population 1970 - 2010
By County Served
Millions



Travel Patterns Vary By Region

Southwest Compared to Northeast

- 20% more trips (3.7 vs 3.1)
- 20% further (476 vs 395 miles)
- 34% more total trips (226.9 M vs 169.2 M)
- 61% more passenger miles (108.0 B vs 66.9 B)

Population Density

Per Route Mile

Sunset 12,500 Northeast 30,200

Where We Live...

Unlike many developed countries, the U.S. keeps growing. We are also moving south and west. But compared with China or India, the nation is a vast prairie

Our families are getting smaller—with one vital exception. Compared with those of Europe and Japan, the U.S. population is younger and more colorful because of the continued arrival of immigrants and their higher-than-average birthrates. Of the 100 million Americans who will join us in the next 37 years, half will be immigrants or their children. In the next few decades, 97% of the world's population growth will occur in the developing world; the U.S. is the largest developed country in the world that is still growing at a healthy clip. That matters, strategically, economical-

Ala.; Possum Trot, Ky.; or Lonelyville, N.Y. But they are all probably close to someone's idea of paradise. —By Nancy Gibbs

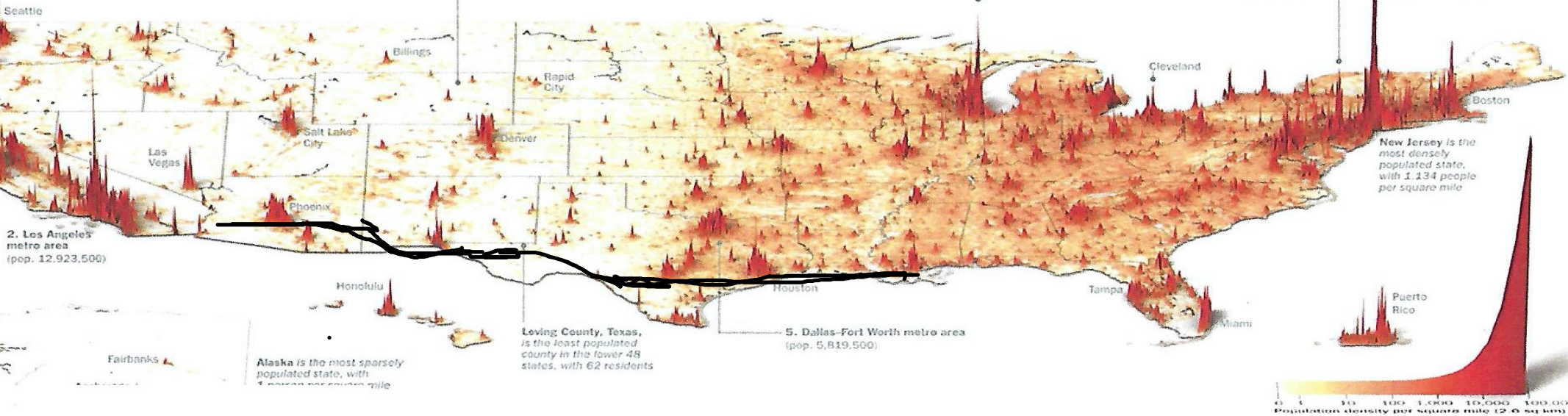
80% of the U.S. population lives in a metropolitan area
Populations of top five shown

The entire state of Wyoming (pop. 509,300) has fewer people than the Harrisburg, Pa., metro area

3. Chicago metro area (pop. 9,443,400)

4. Philadelphia metro area (pop. 5,823,200)

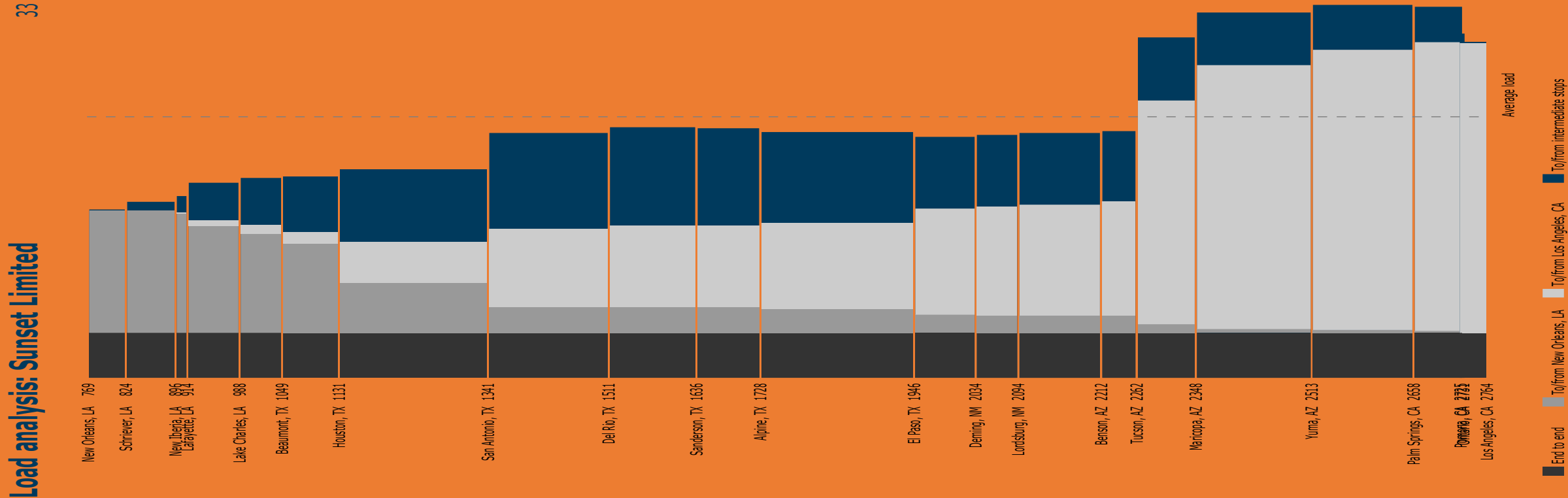
1. New York City metro area (pop. 18,747,300)



Long Distance Routes Make Economic Sense

Sunset Limited Average Passenger Loads

Black=To/From LAX & NOL * Dark Gray=To/From NOL * Light Gray=To/From LAX * Dark Blue=To/From Intermediate Points



NOL 1.3 M * HOS 7.0M * SAS 2.6M * ELP 0.8M * TUC 1.0M * PHX 4.3M * LAX 13.1M

Strong Ridership & Revenue Potential

- Major cities every 300-500 miles – foundation for coach business
 - Driving less attractive the longer the distance
- Major tourist destinations - strong sleeper business
 - Valley of the Sun, Tucson, El Paso & San Antonio/Austin & Gulf Coast/Big Bend NP
 - End Points – LAX & NOL attractions plus major cruise ports
- Connections to many routes with daily service
 - More city pair markets served
 - Expanded geographic reach
 - Eagle through cars

Previous Attempts

- 2010 – Amtrak PIP Plan (PRIIA Sec 210)
 - Daily Service Los Angeles – New Orleans
 - Better schedule
 - Reroute Los Angeles – Riverside from UP to BNSF
- 2011 – Amtrak Board Approved
- 2012 – “Sticker Shock” Union Pacific’s capacity request (\$750 million) stymied effort
- 2017 – Achieved ridership & ticket revenue goals with only schedule change
- 2019 – Rail Passengers Association Update Presented to Amtrak
 - 133% increase in frequency
 - 125% Increase ridership & Revenue
 - System Breakeven
 - No additional equipment
- 2020 – Still tri-weekly

The Big Challenge – Infrastructure Capacity

UP requires “north of \$1 billion” for capacity

The Challenges - Railroad

- Large & growing freight volume strains Sunset route capacity
- Sunset Ltd cannot be operated daily without addressing capacity issues
- Potential OTP penalties changed UP policy
 - New passenger service must fund capacity to ensure 95% reliability
- Financial pressure on freight railroads to maximize cash flow & minimize capital outlays
- High ROI needed for infrastructure investment
- Many bottlenecks remain – but extra operating cost of does not reach UP's minimum ROI
- Freight railroad only gets “one bite at the apple” for current and future capacity requirements
- Funding UP capacity from Amtrak budget will not pass cost/benefit analysis

The Challenges - Political

- Congressional mandate: minimize subsidies not maximize public benefits
- “Free Market” legislators target Amtrak to polish conservative credentials
- Opinion leaders do not understand how “long distance” routes function or the public benefits generated
- Sunset’s low frequency makes Amtrak “irrelevant” to public in service area
- Coordinating a multi-state, multi-jurisdictional long-distance train route
- Competes with other Amtrak equipment & service expansion initiatives
- Amtrak top management strategy:
 - Replace interstate “long distance” routes (federal responsibility)
 - With short distance corridor routes (state responsibility)

The Plan:

“Bottoms Up” Grass Roots Advocacy

- Previous grassroots efforts that succeeded
 - Texas Eagle – Mineola mayor Celia Boswell
 - Southwest Chief - Colorail
 - Gulf Coast service – Southern Rail Commission
- Marshal support from elected officials & business groups at city & county level
- Create an organic consensus at the local, state and Congressional level for additional Amtrak service
- Be a catalyst for BUILD & CRISI grants to eliminate bottlenecks
- By delivering system benefits, Sunset Campaign can become a valued partner to UP
- “Drive the process” independent of Amtrak

The Action Plan: Next Steps

- Initial outreach to stakeholders – COMPLETED
- Demand & feasibility study – COMPLETED
- Economic benefits study – in process
 - Need to raise \$35,000 for IMPLAN subscription
- Re-engage stakeholders – hard numbers from the benefits study on the value to each community of a daily Sunset Ltd.
- BUILD or CRISI grant for capacity study – identify projects & costs
- Project grant for an “early win”
- Explore railroad future capital needs issue – capital access charge, passenger rail tax credit, etc.

The Upside Potential

- Federal Government & Railroads are natural partners in rail infrastructure projects
- Both are responsible for interstate commerce -
- Railroad cost sharing leverages federal, state & local dollars
- Public funding raises the ROI of capacity projects for the railroads
- Public/private partnership investments in rail infrastructure are compatible with “free market” economic philosophy
- Opportunity to create innovative ways to fund rail infrastructure improvements

Recap:
Campaign for Daily Sunset Limited

The Opportunity – Market Size & Growth

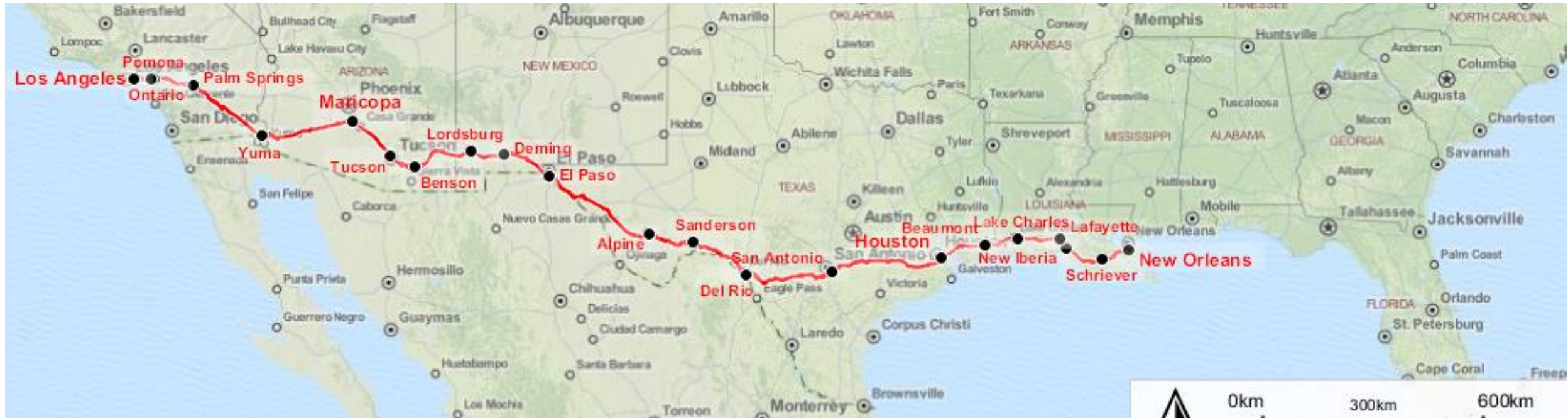
The Challenge – Rail Infrastructure

The Plan – Grassroots “Bottoms Up” Effort

The Alternative - Discontinuance

Campaign for Daily Sunset Limited

Thank you for joining us and enjoy the Q&A

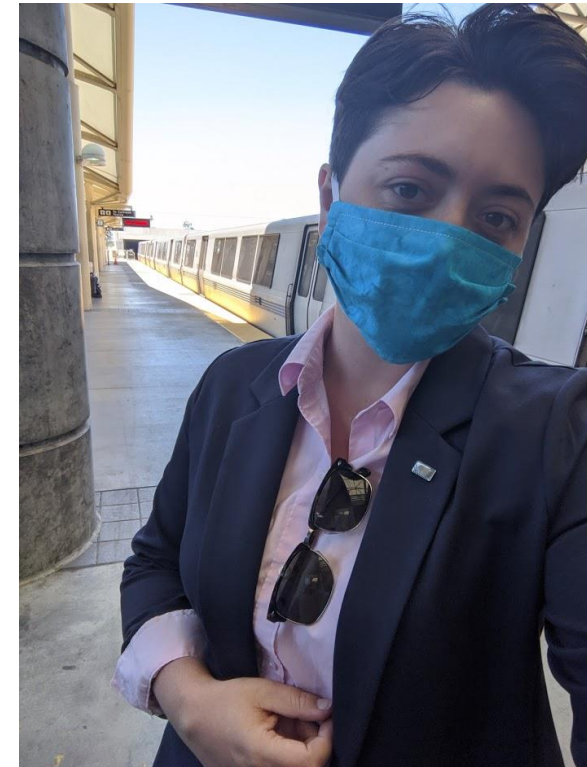




RAIL PASSENGERS
ASSOCIATION

Q&A

Madi Butler
Grassroots Organizer
Rail Passengers Association





Question for Bruce and Steve

What's the future for train service to rural stations; those small communities far removed from air and train service? Seniors and youth unable to drive long distances via car to reach service stations would be left out with no travel option.



Question for Bruce

What's in store for upgrading Station Facilities (e.g. Houston, Texas) to facilitate ingress and egress?



Question for Todd

I take the Sunset Ltd to & from Tucson, from L.A., and have run into numerous problems due to the current 3X/ week schedule. I've had trains canceled with short notice, or schedule changes that make it impossible to retain connections to where I live in the San Francisco area. I've had to stay extra days in Tucson due to the lack of a daily train.

In most cases, I could have "made do" with a train the next day, but as you know, the current situation means there is a 2-3 day offset in getting another train. I've been hurt financially when reservations for hotels, etc. were non-refundable and I've had to scramble to find other accommodations on short notice when cancellations occurred.

What has the experience been like for others? Can you help us get a real resolution when we get stuck? What is the best course of action if we do get stuck?

I wholeheartedly support your efforts to get this train onto a daily schedule - it'd make planning and modifying trips so much easier.



Question for George

Is there passenger equipment (locos. and cars) for the Sunset to go daily or, if not, how long before equipment could be obtained for the Sunset to go daily



Question for Todd

Why have discussions about passenger rail service in Arizona struggled to gain support?
(ex: Phoenix connector to Sunset, or Sunset reroute)

They have voted in Phoenix and Tucson to support more transit many times, so what is the hold up on getting Amtrak to be a part of that?



Question for Steve

I would like to hear about progress toward restoring service on the Sunset from Florida. What states are supporting? What states are throwing up roadblocks? Overall, how much advocacy? What is the probability of success? What are the next steps? When is the New Orleans to Orlando section of the Sunset Limited going to be returned?



Question for George

How much do the host railroads want when daily service happens? I heard its billions... is that true?



Question for All

What has been your hardest challenge as advocates?
Who or what is standing in the way?



Question for Jim

I don't have a lot of time or money to commit right now, but I want to help. What can I do?



RAIL PASSENGERS
ASSOCIATION

IMPLAN Economic Modeling

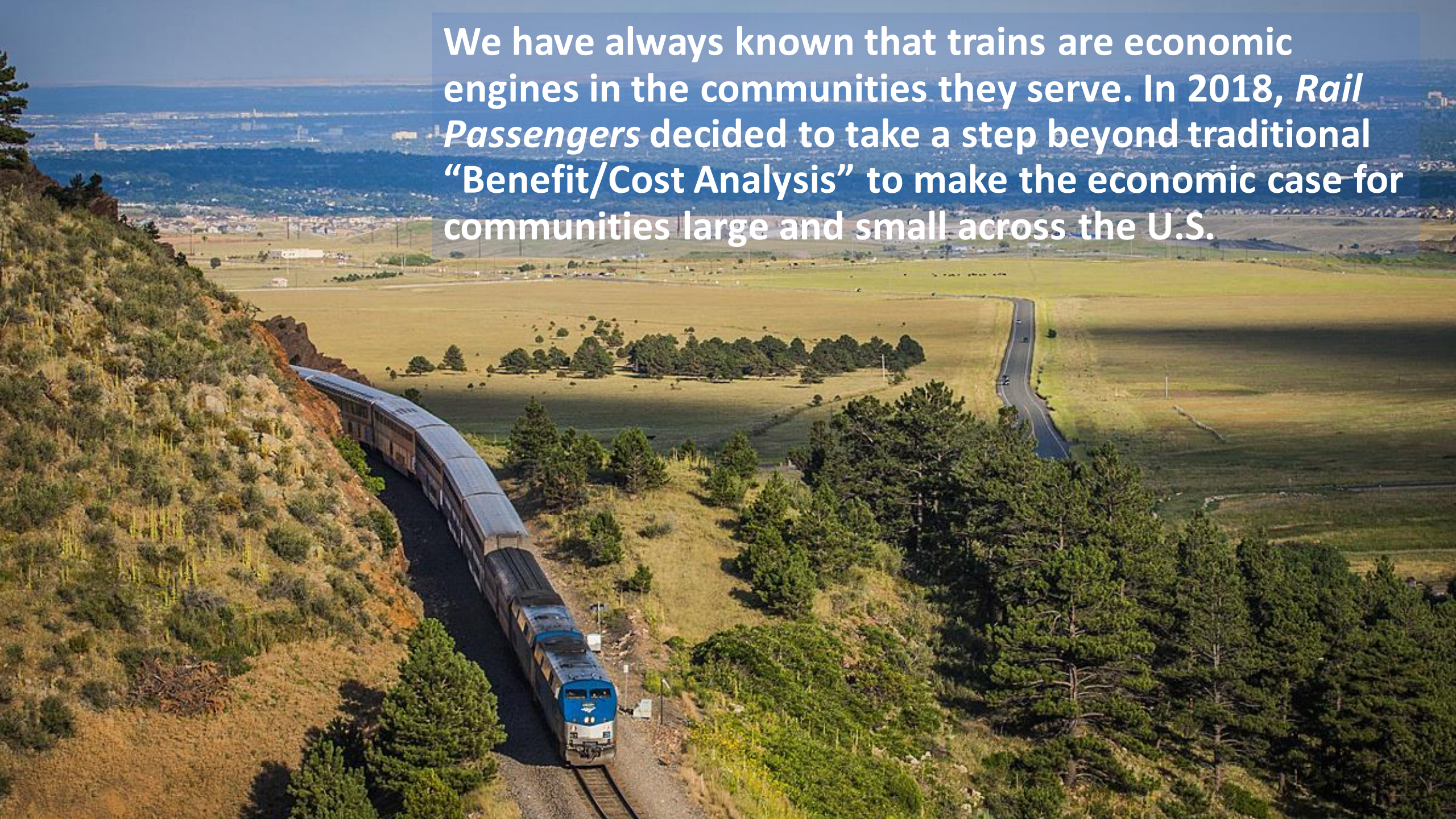
Jim Mathews

President & CEO

Rail Passengers Association



We have always known that trains are economic engines in the communities they serve. In 2018, *Rail Passengers* decided to take a step beyond traditional “Benefit/Cost Analysis” to make the economic case for communities large and small across the U.S.



The USM *Gulf Coast Restoration* Study:

USM Model + IMPLAN Model Calculated Economic Benefits



- 2018 Study Led by Dr. Yuanyuan Zhang
 - Research Professor at University of Mississippi's Trent Lott Center for Logistics, Trade & Transportation
 - Specializes in transportation-related economic development
- Study Findings:
 - Alabama total economic benefit (low end):
 - **\$19.2m annually**
 - Mississippi total economic benefit (low end):
 - **\$64.8m annually** (not including train facility)
 - Louisiana total economic benefit (low end):
 - **\$86.7m annually**



Restoration of Gulf Coast
Passenger Rail Service

Economic Impact
in Mississippi, Alabama and
Louisiana

Prepared By:
Dr. Yuanyuan Zhang, Research Professor
May 2018
REVISION 2



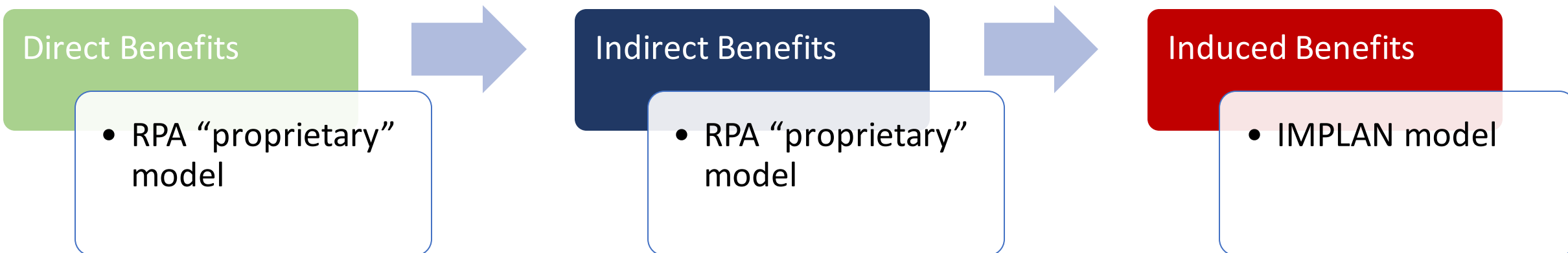
The *Rail Passengers Association* worked through the summer of 2018 with Dr. Zhang to refine and extend her *Gulf Coast* model to analyze ANY other route or service



A Two-Model Process :

Rail Passengers' Internal Model + IMPLAN's Multiplier Model

- **OUR THESIS:** Trains deliver value to served communities six, seven or more times the dollars invested in the service
 - The “profit” goes to the communities, and the Nation, not Amtrak
- **OUR GOAL:** Shift the conversation to taxpayers' Return on Equity, rather than simple route profitability
 - Amtrak is not required by law to make a profit (1978 Amendment)
- **OUR PROOF:** Show direct, indirect and induced benefits at the county-by-county level





1 INPUT YOUR DIRECT EFFECT



you can measure impacts
like changes in wages,
production, or policy



wages paid



business tax
impacts

2

INDIRECT EFFECTS



purchases of goods
and services



supply chain
effects

3

INDUCED EFFECTS



household
purchases



local and import
purchases



wages paid



household
tax impacts

How We Did It And How It Works

- The RPA/USM Model was built from a comprehensive literature review of 40+ papers
- Working together, we defined impacts to derive benefits
- Renewing our \$35K IMPLAN subscription would allow us to use the IMPLAN tool to quantify additional benefits from the outputs of our RPA/USM model
 - IMPLAN calculates multiplier effects from changes in demand in one industry on all other industries within a local economic area (county, state, custom grouping)
 - IMPLAN uses a matrix of data from the Bureau of Labor Statistics (BLS)
 - IMPLAN is relied upon by Universities, Fortune 500 Companies, and the US Forestry Service

The *RPA/USM Southwest Chief* Study:

RPA/USM Model + IMPLAN Model Projected Bustitution Damage



- **DIRECT** quantifiable benefits from passenger trains
 - Railway Operations and Maintenance Spending on local economies
 - New Visitor Spending: Induced travel that otherwise would not happen
 - Community development and property values adjacent to train stations
- **INDIRECT** quantifiable benefits
 - Pollution control savings
 - Highway traffic fatalities avoided
 - Highway maintenance avoided
 - Saved travel cost for area residents



Bustituted:

The Socioeconomic Impacts of Replacing Southwest Chief Service Over Raton Pass

Prepared By:

Dr. Yuanzhang Zhang, Research Professor, University of Southern Mississippi
Caleb Prine, Graduate Research Assistant, University of Southern Mississippi
Amit Tripathi, Undergraduate Student Researcher, University of Southern Mississippi
James Abram Zumwalt, Director of Policy Research, Rail Passengers Association

Dec 2018

Working with Dr. Zhang's graduate students, we built our own, reproducible, model to examine benefits



MAKING THE ECONOMIC CASE RPA + IMPLAN Studies In 2019: A Second Chicago-MSP Frequency



RAIL PASSENGERS
ASSOCIATION

- The new Chicago-MSP train will produce diverse ridership by diverting trips from crowded roadways
 - Most diverted trips will be from cars, with a small fraction diverting from buses
 - 14,000 additional trips each year will come from induced demand, i.e., trips that would not otherwise have been taken
- Induced travel will inject \$2.9 million in new revenue into Minnesota's economy each year
- Minnesota will save many multiples of what it will cost to run the train
 - Taking cars off the road will save an annual \$20.8 million in Minnesota
 - Additional annual savings of \$1.3 million from avoiding vehicle wrecks
 - Total annual Minnesota economic benefit: \$25 million
 - Total annual Minnesota state cost: \$2-\$3 million (estimated)

Having our own model plus IMPLAN allowed us to produce, entirely in-house, detailed economic analyses of the *Empire Builder* and the proposed second train between Chicago and Minneapolis-St. Paul



A photograph of a train station platform. On the left is a yellow building with a dark roof and wooden support posts. A sign on the building reads "CUT BANK". To the right of the building is a concrete platform with a yellow tactile strip along the edge. Further right are train tracks with gravel ballast. In the background, there are trees, a utility tower, and a clear blue sky.

MAKING THE ECONOMIC CASE
IMPLAN Shows Local Benefits:
County-by-County Effects From The RPA/USM Model

In 2018, **2,400** passengers alighted in **Cut Bank** (pop. 3,002), creating **\$378,725** in value for the community:

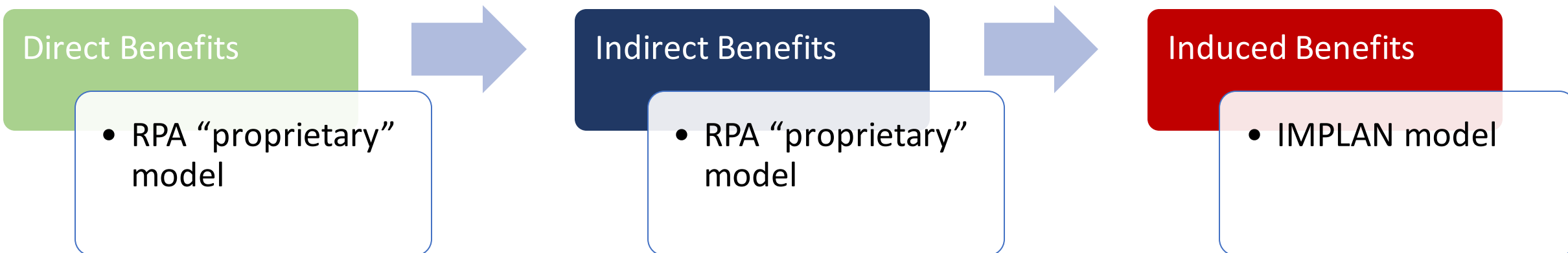
- \$17,312.54 saved through avoided highway incidents
- \$52,673 is created by \$38,732 spent by just 40 induced out-of-town visitors
- \$308,740 in avoided highway maintenance costs from passengers alighting in Cut Bank



Investing In Capability, Not Just A Study:

Multiple Studies And Analyses Can Be Performed As Needed

- Sunset Limited analysis is very close to complete
 - Complete study could be published within 30-45 days of restoring IMPLAN license
- We have a ‘head start’ on many others, including the Southwest Chief, the Silver services, the Crescent and the Empire Builder
 - Additional data research could quickly produce additional studies
- With sustained effort, we estimate six to eight additional full route analyses could be produced over the 12-month IMPLAN license term





Fundraising

How can you help? We need your financial support to fund the study, which has an estimated cost of \$35,000.

To contribute to the Sunset Limited Research effort contact Jonsie Stone directly at jstone@narprail.org for instructions on how to donate.



RAIL PASSENGERS
ASSOCIATION

Defend the National Network

Call and tell your Senators: “Please pass emergency funding for Amtrak trains, and make sure that the bill includes protections for daily service and Amtrak workers.”

**Capitol Switchboard:
202-224-3121**

railpassengers.org/3xservice



RAIL PASSENGERS
ASSOCIATION

THANK YOU!

Our Next Webinar:

Developing New Amtrak Corridors: Expanding the U.S. Passenger Market

Ray Lang - Senior Director, National State Relations
Amtrak

September 23rd
3:00pm Eastern

