



May 18, 2020

To: Members of the Board of Directors
From: Donna DeMartino, Managing Director *Donna DeMartino*
Subject: Amendment to the Federal Fiscal Year 2019-20 Operating Agreement with Amtrak for Pacific Surfliner Intercity Passenger Rail Service

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency seeks to enhance the Pacific Surfliner business class service by providing a consistent and upgraded passenger experience by installing new refreshed seating, carpeting and drapes on Pacific Surfliner business class cars. Staff is seeking authorization to amend the current federal fiscal year 2019-20 Amtrak operating agreement and execute funding agreements necessary to allow the implementation of these enhancements to the business class cars operating on the Pacific Surfliner service.

Recommendations

- A. Authorize the Managing Director to amend the Amtrak operating agreement for federal fiscal year 2019-20 for business class equipment enhancements in an amount not to exceed \$1,500,000.
- B. Authorize the Managing Director to execute all funding agreements necessary for business class equipment enhancements.

Background

On July 15, 2019, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) authorized the Managing Director to negotiate and execute an agreement with Amtrak to provide for the continued operation of the Pacific Surfliner intercity passenger rail service for a term of one year, in an amount not to exceed \$31,678,283, for federal fiscal year (FFY) 2019-20, with authorization for FFY 2020-21 subject to further negotiations with Amtrak and contingent upon subsequent year funding approvals by the State of California. The agreement was executed March 27, 2020 and is effective October 1, 2019 through September 30, 2020.

Prior to the new FFY 2019-20 Amtrak operating agreement being executed, on June 17, 2019, the LOSSAN Agency Board authorized the Managing Director to amend the Amtrak operating agreement for FFY 2018-19, in an amount not to exceed \$4,871,316 for various rail car upgrades, additional FFY 2018-19 operating funding capacity and the business class enhancement project. However, the FFY 2018-19 Amtrak operating agreement expired on March 30, 2020, after operating under the continuation clause until the FFY 2019-20 Amtrak operating agreement was executed. Therefore, an amendment must be executed on the current FFY 2019-20 Amtrak operating agreement in order to incorporate the business class enhancement project.

Discussion

The Pacific Surfliner business class service is a valued and successful amenity offered to passengers. The LOSSAN Agency has successfully implemented an expanded business class service by increasing the number of available seats and improving the food and beverage offerings. The LOSSAN Agency also worked to enhance marketing efforts to highlight the business class enhancements. This has resulted in an increase in revenue that has averaged 13 percent per year since the program inception (through February 2020 data).

The LOSSAN Agency proposes to further enhance the business class service by providing a consistent and upgraded passenger experience by including refreshed seating, carpet and drapes, and other improvements. This work will be performed by Amtrak in coordination with the LOSSAN Agency.

This enhancement effort will include replacing all seat cushions with leatherette and replacing carpet and drapes in 10 Pacific Surfliner business class cars. Amtrak owns eight of these cars and the California Department of Transportation (Caltrans) owns two cars. The project also includes replacing seat frames in the two Caltrans-owned business class cars to be consistent with the rest of the fleet. The project scope does not include adding seats, tables, new carpet, and leatherette cushions to the eleven Amtrak-owned Superliner business class cars as originally planned due to funding constraints at this time. However, the LOSSAN Agency will continue to work with Caltrans and seek funding opportunities for the Superliner car upgrades. The work for the Surfliner business class car enhancements is estimated by Amtrak to cost \$1.5 million and anticipated to be completed by the summer of 2021.

The funding for this project is included in the FY 2019-20 annual operating and grants budget and includes \$1,200,000 in State operating funding and \$300,000 from State Rail Assistance (SRA) grant funds. Caltrans has approved funding in the amount of \$1,200,000, for the LOSSAN Agency for this project. A

new funding agreement is required to be executed between the LOSSAN Agency and Caltrans to utilize the \$1,200,000 for this project.

On September 16, 2019, the LOSSAN Agency Board authorized the use of \$300,000 in FY 2018-19 SRA formula funds for the business class enhancement project, as well as authorized the managing director to negotiate and execute all necessary agreements to facilitate the utilization of SRA funding for the project.

Summary

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency seeks to further enhance business class service by installing new seating, carpet and drapes on Pacific Surfliner business class cars. An amendment to the federal fiscal year 2019-20 Amtrak operating agreement is necessary in an amount not to exceed \$1,500,000. Additionally, authorization for the Managing Director to execute all funding agreements for the business class equipment enhancement is necessary.

Attachment

None.

Prepared by:

A handwritten signature in black ink, appearing to read 'J. Jewell', is written over a light gray rectangular background.

Jason Jewell
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