Agenda Item 9-D

Action Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: May 17, 2019
Re: Authorization to Amend VRE’s Passenger Tariff

Recommendation:

The VRE Operations Board is asked to retroactively authorize the Chief Executive Officer to amend VRE’s Passenger Tariff to reduce the passenger cost of Amtrak Step-Up tickets from $8 to $4 effective May 1, 2019; and authorize the Chief Executive Office to amend VRE’s Passenger Tariff to restore the passenger fare for Amtrak Step-Up tickets to $8 when the Metrorail work is completed.

Summary:

To free up capacity on VRE trains during the WMATA summer Platform Improvement Project, we are seeking to provide incentives for VRE riders to use Amtrak trains. VRE has worked with Amtrak and the Virginia Department of Rail and Public Transportation (DRPT) to lower the passenger cost of the Amtrak Step-Up ticket. This will encourage monthly and multi-ride VRE passengers to take Amtrak Step-Up trains to help free up space on VRE trains to accommodate Metrorail riders displaced by the closure of stations on the Yellow and Blue lines.

Background:

The current access agreement with Amtrak provides VRE passengers the opportunity to ride State-sponsored Amtrak trains with a Step-Up ticket that must be used in conjunction with a properly validated VRE multi-ride ticket (Monthly, Ten-Ride, Five-Day Pass, or
Transit Link Card). Per the access agreement, VRE pays Amtrak $13 for every Step-up ticket sold, of which passengers pay $8. The net cost to VRE of each Step-Up ticket sold is $5 (i.e., the $13 total cost paid to Amtrak less the $8 fare paid by the passenger to VRE).

While VRE’s tariff determines the amount that passengers pay for Step-Up tickets, Amtrak can change the total cost VRE pays for each ticket if notified in writing by DRPT to make such a change. Ticket revenue collected for trips taken on Virginia-sponsored Amtrak trains, including the cost of Step-Up tickets, is credited to DRPT.

To create capacity on VRE trains during WMATA’s summer 2019 Platform Improvement Project, Amtrak and DRPT (with approval from the Commonwealth Transportation Board) have agreed to lower the total cost VRE pays for each Step-Up ticket to $4. Through this action to amend the Passenger Tariff, VRE will lower the price per Step-Up ticket for riders to $4. This will incentivize VRE passengers to ride Amtrak trains and create capacity on VRE trains to accommodate Metrorail riders displaced by the closure of stations on the Yellow and Blue lines. Any revenue reduction caused by this action will be borne by DRPT and not by VRE.

This action will authorize the CEO to amend VRE’s Passenger Tariff to reflect this change.

**Fiscal Impact:**

The Step-Up fare is only available on State-sponsored Amtrak trains. The current Step-Up arrangement has the rider paying $8 and VRE paying $5 for each $13 Step-Up fare that is then credited to DRPT since they help fund these trains. The proposed Step-Up arrangement for this summer has only the rider paying $4 that will also be credited to DRPT.

<table>
<thead>
<tr>
<th></th>
<th>Rider Pays</th>
<th>VRE Pays</th>
<th>Amtrak Collects (DRPT is Credited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Agreement</strong></td>
<td>$8</td>
<td>$5</td>
<td>$13</td>
</tr>
<tr>
<td><strong>Adjustment During WMATA Shutdown</strong></td>
<td>$4</td>
<td>$0</td>
<td>$4</td>
</tr>
<tr>
<td><strong>Net Change</strong></td>
<td>-$4</td>
<td>-$5</td>
<td>-$9</td>
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Since the proposed arrangement for this summer does not have VRE paying to further reduce the Step-Up fare, VRE expects to see approximately $25,000 in net Step-Up savings per month while the reduced fare is in effect.

If, as expected, current WMATA patrons choose to ride VRE during the shutdown, this will have a positive impact on VRE’s revenues and overall financial position.
Virginia Railway Express
Operations Board

Resolution
9D-05-2019

Authorization to Amend VRE’s Passenger Tariff

WHEREAS, VRE is working with Amtrak and the Virginia Department of Rail and Public Transportation to create capacity on VRE trains during WMATA’s summer 2019 Platform Improvement Project; and,

WHEREAS, lowering the passenger cost of the Amtrak Step-Up ticket will incentivize monthly and multi-ride VRE passengers to take advantage of the Step-Up trains; and,

WHEREAS, creating capacity on VRE trains will allow VRE to accommodate Metrorail riders displaced by the closure of stations on the Yellow and Blue lines; and,

WHEREAS, a provision within the Agreement allows for Amtrak to change the cost VRE pays to Amtrak for each Step-Up ticket sold if notified in writing by the Virginia Department of Rail and Public Transportation to make this change; and,

WHEREAS, the Department of Rail and Public Transportation, with the support of the Commonwealth Transportation Board, has notified Amtrak in writing and directed Amtrak to reduce the cost VRE pays for each Step-Up ticket effective May 1, 2019 and will expire when the Metrorail work is completed;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby retroactively authorize the Chief Executive Officer to amend VRE’s Passenger Tariff to reduce the passenger fare for Amtrak Step-Up tickets from $8 to $4 effective May 1, 2019; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend VRE’s Passenger Tariff to restore the passenger fare for Amtrak Step-Up tickets to $8 when the Metrorail work is completed.

Approved this 17th day of May 2019

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Katie Cristol
Chair

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John Cook
Secretary