



Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy

The Northeast Corridor Commission, authorized by Congress, has adopted a new framework for regional collaboration and cost sharing among passenger rail operators, meeting an important statutory requirement to develop a cost-sharing formula based on each passenger railroad's proportional use of NEC infrastructure. Three years in the making, the Policy employs consistent and transparent methods for sharing over \$600 million in NEC operating costs and establishes a \$440 million baseline capital charge beginning in federal fiscal year 2016. These funds will cover shared-benefit costs. Sole-benefit costs will continue to be the responsibility of individual operators.

NEC Infrastructure Ownership and Passenger Rail Operators



Policy Recommendations and Collaboration Framework

The Policy establishes a framework for enhanced regional collaboration with a first-ever integrated capital planning process, improved reporting and transparency on project delivery, and new measures to increase cross-organizational transparency and accountability. It also contains recommendations for legislative actions and policy changes at the federal level, including new federal investment programs and adjustments to federal regulations.

The Policy proposes that the federal government use the integrated capital plan to steer its investment in the Corridor on terms similar to highway and transit projects with an 80 percent federal contribution.

Policy Recommendations and Collaboration Framework

Operating cost payments will cover maintenance-of-way activities (infrastructure inspection and repair), train dispatching, policing, electric propulsion power, and station operations. Within these cost elements, there are cost categories. The share of each cost category paid by any individual operator is based on the operating metric(s) that most closely reflect(s) share of usage.

When fully implemented, the capital contributions will cover the normalized replacement amount of the NEC. This is the level of infrastructure investment required annually to maintain a state-of-good-repair, which is calculated based on the population of each asset type, the average useful life of each asset type, and the unit cost of each asset type. The share of the normalized replacement amount paid by any individual operator is based on the same operating metrics described above.

Fully funding normalized replacement of NEC infrastructure would be sufficient to maintain a state-of-good-repair if not for the backlog of state-of-good-repair investment needs that exceeds \$20 billion. The current policy will not provide funding to eliminate the state-of-good-repair backlog. It will also not make the investments necessary to improve the NEC to enhance mobility and support economic growth. However, it proposes the framework described above where additional funding could be matched in partnership with the federal government.

Implementation

The new financial obligations begin October 1, 2015. Implementation involves incorporating the policy into revised, or new, individual contractual agreements between Amtrak and each commuter authority.