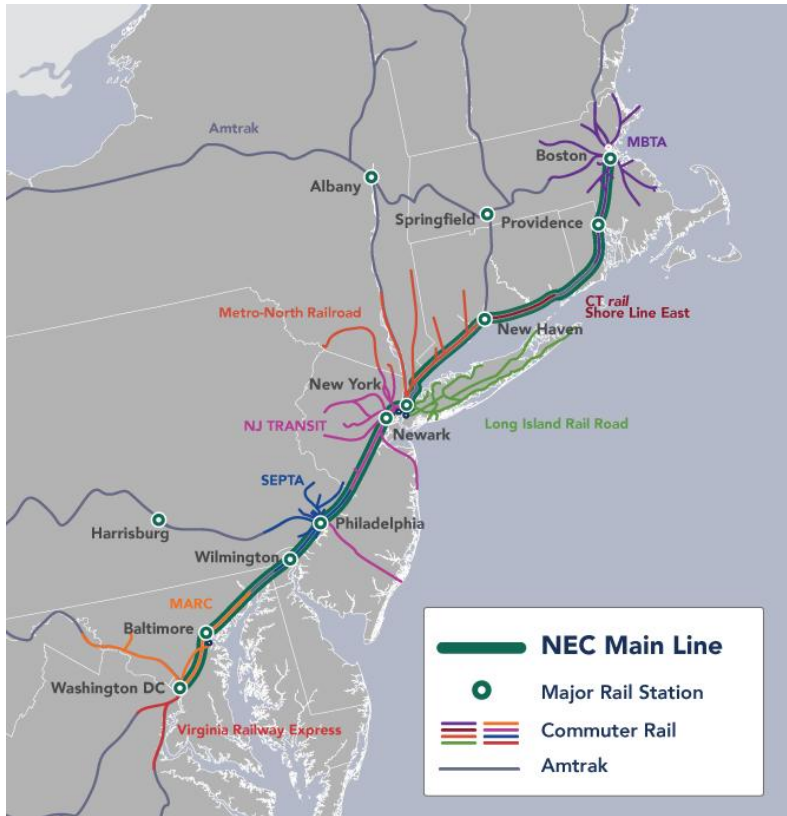


Amtrak-MBTA Agreement

June 26, 2017

FMCB

Overview



- The FMCB is being asked to approve a contract to implement a settlement agreement reached by MBTA and Amtrak in December 2016.
 - The settlement concerned the MA portion of the Northeast Corridor (NEC).
- The Agreement establishes the terms under which the MBTA and Amtrak share costs and jointly use the Attleboro Line and related dispatch functions.
- This Agreement is pursuant to section 212 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), which mandated a new approach to cost sharing on the NEC.

Background

- In 2003, MBTA and Amtrak entered into so-called “Attleboro Agreement” governing joint use of the Attleboro line, part of the Northeast Corridor (NEC). MBTA owns the right of way, including 2 of the 3 shared stations (South Station and Back Bay).
 - Amtrak used the line and had limited priority for its trains
 - Amtrak maintained the track and performed dispatching
 - No money changed hands
- In 2008, Federal legislation (PRIIA, section 212) required an “equitable cost allocation” among NEC users, including the MBTA and Amtrak.
 - PRIIA purported to supersede the Attleboro agreement
 - Amtrak demanded annual payments from the MBTA (approx. \$29 million for FY16)
 - MBTA rejected and challenged PRIIA as unconstitutional

Outcome of Negotiations

- December 2016, Amtrak and the MBTA reached a settlement concerning payments and rights for the period ending September 2021.
 - Amtrak will continue to maintain and dispatch
 - No longer be a “barter” arrangement.
 - MBTA and Amtrak costs allocated per PRIIA
- Contract for which approval is being sought implements that settlement.

Settlement Terms

- Amtrak will continue to operate on, dispatch and maintain line.
- MBTA will accept PRIIA allocation until 2021.
 - MBTA reserves right to challenge thereafter.
- MBTA will pay allocated costs (operating and capital) per model.
 - MBTA will reduce costs by RI payment of share attributable to RI portion of MBTA service.
 - MBTA will continue to challenge some costs in Model (ex: Amtrak's Police costs).
- MBTA will decide capital program and control capital work.
 - Covers Amtrak's capital contribution per model and MBTA's capital contributions.
- Parties are to adopt tools to improve service.
 - Penalties for Amtrak caused delays.
 - More detailed maintenance requirements.

2017 Agreement Summary

- Term - Until September 30, 2021
- Access - Substantially the same access rights as 2013 Agreement for both parties
- Dispatching
 - Amtrak to continue to provide dispatching services. Same protocols and number of Amtrak preferences as 2003 Agreement.
 - Clarifies that MBTA has use of dispatch center (CETC) system post Agreement.
- Maintenance
 - Similar scope of maintenance although MBTA commits to funding certain capital maintenance activities under capital budget.
 - Tightens Amtrak obligation to provide dedicated Communications and signal personnel
- Compensation
 - MBTA to make payments pursuant to PRIIA 212 for duration of term.
 - Costs for operating and capital to be updated annually pursuant to PRIIA model.
 - Payments to be made for SFY17
 - Costs for maintenance and operation: \$4,666,667.
 - Costs for Capital: \$5,166,667.
 - SFY18 payments by MBTA estimated to be:
 - \$12M for operating and \$12.2 for capital
 - Amtrak will pay \$5.8M+ for capital.
 - MBTA will be able to recover \$1M+ from RI for service there.
 - MBTA will continue to review data in model and actual costs.

2017 Agreement Summary (continued)

- Eliminates Amtrak's right to approve MBTA plans and construction on Right of Way
- Capital Planning
 - MBTA to manage capital spending on the Attleboro Line (both its allocated cost and Amtrak's)
 - Bulk of capital spending to be recapitalization of line
- Penalties
 - New penalty provisions added
 - For OTP:
 - ✦ Penalties for performance below certain OTP level; incentives for performance above certain OTP level
 - ✦ Go live after 3 months of confirmation of data
 - For Catastrophic failures:
 - ✦ 10k/day for every day MBTA service significantly compromised (service degraded below 50%)
 - ✦ Begin in 2018 at completion of certain capital improvements
 - For failure to comply with notification requirements:
 - ✦ Penalized for failure to abide by notification requirements to MBTA in event of service delays
 - All penalties/incentives capped at \$1million/year
 - Established as one-year pilot to ensure all metrics are correct
- Indemnification
 - Reduces MBTA indemnification obligation from \$75m to \$20m for certain incidents
 - Tightens Amtrak's indemnification requirements in Massachusetts
 - Clarifies and potentially increases MBTA indemnification obligations in RI
 - All indemnification requirements capped at MBTA statutory limitation

Questions?

Requested Vote

“That the FMCB authorizes the General Manager to execute an agreement consistent with the terms of the December 2016 Settlement Agreement and in substantially the form that has been submitted to the Board for its approval.”

2017 Agreement

- The 2017 Agreement is structured on the 2003 Attleboro Agreement and carries forward many of the same provisions.
- It includes the new terms of the settlement:
 - MBTA to pay allocated share of operating costs and make capital contribution annually per modified PRIIA model;
 - Amtrak also to make capital contribution annually;
 - MBTA to have right to manage both MBTA's and Amtrak's capital contributions and use both to improve shared line/stations in MA;
 - Parties adopt pilot penalty/incentive system linked to increase/decrease in MBTA trains delayed by Amtrak and penalties for significant disruption caused by Amtrak.

2017 Agreement (continued)

- It also improves upon terms of the 2003 Agreement:
 - Gives MBTA continuing right to use dispatch system even if Amtrak does not provide dispatch services after 2021.
 - Creates more favorable indemnification provisions.
 - Clarifies that detailed staffing requirement for Amtrak's maintenance work includes full coverage for signal system.
 - Provides that Amtrak approval is not needed for MBTA capital projects in the Right of Way.
 - Establishes system by which MBTA and Amtrak will annually allocate a portion of joint capital commitment to capital maintenance