U.S. Department of Transportation
Office of the Secretary of Transportation

The Inspector General

Office of Inspector General
Washington, DC 20590

November 12, 2008

The Honorable Patty Murray
Chairman
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable John W. Olver
Chairman
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

The Honorable Christopher "Kit" Bond
Ranking Member
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Joe Knollenberg
Ranking Member
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Chairmen Murray and Olver and Ranking Members Bond and Knollenberg:

This report presents our quarterly assessment of Amtrak's fiscal year (FY) 2008 financial performance and operational reform savings.[1] Amtrak's FY 2008 operating loss was $381.1 million, $93.9 million less than its original forecast, and its end-of-year cash balance was $367 million, $178 million greater than forecasted. These favorable results are due largely to revenues that were $177.2 million greater than forecasted. In addition, Amtrak achieved $30.7 million in operating reform savings through July, $5.0 million more than forecasted. We believe Amtrak is unlikely to achieve its target of $40.3 million in FY 2008 operational reform savings. Finally, Amtrak faces serious financial issues during the next several months, including the effects of an economic downturn, the FY 2009 retroactive wage payment, and setting a strategic direction and priorities.

[1] Operating reform savings is defined as a reduction in operating costs or an increase in revenue. Amtrak's operational reform savings estimates are through July of FY 2008.

Key Issues

- **Amtrak Could Be Challenged Financially by an Extended Economic Downturn.** Amtrak prudently reflected the risk of an economic downturn in its current FY 2009 budget. For example, Amtrak limited projected revenue growth to 7 percent in FY 2009, half the 14 percent growth achieved in FY 2008. Amtrak needs to continue its close monitoring of its finances and cash flows, as a severe or prolonged economic downturn could reduce revenues and available cash below acceptable levels.

- **Amtrak's Board Must Decide Whether Amtrak Can Afford the FY 2009 Retroactive Wage Payments**. The recent labor settlement gave the Amtrak Board responsibility to decide whether Amtrak has sufficient resources to make the $145 million payment it owes in FY 2009 for retroactive wages. Amtrak has a sufficient cash balance now to make the payment without additional appropriations. However, Amtrak is concerned that doing so may leave it with unacceptably low cash reserves at the start of FY 2010. The Board will need to revisit this issue closer to the payment date, given the uncertain impact of the economy on Amtrak's finances and the inherent difficulty in forecasting revenues and cash flows. The timing of the Board's assessment needs to take into account the timing of congressional action of the FY 2009 Continuing Resolution, which expires on March 6, 2009.

- **Amtrak Needs to Determine a Strategic Direction that Incorporates Continuous Operating Improvements.** Amtrak will require a significant increase in Federal support to bring its infrastructure into a state of good repair that meets the demands of its increased ridership and to pursue any system expansion. Increases such as these will be difficult to accommodate in an already tight budget environment. Therefore, Amtrak needs to set an overall strategic direction for the company and continue to seek new opportunities to reduce its need for Federal operating support. This would make Federal resources more readily available to Amtrak to meet its capital needs.

Amtrak's FY 2008 Financial Performance Exceeded Projections

This section provides our assessment of Amtrak's FY 2008 financial performance.[2]

Amtrak's FY 2008 revenues totaled $2,427.0 million, $177.2 million, or 7.9 percent, more than Amtrak originally forecasted. Amtrak's FY 2008 operating expenses were $2,718.7 million, $89.1 million, or 3.4 percent, more than

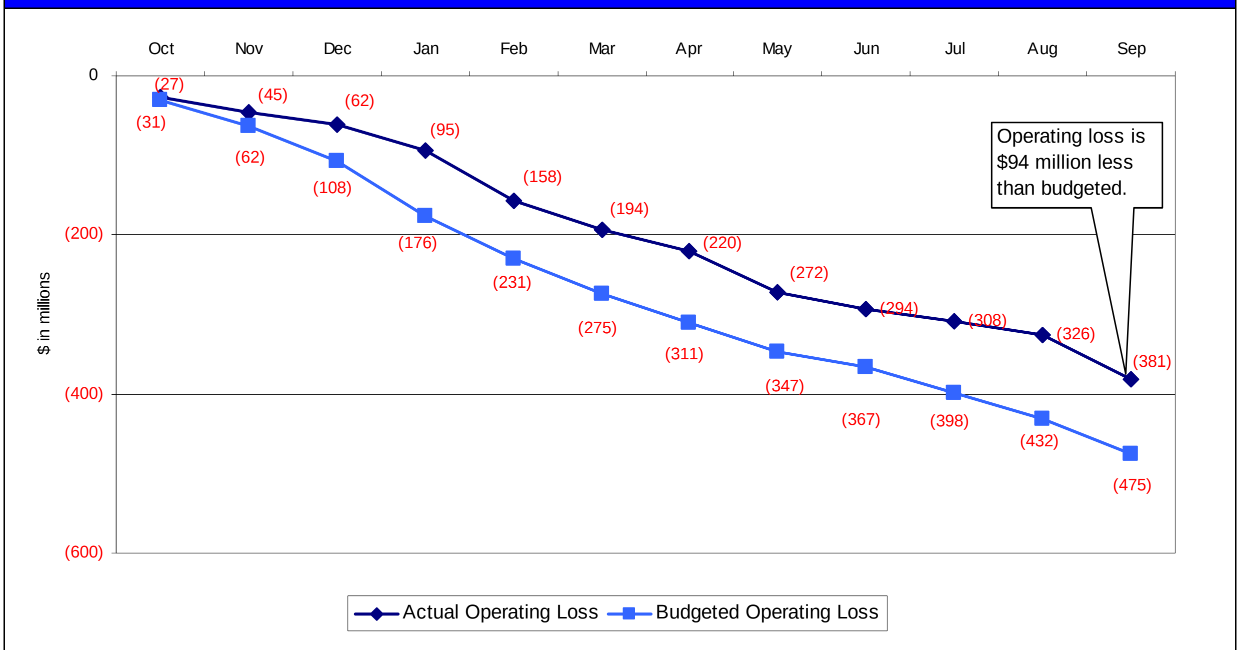
[2] At the time of this report, Amtrak's FY 2008 financial data had not been audited.

originally forecasted. Consistent with our August 7, 2008, report,[3] this favorable financial performance reflects better than expected ticket revenues that are offset somewhat by rising fuel and utility costs.

Amtrak's higher than forecasted FY 2008 year end cash balance of $367 million did not include $35 million appropriated to Amtrak in FY 2008, but not transferred to it before the end of the fiscal year. Amtrak's year end balance would have been even higher had these funds been transferred. The increase in Amtrak's year end cash balance above what it forecasted largely resulted from the higher than forecasted revenues and from a substantial portion of retroactive wage payments required by the recent labor agreement[4] ultimately being due in FY 2009, not FY 2008 as originally anticipated.

Figure 1 below presents a comparison of Amtrak's actual and budgeted FY 2008 operating loss.[5]

Figure 1. Amtrak's Actual vs. Budgeted Operating Loss FY 2008



Source: Amtrak.

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3 OIG Report Number CC-2008-074, "Quarterly Report on Amtrak's FY 2008 Operational Reforms Savings and Financial Performance, August 7, 2008. This report and our previous quarterly reports on Amtrak's savings from operational reforms are available at our website www.oig.dot.gov.

4 See our "Review of Amtrak's Labor Settlement Costs", June 17, 2008, for additional details on the labor agreements. The letter is available on our website.

5 Operating loss is reported on an earnings before interest, taxes, depreciation, and other post-employment benefits (EBITDO) basis, unless otherwise noted. We use the EBITDO basis because it is a reasonable proxy for Amtrak's Federal operating support requirement.

Amtrak's FY 2008 operating revenue increase of $177.2 million reflects ticket revenues that were $126.8 million, or 6.9 percent, higher than forecasted and non-passenger related revenues that were $40.9 million, or 13.7 percent, higher than forecasted. Consistent with our August report, Amtrak attributed the improved year-to-date performance for ticket revenues to fare increases, a peak pricing strategy for *Acela* service, and an increase in ridership that resulted from higher than anticipated gasoline prices and the deteriorating quality of service in the airline industry. These ticket revenue increases were offset by revenue losses caused by West Coast mudslides, Midwestern flooding, the Thames River Bridge replacement, and Tropical Storms Fay and Gustav. Also in line with our August report, increases in non-passenger related revenues reflected the one-time sale of eight P-40 locomotives to the Connecticut Department of Transportation, higher commercial development fees, and higher commuter and reimbursable revenue.

The $89.1 million increase in operating expenses reflects higher than expected fuel, power, and utility (energy) costs, which was offset partially by lower than expected personnel costs. FY 2008 energy costs were $72.4 million higher than budgeted, largely due to the cost of diesel fuel. However, recent declines in fuel prices reduced Amtrak's fuel costs for FY 2008 by $36.6 million, from its May year end forecast. Further, Amtrak has estimated that changes in fuel costs generate a roughly equivalent offsetting change in revenues. That is, rising gasoline prices induce customers to travel by train instead of by privately owned vehicle or air, while declining gasoline prices induce Amtrak customers to drive.

Increases in operating expenses were partially offset through lower salaries, wages and costs for benefits, which for FY 2008 were $20.9 million below budget. Decreases in these areas reflected the result of a management hiring freeze, significantly lower than expected costs for health benefits, and a variety of other expenses in the facilities, communication, office, and casualty and other claims expense categories.

Amtrak's FY 2008 Operating Reform Savings Are Exceeding Projections

Amtrak achieved $30.7 million in operating reform savings through July 2008, mainly in its Environmental, Transportation, and Mechanical departments (see table 2 on the next page). We expect Amtrak will fall slightly short of its $40.3 million operational reform savings target for FY 2008.

Table 2. Summary of FY 2008 Operating Reform Savings ($ in millions through July)			
Saving Initiatives	**Budgeted YTD Benefit**	**Actual YTD Benefit**	**Variance +/-**
Reduce Costs and Improve Service Quality	$11.5	$11.6	0.1
Increase Sales and Distribution Efficiencies	1.0	3.7	2.7
Enhance Reliability and Efficiency of Mechanical Services	(6.6)	(5.9)	0.7
Improve Management Systems and Overhead Efficiencies	3.3	3.5	0.2
Achieve Ongoing Efficiencies	16.6	17.9	1.3
Total	**$25.7**	**$30.7**	**5.0**

Source: OIG calculations based on Amtrak data.
Note: Columns may not sum due to rounding.

The following sections provide details on Amtrak's FY 2008 initiatives through July 2008.

Reduce Costs and Improve Service Quality. The reform initiative to reduce costs and improve service quality consists of three components—Northeast Corridor (NEC) Service Improvement, Long-Distance Service Improvements, and Food and Beverage Service restructuring. Amtrak saved $11.6 million through this initiative, slightly more than it projected to save.

The NEC Service Improvement program focuses on generating greater revenues from Acela service. In July 2007, as a result of Amtrak's Reliability Centered Maintenance (RCM) program, Amtrak introduced a 16th *Acela* trainset into operation to increase service frequency and meet customer demand in the Northeast corridor. Amtrak generated $2.3 million in additional revenues through July 2008 from this initiative. Amtrak also took steps to improve customer satisfaction on *Acela* to maintain and expand its customer base and increase customer willingness to pay *Acela's* premium fares. For example, Amtrak overhauled the *Acela* first-class menu service, added leather seats in first class, and continued to increase its focus on customer service. *Acela* ticket revenues in May, June, and July of 2008 were at least 10 percent above forecasted levels. Amtrak attributed another $4.8 million of its increased revenues through July 2008 to these customer satisfaction improvements.

To further improve service and generate added revenues, Amtrak plans to provide Wi-Fi service on *Acela* trains. Amtrak is currently testing service through a new service provider. WiFi service is available in Amtrak stations.

Amtrak's long distance service has been the largest operating loss generator for the corporation. This service lost $422.8 million in FY 2007, 37.7 percent of Amtrak's actual total FY 2007 operating loss (see enclosure 3); and through August of FY 2008, it lost $485.3 million, 47.4 percent of Amtrak's total operating loss through August. In its April 2005 Strategic Reform Initiatives, Amtrak proposed to minimize these types of losses by cutting costs, increasing revenues, and terminating or restructuring poor performing long distance routes. Since then, the long distance service reforms implemented by Amtrak have been almost exclusively directed towards increasing revenues. Consistent with this approach, planned improvements for FY 2008 were to re-launch the *Coast Starlight* service as a premium service, continue Amtrak's focus on improving overall customer service, and introduce luxury charter services.

The relaunch of the *Coast Starlight* included upgrading the service by redesigning the *Pacific Parlour Car* and enhancing food and beverage services. The *Parlour Car* initiative will increase revenue by charging for some of those services which were previously offered as free amenities. Though initially planned for March 2008, the relaunch of the *Coast Starlight* was delayed until June 2008 to allow for repairs of track damaged as a result of mudslides in the Oregon segment of the route. Despite the delay, this initiative generated $1.4 million in additional revenue through July, slightly higher than budgeted. Amtrak is examining whether it can expand the *Parlour Car* premium service to other routes, such as the *Empire Builder*.

Also, building upon similar efforts on the NEC, Amtrak placed customer service managers on five routes—the *City of New Orleans*, *Southwest Chief*, *Crescent*, *Sunset Limited*, and *Empire Builder*—to support specific service improvements. This initiative, which began in April 2008, is achieving its monthly revenue targets. Amtrak attributes $0.6 million in increased revenues to this initiative through July. Finally, as previously reported, GrandLuxe decided to discontinue its luxury charter service in November 2007 after eight trips, because it found the venture unprofitable.

Amtrak's losses from its Food and Beverage Service have long been a matter of concern. In 2005, Amtrak's Inspector General reported that Amtrak spent about $2 for each $1 sale of food and identified substantial problems in the management of food services.[6] Since that time, Amtrak has taken steps to reform its food and beverage service to reduce these losses. Nevertheless, Amtrak has lost $134.8 million on food and beverage service through August of FY 2008, an increase of $12.4 million, or 10.1 percent, compared to the same period in FY 2007.

Amtrak's effort to reform its food and beverage service has three components. First, in FY 2007 Amtrak completed the transition to a "simplified dining" plan, which involved shifting the food service from on-board food preparation to pre-plated food. Second, it is working to combine its dining and lounge cars on certain routes. Third, it renegotiated a more cost-effective contract with its food service provider.

Amtrak has scaled back, or is reconsidering its original plan to deploy superliner dining/lounge cars on some of the routes originally selected for this initiative. Amtrak originally planned to deploy superliner dining/lounge cars on the *City of New Orleans*, the *Texas Eagle*, and the *Sunset Limited* routes. The single dining/lounge car was deployed on the *City of New Orleans* as planned. However, Amtrak found that peak periods of high ridership may require the operation of two food service cars on the *Texas Eagle* to meet passengers' seating and food service needs. Starting in January 2009, Amtrak will deploy a single dining/lounge car on the *Texas Eagle*, and then will re-evaluate the situation in May 2009 to determine whether a second food service car is needed. In contrast, Amtrak cancelled its plans for a single dining/lounge car on the *Sunset Limited* because of inadequate seating capacity.

Further, Amtrak continues to achieve savings through its renegotiated contract with Gate Gourmet, its current on-board food service provider. Through July 2008, Amtrak achieved $2.3 million in overall savings from its food and beverage service reforms, $0.4 million less than expected. This drop in savings is due to Amtrak's decision to cancel its plans for a single dining/lounge car on the *Sunset Limited*, as well as to the unexpected costs of adding a fourth food service crew member to handle the increased ridership on the *City of New Orleans*. Amtrak has selected a new onboard food service provider, Aramark, which will start in January 2009. With its new contract with Aramark, Amtrak forecasts an additional $2 million in annual cost savings.

Increased Sales and Distribution Efficiencies. Through this initiative, Amtrak plans to implement new technologies to increase the number and availability of electronic ticketing and sales outlets, improve sales-related customer service, reduce ticketing-related administrative costs, and implement demand-based

[6] "Evaluation Report: Food and Beverage Financial Performance," Amtrak Inspector General Report E-05-05.

pricing. Amtrak has already implemented aspects of this initiative, such as reducing call center costs, and establishing an international travel agency website to facilitate the sales of Amtrak tickets to foreign tourists. Amtrak's current efforts for this initiative focus on its e-ticketing program, and on specifically developing the second phase of their international ticketing website, which has thus far exceeded Amtrak's financial expectations. Since the website's launch in March 2007, Amtrak has achieved $3.7 million in additional revenue through July 2008, which is $2.7 million more than planned. Amtrak attributes the revenue increases to strong international demand for U.S. travel, spurred by the weakened dollar. International travel to the United States has increased by 9 percent since last year. Finally, in October 2008, Amtrak began a pilot to test hand-held ticket scanners, which it plans to deploy on its trains in the spring of 2011.

Enhance Reliability and Efficiency of Mechanical Services. This initiative focuses on the continued rollout of Amtrak's Reliability Centered Maintenance (RCM) program. The program seeks to reduce maintenance costs, improve equipment reliability, and increase revenues by allowing trains to be returned to revenue service earlier. For example, the efficiencies created by RCM have enabled Amtrak to return two *Acela* trainsets back into service on the NEC. After only 2½ years of implementation, Amtrak notes that the RCM program is 2 months ahead of schedule. This early success led Amtrak to broaden its scope for the program. For example, RCM initially applied only to *Acela* equipment, but now the program is being expanded to other equipment.

The implementation of Amtrak's RCM program has required significant direct costs, including design and implementation consulting fees. However, RCM generates additional revenues that are reflected in Amtrak's other initiative areas because it allows additional trains to be put into service, and also improves Amtrak's On-Time Performance (OTP). The revenue gains from the RCM are reflected under the Reduce Costs and Improve Service initiative. Therefore, the savings for this initiative are recorded as a loss of $5.9 million through July, $0.7 million less than Amtrak expected to lose.

Amtrak continues to look for cost saving opportunities through facility consolidation. Any savings from facility consolidation are reflected in the productivity savings in the Environmental, Transportation, and Mechanical departments program under the Achieve Ongoing Efficiencies initiative.

Improve Management Systems and Overhead Efficiencies. This initiative consists of two programs—reduced energy costs and improved on-board credit card automation, and has resulted in total savings of $3.5 million through July. The program to reduce energy costs relies on negotiating more cost-effective contracts, ensuring accurate billing, and reducing unnecessary usage, which have resulted in a higher than expected net savings of $2.2 million through July 2008, despite higher than budgeted utility costs.

The goal of the on-board credit card automation program is to increase revenues by making it easier for customers to use credit cards and reducing the cost of credit card transactions through automated processes and other improved procedures. Amtrak attributed $1.2 million in revenue enhancements and cost savings through July 2008 to this program. According to Amtrak, the savings are on target for the food and beverage sales portion of this project. However, the conductor sales portion of the project has been delayed to the first half of FY 2009 so that technological improvements can be implemented.

Achieve Ongoing Efficiencies. The initiative to achieve ongoing efficiencies consists of three programs—engineering efficiencies, fuel use management, and productivity savings in the Environmental, Transportation, and Mechanical departments. Overall, this initiative has resulted in total savings of $17.9 million through July, which is $1.3 million more than budgeted.

The engineering efficiencies program focuses on increasing the productivity and reducing the costs of the engineering workforce. Through this initiative, Amtrak reduced the Engineering Department's core man-hours through July 2008 compared to the same period during FY 2007. In addition, the Engineering Department's overtime man-hours were reduced by 7 percent during the same time period. However, through July 2008, this program lost $2.7 million, $4.1 million less in savings than was budgeted. This is because labor costs are higher than were forecasted due to the recent labor settlement. To save fuel, Amtrak's managers have been informally instructing their employees to use train operating techniques that incrementally save fuel. In May 2008, Amtrak hired a trainer to formally instruct Amtrak managers and employees on best practices to further Amtrak's fuel use savings. As a result, Amtrak attributed $5.6 million in fuel savings to this initiative through July 2008.

Finally, Amtrak is seeking to contain cost growth in the Environmental, Transportation, and Mechanical departments through productivity improvements, managing hiring, and other savings. Amtrak's goal is a 2-percent reduction in total of core salaries, straight time wages, and overtime in these departments, compared to its May 2007 forecast of the FY 2008 budget. This initiative has saved $15.0 million through July 2008, which is slightly less than budgeted.

Productivity improvements, such as enhanced work management systems in the Engineering and Mechanical departments, have enabled Amtrak to eliminate positions that are no longer needed and have become vacant due to attrition. Additionally, Amtrak has improved its employee management by holding positions open longer when additional man-hours are not immediately needed. Other savings resulted from changes in workload and increasing management's focus on non-labor related costs, such as fuel use and materials. Amtrak has not set additional productivity savings targets for FY 2009 beyond the 2 percent reductions, but continues to look for productivity savings wherever they can be found.

Amtrak Could Be Challenged by an Extended Economic Downturn

Amtrak has reflected the economic risk of a recession in its FY 2009 budget plan, in part by reducing its projection of FY 2009 revenue growth to half the actual FY 2008 revenue growth and cutting its projected ridership growth by more than half. Only 20 percent of Amtrak's projected FY 2009 revenue growth is from economic and demographic factors, the remainder is attributed to service changes and improvements, fare increases, and marketing actions. Amtrak is projecting an average 2 percent growth rate for most routes (slightly higher for non-NEC short distance trains), reflecting the combined influence of demographic growth, employment levels, disposable income, and other factors. However, a significantly weakened economy could pose risks to Amtrak's ability to meet its ridership and revenue targets. If the current economic downturn threatens Amtrak's finances in the near-term, it is likely to be a concern during the slower travel season that starts at the beginning of calendar year 2009. Amtrak is closely monitoring the situation. The consequences of the downturn should be considered when Congress acts upon Amtrak's FY 2009 full year appropriations.

Amtrak's Board Must Decide in Calendar Year 2009 Whether Amtrak Can Afford the FY 2009 Retroactive Wage Payment

Amtrak's FY 2008 end-of-year cash balance provides sufficient funding to make its FY 2009 retroactive payments. However, Amtrak fears that doing so would leave it with an estimated $147.4 million cash balance at the start of FY 2010. This amount would be less than the $180 million in cash on hand that Amtrak believes it would need at the start of a fiscal year to meet its cash requirements.

As part of the recent labor settlement, Amtrak is scheduled to make a $145.1 million payment in FY 2009 for retroactive wages. The first payment is due in May 2009. However, the settlement gave the Amtrak Board the authority to determine whether Amtrak can afford to make the payment. In accordance with the provision of the settlement, if the Board determines that it has not received sufficient funding or revenue to accommodate the retroactive wage payments, Amtrak and its unions would be free to resort to self-help (that is, lockout or strike) following a 30-day negotiating period and a subsequent 30 day "cooling off" period.

Cash flows can be difficult to forecast. For example, in FY 2008 Amtrak underestimated its end-of-year cash balance by $172 million or 92 percent. Additionally, the state of the economy also affects Amtrak's cash flow. Consequently, early in calendar year 2009, the Board will need to reevaluate Amtrak's cash needs based on current financial data. The timing of the Board's assessment needs to take into account the timing of congressional action of the FY 2009 Continuing Resolution, which expires on March 6, 2009.

Amtrak's Operating Reform Efforts Lack Strategic Direction

As we previously reported, Amtrak's FY 2009 budget does not reflect any additional savings from new operational reforms. Amtrak expects to accommodate the lower than requested FY 2009 funding levels primarily through revenues that are now forecasted to be higher than previously expected. Given the tight Federal budget, it is our opinion that it will become increasingly difficult to accommodate the funding increases Amtrak needs just to achieve a state of good repair for its infrastructure and rolling stock, let alone provide for expansion.

Therefore, because of the envisioned difficulty to accommodate Amtrak's funding increase, Amtrak should include in its upcoming strategic plan and future legislative and grant requests an explicit commitment to continue year-over-year operating efficiency improvements, which would make it easier to provide expanded funds for its other needs. Amtrak should also ensure that management commitment and corporate resources are dedicated to define specific strategic operational reforms, implementation plans, and a program management structure that will provide an appropriate level of accountability and transparency.

Under separate cover, we are transmitting copies of this letter to the Secretary of Transportation and the Chairman of Amtrak's Board of Directors. If you have any questions concerning this letter, please contact me at (202) 366-1959 or David Tornquist, Assistant Inspector General for Rail and Maritime Program Audits and Economic Analysis, at (202) 366-1981.

Sincerely,

Calvin L. Scovel III
Inspector General

Enclosures (3)

cc: Secretary of Transportation
Chairman of Amtrak's Board of Directors

Table 3. Amtrak's Proposed Operational Reforms ($ in millions)		
Strategic Reform Initiative and Program	**Objective**	**FY 2008 Targeted Savings**
1. Reduce Costs and Improve Service Quality		
NEC Service Improvements	Focus management attention and drive accountability for train service performance, including on-board service quality and on-time performance.	7.0
Food and Beverage Services	Enhance service flexibility by redesigning food services (for example, multi-purpose food service cars), improving equipment, and outsourcing.	3.3
Long-Distance Service Improvement	Improve customer satisfaction with long-distance service.	4.3
2. Increase Sales and Distribution Efficiencies		
e-ticketing	Develop enterprise systems and processes for e-ticketing.	1.3
3. Enhance Reliability and Efficiency of Mechanical Services		
Reliability Centered Maintenance (RCM)	Implement RCM to reduce cycle time and increase equipment reliability and availability. Costs represent consultant fees.	(8.3)
Facilities Efficiencies	Optimize facility utilization by consolidating and redesigning facilities.	0.2
4. Improve Management Systems and Overhead Efficiencies		
Reduce Energy Costs	Modernize management of utilities contracts and identify savings in individual utilities line items.	2.0
Reduce Overhead Costs	Reduce overhead costs through on-board credit card automation	2.1

Table 3. Amtrak's Proposed Operational Reforms (cont.) ($ in millions)		
Strategic Reform Initiative and Program	**Objective**	**FY 2008 Targeted Savings**
5. Achieve Ongoing Efficiencies		
Train Operations	Reduce costs of Engineering department; maximize fuel efficiency of locomotives by training engineers, productivity savings in Environmental, Transportation, and Mechanical departments	19.9
Total		**31.8**

Source: Amtrak

Table 4. Summary of Amtrak's Savings through July of FY 2008
($ in millions)

Amtrak's Net Operating Savings	Budgeted FY 2008 Benefit	Budgeted YTD Benefit	Actual YTD Benefit	YTD Variance
Reform Initiatives				
1. Reduce Costs and Improve Service Quality	**14.6**	**11.5**	**11.6**	**0.1**
NEC Service Improvements	7.0	5.7	7.1	1.4
NEC Acela Service Improvement	*4.0*	*3.0*	*4.8*	*1.8*
16th Acela Trainset	*1.7*	*1.8*	*2.3*	*0.5*
Implement On-board Wi-Fi	*1.3*	*0.9*	*0.0*	*(0.9)*
Long-Distance Service Improvements	4.3	3.1	2.2	(0.9)
Coast Starlight Relaunch	*2.2*	*1.3*	*1.4*	*0.1*
Customer Service Improvement	*0.9*	*0.6*	*0.6*	*0.0*
Luxury Charter Services	*1.2*	*1.2*	*0.2*	*(1.0)*
Food and Beverage	3.3	2.7	2.3	(0.4)
Redesign Equipment	*1.5*	*1.2*	*0.9*	*(0.3)*
Gate Gourmet Contract	*1.8*	*1.5*	*1.4*	*(0.1)*
2. Increase Sales and Distribution Efficiencies	**1.3**	**1.0**	**3.7**	**2.7**
e-Ticketing Customized Access	*1.3*	*1.0*	*3.7*	*2.7*
3. Enhance Reliability and Efficiency of Mechanical Services	**(8.1)**	**(6.6)**	**(5.9)**	**0.7**
Reliability Centered Maintenance	*(8.3)*	*(6.7)*	*(5.9)*	*0.8*
Facility Consolidation	*0.2*	*0.1*	*0.0*	*(0.1)*
4. Improve Management Systems and Overhead Efficiencies	**4.1**	**3.3**	**3.5**	**0.2**
Reduce Energy Costs	*2.0*	*1.7*	*2.2*	*0.6*
On-Board Credit Card Automation	*2.1*	*1.6*	*1.2*	*(0.4)*
5. Achieve Ongoing Efficiencies	**19.8**	**16.6**	**17.9**	**1.3**
Fuel Use Management	*0.1*	*0.1*	*5.6*	*5.5*
Engineering Efficiencies	*1.7*	*1.4*	*(2.7)*	*(4.1)*
Productivity Savings in Environmental, Transportation, and Mechanical Departments	*18.0*	*15.1*	*15.0*	*(0.1)*
Reform Initiatives' Savings	**31.8**	**25.7**	**30.7**	**5.0**
Savings from Unidentified Business Initiatives	*8.5*	*0.0*	*0.0*	*0.0*
Total	**40.3**	**25.7**	**30.7**	**5.0**

Source: Amtrak
Note: Columns may not sum due to rounding.

Business Line Results

Amtrak's favorable corporate-wide operating results for FY 2008 are attributed largely to the performance of the Northeast Corridor (NEC) line of business. NEC income for the year was $99.8 million higher than last year, and largely reflected higher ticket revenues. The operating loss on Amtrak's state-supported and other corridors was $2.9 million more than last year, mainly because of higher wages and fuel costs. The operating loss for long-distance trains was $62.5 million more than last year because of higher wages and higher fuel costs, offset by higher passenger revenues. The infrastructure management line of business lost $42.7 million, $0.7 million less than last year. The ancillary line of business made $93.7 million, $9.5 million more than last year. Data presented below are on a Generally Accepted Accounting Principles (GAAP), rather than EBITDO, basis.

Table 5. Amtrak Business Line Operating Performance ($ in millions)

Business Line	**FY 2008**	**FY 2007**	**Variance to Last Year**
National Train System Operations	(235.2)	($269.5)	$34.4
Northeast Corridor	*$366.8*	*$267*	*$99.8*
State-Supported and Other Corridors	*($116.6)*	*($113.7)*	*($2.9)*
Long-Distance Service	*($485.3)*	*($422.8)*	*($62.5)*
Infrastructure Management	($42.7)	($43.4)	($0.7)
Ancillary Businesses	$93.7	$84.2	$9.5
Unallocated System	($839.4)	($892.2)	$52.7
Total	**($1,023.6)**	**($1,120.9)**	**$97.3**

Source: Amtrak
Note: Columns may not sum due to rounding.

Addendum: The following table contains information contained in a graph (Figure 1) in this document. This information was not a part of the original document but has been added here to accommodate assistive technology.

Figure 1: Amtrak Actual vs. Budget Operating Loss, Fiscal Year 2008 ($ in millions)

	Actual Operating Loss	Budget Operating Loss
October	-27	-31
November	-45	-62
December	-62	-108
January	-95	-176
February	-158	-231
March	-194	-275
April	-220	-311
May	-272	-347
June	-294	-367
July	-308	-398
August	-326	-432
September	-381	-475

Source: Amtrak