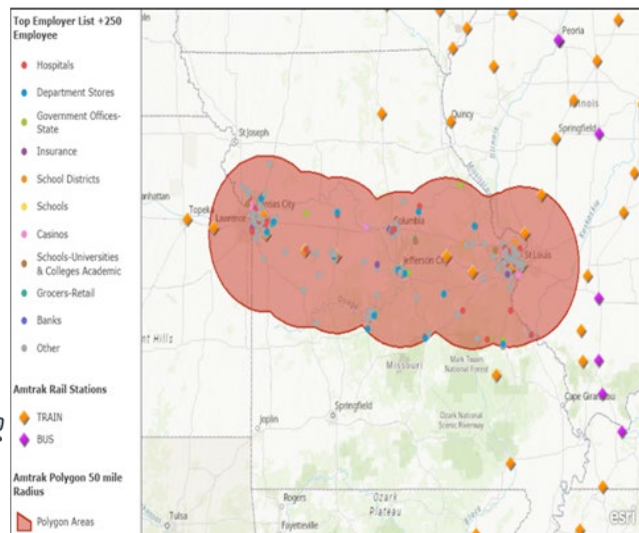


Methods for Increasing Missouri's Passenger Rail Business Revenues



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EXECUTIVE SUMMARY

Ridership on the Missouri River Runner has been increasing, but passenger revenue has not historically kept pace with the increased costs to operate service. MoDOT is stewards of the taxpayer dollars, it is therefore imperative to continuously look for ways to improve external revenues to minimize increases to the taxpayers. This study provides a thorough review and investigation highlighting the most applicable and effective methods for Missouri to grow their passenger rail business revenues.

The Missouri Department of Transportation (MoDOT) has numerous opportunities to enhance revenue including yield management, creative fare schemes and campaigns, partnerships attractions and institutions. This research explores examples from both overseas and domestic rail operators for revenue enhancement. In many passenger railroads in Europe, as national railroads evolved into more liberalized markets where private companies provide rail service through franchises and competitive tendering, operators have a great deal of flexibility to generate revenue from the service they provide, in addition to the receipt of fares and government subsidies. Some of the key activity categories that European railway operators have leveraged to create added sources of operating funds include the following: advertising, food and beverage, station-related activity, special events, and fare structures.

Domestically, Brightline and Amtrak offer examples and opportunities to enhance promotions, fare revenue and ridership and although Brightline has been successful in developing and monetizing its real estate holdings, its management comes from the hospitality industry, and therefore emphasizes “the experience.” Furthermore, Amtrak’s recent marketing and advertising programs include a focus on sports by leveraging partnerships with teams, a practice that can potentially be emulated with Missouri & Kansas professional sports teams and colleges. There is also an opportunity for flexibility and creativity on fare structures and promotions. In fact, Amtrak cited the Northern New England Passenger Rail Authority (NEPRA) as one that provides its own food service with local food & beverages (F&B) to create promotional opportunities and control cost. Amtrak also sees opportunity for ridership and revenue growth with better connections of bus service and noted that the MoDOT/Union Pacific Service Agreement allows for more frequencies and stops.

In addition to exploring examples of domestic and overseas rail operators, this research study examines assets available within the Missouri River Runner corridor catchment area. Major categories of assets were identified including major employers, major hospitals, major universities and colleges, major tourist attractions, transit-oriented development and asset monetization. While recognizing that many assets are not within the control of MoDOT, creative partnerships with the owning entities can help promote service and increase ridership, resulting in increased passenger rail business revenues. Those partners can include colleges, universities and professional schools, tourist attractions and local festivals and event.

This study also examined ways that other states supporting passenger rail service through Amtrak contracts have engaged to generate ancillary revenues. In fact, successful state supported services are dependent upon good working relationships between states and Amtrak, though those are constrained under PRIIA Section 209. While state-supported rail customers can take advantage of Amtrak’s regular fare discount options, some states have added their own, based on their ability to subsidize as necessary, including California’s 15 percent for Active Military, Veterans, Maine’s Downeaster’ service offers a 30 percent discount to people traveling to medical appointments and treatment. Additionally, in the fare

category, some states noted collaborations with major event sponsors including major sporting events, which packaged train fares with event entry tickets. Furthermore, most of the states supporting rail service interviewed tend to depend on Amtrak for the food and beverage offerings but some have added local products to the menus spanning everything from wines to locally sourced clam chowders.

At the federal level, the 2022 Missouri State Freight and Rail Plan provides the basis for federal funding applications. During its formulation, it prioritized recommended improvements and investments to passenger rail service within three categories targeted at addressing different portions of the public's feedback: enhancing capacity, new or improved service, and station improvements. Federal grant programs generally cap the Federal government's project financial contribution between 50 percent and 80 percent of total eligible project costs. Any funding gap is required to be filled by "matching" funds provided by non-Federal sources, including state governments, localities, railroads and private parties.

The Federal Government, specifically USDOT/FRA, also provide numerous funding sources that can assist with capital improvements to the right of way which can lead to greater customer satisfaction and therefore ridership and revenue. It is therefore recommended that MoDOT assess the local assets and industry practices identified in this study and utilize those that are most appropriate to enhance revenue.

In summary, MoDOT has numerous opportunities to enhance revenue within the constraints under PRIIA Section 209. Some of these key opportunities and findings include:

- MoDOT has numerous opportunities to enhance revenue within the constraints under PRIIA Section 209. With yield management, there is opportunity for flexibility and creativity on fare structures and promotions. With Amtrak focusing on yield management, the number of fare buckets has increased from five to nine. This can allow for greater nimbleness in coordinating fares with promotions and special events resulting in creative fare schemes and campaigns.
- MoDOT should engage in partnerships with major educational and governmental institutions, commercial, sports, and other attractions in communities served by the rail systems. Utilizing the Winter Park Express service as a model MoDOT could work with some of the more than 350 attractions found within the corridor to provide a revenue guarantee, advertising, branding and collaboration with Amtrak on revenue management. Further down the road for example, this could raise the possibility of a major Springfield/Branson attraction, or partnership of multiple attractions, subsidizing potential Kansas City to Springfield service. Beyond potential sponsored Springfield service, the notion of a gaming casino car may be attractive to Amtrak and outreach to Native American Tribes is recommended.
- Partnerships with colleges and universities can offer a significant method to increase ridership on the *Missouri River Runner* service. WSP identified colleges, universities and professional schools as well as junior colleges that can be targeted for the purpose of implementing promotional initiatives targeting the student population, establish well-communicated outreach programs, social media and flyers to market to students and families (updated campus maps, orientation events, homecoming weekend, weekly newsletter, etc.) and establish potential pilot programs offering subsidized or discounted fare programs in coordination with the college, university or student government associations.
- There are more than 350 attractions found within the corridor ranging from sports stadiums and arenas to biking facilities, art galleries, museums, distilleries and wineries, and a wide variety of lodging

businesses, all of which can be viewed as potential promotional partners. Moreover, mayors can be strong constituent group, as well as senior and school groups to promote service and ridership.

- MoDOT can take advantage of Amtrak's view that it sees coordinated marketing as key and creates the ability to leverage other states' and service lines' efforts. Further, within the corridor, there are opportunities in promotions with Missouri professional and college teams, and with the promotion of "Hidden Gems" through local Convention & Visitor Bureaus, as well as using all MoDOT's assets in promoting the *Missouri River Runner* Service (i.e., digital highway signage).
- The out-of-home advertising industry is going digital, and it is recommended that a locational nexus approach for sponsorship and advertising be undertaken. There is more opportunity for station advertising (assuming MoDOT can create a multi-station approach), train wraps, and traditional and social media than on-board advertising.
- The new Florida Brightline service can provide examples of the importance of branding service from the branded applications to stations which are more like high-end hotels (complete with scents) to onboard the trains. The *Missouri River Runner* may want to consider a mascot.
- Additional stations should enhance ridership and revenue. WSP, in conversations with MoDOT staff, identified six potential new stations including: Eureka, New Haven, Pacific, California, Tipton and Pleasant Hill.
- Amtrak sees opportunity for ridership and revenue growth with better connections of bus service and noted that the MoDOT/Union Pacific agreement allows for more frequencies and stops.
- In order to reduce food and beverage costs & generate revenue, one effort which may have the greatest chance of success is the placement of food trucks at stations, In the US, the San Joaquin Service offers an example of flexible food service with Bakersfield food trucks. Food trucks/carts can be a source of local cuisine, and potentially a component of a branding effort. This concept can be extended to on-board food carts to replace café cars.
- Since it does not own any stations, MoDOT would need to engage station owners and develop a partnership in which MoDOT has an ability to bring in advertising, retail or events and receive a share of the funds it creates. MoDOT could contract a vendor to manage the entire station advertising effort if it were able to make this kind of arrangement with the station owners. It is recommended that MoDOT discuss potential market for this with Amtrak's advertising vendor, Intersection (as well as others).
- In order to enhance revenue and ridership, MoDOT should look to programs that fund improvements that will impact the customer experience. The number one complaint is on-time performance. Alleviating congestion points, by for example funding new and longer passing sidings is recommended. The Federal Railroad Administration (FRA) Programs include Federal-State Partnership for State of Good Repair, Consolidated Rail Infrastructure and Safety Improvements (CRISI), The Railroad Crossing Elimination Grant Program and The Restoration and Enhancement Program. The US Department of Transportation (USDOT) Programs include the Local and Regional Project Assistance Program (RAISE), the Multimodal Project Discretionary Grant Opportunity (MPDG) Program and the Midwest Regional Planning - Corridor Identification Program.

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List of Abbreviations

BIL	Bipartisan Infrastructure Law
CRISI	Consolidated Rail Infrastructure and Safety Improvements
FEC	Florida East Coast
FHWA	Federal Highway Administration
FRA	Federal Railroad Administration
INFRA	Infrastructure for Rebuilding America
LIRR	Long Island Rail Road
MHTC	Missouri Highways and Transportation Commission
MoDOT	Missouri Department of Transportation
MPDG	Multimodal Project Discretionary Grant
NEPRA	Northern New England Passenger Rail Authority
NOFO	Notice of Funding Opportunity
PRIIA	Passenger Rail Investment and Improvement Act
ROW	Right of Way
UP	Union Pacific
USDOT	United States Department of Transportation

Chapter 1 Introduction

1.1 Overview and Background

Ridership on the *Missouri River Runner* has been increasing, but the state's investment and passenger revenue have not historically kept pace with the increased costs to operate service. MoDOT is stewards of the taxpayer dollars, therefore it is imperative to continuously look for ways to improve external revenues to minimize increases to the taxpayers. This study provides a thorough review and investigation highlighting the most applicable and effective methods for Missouri to grow their passenger rail business revenues.

A comprehensive review was conducted to identify best practices nationally and internationally as well as federal funding programs; including: how other countries fund their passenger rail system, what other businesses or services, similar to Amtrak, have done to increase revenue outside of government funding, given the *Missouri River Runner*'s available assets, what options are available to generate revenue outside of current operating procedures, what are other states with state-supported rail service doing to generate and improve passenger rail revenues, and what are FHWA, FRA, and/or USDOT recommendations and suggestions.

The objective behind this research is to conduct a robust review and investigation to highlight the most applicable and effective methods for Missouri to grow the *Missouri River Runner* service's passenger rail business revenue.

1.2 Study Methodology

The study methodology includes the following tasks to meet the project objectives:

Task 1: Project Management. This research was completed in compliance with FHWA project management guidelines. This included the completion of a Project Management Plan (PMP), a study kickoff meeting, monthly coordination calls, Monthly Progress Reports and submission of invoices and quarterly update reports.

Task 2: Under this task, a comprehensive review and investigation were conducted to identify best practices nationally and internationally as well as federal funding programs; including:

Task 2A: How Other Countries Fund Their Passenger Rail System

The authors conducted a thorough review of how other countries fund their passenger rail systems through engaging in a series of interviews with appropriate specialists from the selected foreign departments of transport along with state railways and individual service providers.

Several overseas railroad operators have been successful at monetizing all the assets they own, particularly stations, right-of-way property, and other structures and facilities. Recognizing that MoDOT owns few of the assets required to provide rail service, the study focused on foreign railroads working with partners to create value that accrues from assets they do not own.

Task 2B: What Other Businesses or Services, Similar to Amtrak, Have Done to Increase Revenue Outside of Government Funding

As part of this research effort, Amtrak and other transit services were engaged to identify those properties' specific actionable policies, programs, vendors, and contracts that have application to the

Missouri River Runner service. Specifically, Amtrak generates ancillary revenue from advertising and sponsorship (including billboards at the St. Louis Gateway Transportation Center), retail leasing, parking, telecom, and pipe and wire, as well as surplus property leasing and disposition. As such, the responsible Amtrak personnel were engaged to identify specific strategies for the *Missouri River Runner* service. Other rail operators, like Brightline were examined for applicability to this assignment.

Task 2C: Given the Missouri River Runner's Available Assets, What Options are Available to Generate Revenue Outside of Current Operating Procedures

Amtrak's selected advertising vendor was engaged to identify potential *Missouri River Runner* monetization opportunities within the context of the rolling stock and social media assets. Given the large number of tourist and entertainment attractions along the route, joint promotion, advertising and sponsorship opportunities were highlighted that can benefit the *Missouri River Runner* service.

Additionally, for the MoDOT-controlled assets, this research focused on understanding the value of the *Missouri River Runner* "franchise" and how the "brand" can be extended. As part of this effort, databases and infographics are presented along the project corridor to include demographics and key business opportunities and amenities to document existing rider profiles and identify potential methods to increase revenue from Missouri's passenger rail system.

Task 2D: What are Other States with State- Supported Rail Service Doing to Generate and Improve Passenger Rail Revenues

As part of this analysis, an overall literature search was conducted to provide overall findings on the state-supported rail service to prepare a profile of the program and document how states bring revenue to the program beyond regular state subsidies.

Task 2E: FHWA, FRA, and/or USDOT Recommendations and Suggestions

A review of published studies and resources for recommendations and suggestions from federal agencies, including the FHWA, FRA, and USDOT, on potential sources of passenger rail revenue growth and revenue diversification streams. The authors investigated relevant methods employed or suggested by various agencies to better leverage TODs and existing assets to help grow business and ancillary revenues and ensure financial viability of the passenger rail system. The team conducted a comprehensive and extensive literature synthesis and provided a thorough research summary highlighting key suggestions and recommendations from published studies.

The passage of the Bipartisan Infrastructure Law (BIL) provides \$66 billion in new funding for intercity passenger rail that could benefit Missouri's rail services. This section explored how MoDOT can best position itself to secure funding for the state's passenger rail services through competitive grant programs authorized under the bill.

Tasks 3&4. Development of a Draft and Final Synthesis Report and Research Summary

This report reflects the results of the tasks completed to perform the research and includes a summary document to highlight the important details of the project.

Chapter 2: How Other Countries Fund Their Passenger Rail Systems

In many parts of Europe, over the last 20 years, monolithic national railroads have evolved into more liberalized markets where private companies provide rail service through franchises and competitive tendering. In many cases, the national public railroad has become an infrastructure owner and provider but exited the operations business. Furthermore, rail operators bidding for contracts and franchises to operate segment services have a great deal of flexibility to generate revenue from the service they provide, in addition to the receipt of fares and government subsidies. Contracts in Europe tend to be longer than in the US – often at least 10 years and going longer which provides some time for the operator to invest and get a longer-term return.

This chapter provides a summary of the ways railways overseas have been able to add to fare receipts and government subsidies to increase their return on operations. Interviews with representatives of European operators were conducted to better understand how they can generate ancillary revenues.

According to an April 2021 report produced by the Auditor-General for the British Department of Transport, “A Financial Overview of the Rail System in England”, for the UK control period of 2019-20, “other revenue” represented about 11.5 percent of revenue that rail operators received. By comparison, depending on the definition, similar Amtrak ancillary revenues are less than 5 percent. “Other revenue” is defined as on-board catering (food and beverage), car parking, and advertising sales in stations and on trains. Total revenue to the operators was nearly £10 billion (\$12.2 billion).

For state and private operators in other European countries, it is difficult to determine revenue that comes from commercial/ancillary sources with any specificity. Typically, these amounts are too granular to be identified in financial statements. However, a review of annual reports from some of the key continental European railroads including SNCF (France), Deutsch Bahn (Germany), RENFE (Spain), and SJ (Sweden) suggests approximately 10-15 percent of passenger train revenue comes from related revenues other than fares and government subsidies. Subsidies vary significantly from country to country, but a general range is 50-80%. In the UK, the subsidy is closer to the 80% mark of all revenues.

In many cases, revenue is generated from assets that the Missouri Highways and Transportation Commission (MHTC)/Missouri Department of Transportation (MoDOT) does not own. However, with new passenger cars arriving, owned by the states of Illinois, Michigan, Wisconsin and Missouri, there may be more flexibility to conduct certain activities that can raise revenue. Moreover, where assets are not owned, most notably stations, there may be opportunities for MoDOT to partner with the station owners and attract activity whose revenue can be shared. In general, the operating railroad owns virtually all the assets which are used to operate the service. For national railways like SNCF in France, the entity runs most of the trains, owns all the rolling stock, rights-of-way, stations, and facilities. Therefore, SNCF can leverage all of these assets. For rail operators which run trains under tendered contracts or franchises to national railways, many own the rolling stock that they must bring to an operating project, and they make a payment to serve the stations. In Germany, passenger cars and locomotives are often leased from German state leasing companies. Even in these cases, the operators have more ability to generate revenue from the services.

Fares are either dictated by the national railway or at a minimum, a contract operator is provided with an upper limit on what can be charged to customers. The operators – whether the national railway or the

contract operator – can manage fare structures to provide an estimated maximum return. European contract operators often bare full fare risk as does MoDOT.

To address some of the key activity categories that European railway operators have leveraged to create added sources of operating funds, the following section focuses on the following categories:

- Advertising
- Food and Beverage
- Station-Related Activity
- Special Events
- Fare Structures

It should be noted that possible revenue estimates were not included in any of these discussions. To some extent operators, especially private train operators, are reluctant to share detailed financial information. More importantly, though it is difficult to extrapolate from European railroad expenses and costs how they would translate into an American context and, particularly, where some of these activities would have to be significantly adjusted for the state-supported rail context.

2.1 Advertising

While overseas rail operators receive advertising revenue from various sources, in-train advertising is generally least effective. Unless ridership is extremely high, the number of “eyes” that will view posted advertisement placards is considered insufficient to generate a rate of return that justifies the cost of the program. Some of the operators resorted to electronic screens, carrying a mix of passenger information and advertising in video and still photo form. At least one of the operators interviewed indicated they removed the electronic monitor screens because the revenue never matched the initial installation and annual maintenance costs.

There are examples where European train operators went beyond the typical car card advertising model and created highly unusual in-car effects which provided some advertising value but more importantly became news stories in and of themselves, bringing revenue as well as attention to the service. **Figure 2.1** illustrates a ceiling treatment in a passenger car on the French suburban network – RER. It promotes tourist travel to Versailles which the train serves.

Advertising in stations is more effective for European operators because they typically own the stations and can control it along with the higher number of customers passing through stations. There are several ways, MoDOT might move into a more prominent role with respect to station advertising.

MoDOT might work to bring the owners of all the stations together into an advertising alliance. The result would be an advertising program that would cover all stations and give the advertiser greater reach by getting into all stations with the greater range that affords. Moreover, MoDOT could try to form an arrangement with the station owners to take over the management of the advertising program and receive a share of the fees generated. MoDOT could hire or contract an individual to manage the entire station advertising effort if it were able to make this kind of arrangement with the station owners.



Figure 2.1 Ceiling treatment in a passenger car on the French RER
Source: Daily Mail, July 9, 2012

Finally, there may be more of an opportunity with respect to advertising on the outside of trains, specifically wraps. A number of the overseas operators noted that this provided a reasonable rate of return while also attracting attention to the existence of the service. **Figure 2.2** shows a photo of a German regional rail train, run by a contract operator, who was able to attract advertising from a local theater for a show it was promoting. The show's characters are seen in each of the train's windows. Similarly, **Figure 2.3** illustrates a British train, wrapped in tourist advertising for the City of Exeter, one of the cities at which it stops.



Figure 2.2 Example of wrapped German regional rail train
Source: Bayerische Regiobahn brochure.



Figure 2.3 Example of wrapped British train

Source: Chris McKenna, via Wikimedia Commons

Based on this information, the most promising opportunity for revenue may emerge from train wraps on the new coaches that are being purchased. This sort of advertising can be focused on Missouri interests or more generally for the region, depending on where the cars run and if they are shared with the other members of the purchasing coalition. In general, a typical train wrap will be in place for the length of a particular advertising campaign as determined by the advertiser. Since wrapping a train is fairly labor intensive, “wrapping” and “unwrapping” typically occur during the train’s scheduled maintenance.

2.2 Food and Beverage

European operators have had some success with food and beverage. Many rely on café cars in train consists for selling food and drink. Alcohol is commonly available as well. Some rail operators indicated they do lose money on food, but it is regarded as so important by passengers that they would have difficulty eliminating the service. For regional services, food tends to be sourced and provided from local purveyors keeping handling and delivery costs low. It is difficult to compare labor costs internationally with those in the US, although most European food service cafes are attended by union-based individuals.

Some operators have gone to automated kiosks on board to sell food and coffee from machines. They readily admit this is less attractive to passengers but fills the need minimally. Operators also indicate that seat-side food service seems to be the most successful. This involves attendants who move through the cars with baskets or carts (known as trolleys in Europe), selling pastries, sandwiches, coffee and both non-

alcoholic and alcoholic drinks. Railroads suspect that passengers are more likely to buy something that is brought to their seat, avoiding the need to move through multiple train cars. Operators claim to be making some revenue from these approaches.

Further train stations overseas, even the smallest ones, tend to have some food available from small shops or kiosks. This depends on foot traffic, to some extent, with more trains making the difference. Some European operators also noted that station kiosks often have windows onto platforms allowing a passenger to leave the train at a station, buy something quickly, and re-board. While operators typically get lease revenue, in a few cases they do get some portion of the sales receipts.

In a few cases, railroad operators have made food an important part of the travel experience. One example is the Bla Taget trains that run between Stockholm and Gothenburg – about 4 hours' travel time. Bla Taget is one of the private rail operators that competes with the national Swedish Railway, SL. Bla Taget's prices are a little lower than those of SL but they have followed, to some extent, a discount airline model by charging for many optional services – one being food. Bla Taget markets its trains as a retro experience, harking back to streamlined trains that ran in the 1960s. As part of this, they have created a high-end dining service, in addition to other more routine café car type offerings. The dining car, as shown in **Figure 2.4**, provides a fine dining experience en-route. There is a significant cost, which does return a profit to the company.



Figure 2.4 Bla Taget en-route dining experience
Source: Bla Taget website.

Another example considered was the Japanese railroads which have begun selling the traditional Bento Box lunch offering, but in containers with train themes as shown in **Figure 2.5**. These are sold mostly from kiosks on station platforms and have become widely popular, especially with children.



Figure 2.5 Japanese railroads bento box lunch

Source: Alamy Stock Photo

While much of this may not be directly applicable to the *Missouri River Runner* service, this experience does suggest that there are unique ways of handling food offerings which, if structured properly, can provide a source of revenue. If Amtrak is willing to experiment and engage in partnerships on food and beverage or turn the function entirely over to MoDOT, pilot programs may be possible. This should focus on local products and sourcing which seem to be the most popular ones on international, regional rail services.

A pilot program needs to determine an attractive mix of products for the *Missouri River Runner* rider, minimize handling to the greatest extent possible through the use of third parties and just-in-time stocking, as well as deal with labor issues. It may be possible to bring the union in to the arrangement in some way, perhaps even adding incentives for higher food sales. While it is understood that an effort to engage a local well-known restaurant did not proceed, there may be a reason to revisit it. European experience with seat-side food service should also be heeded. Finally, in considering fares, there may be a way to increase the fare and include a meal or snack service that could cover its costs and perhaps more. An offering like this for group travel should also be explored.

2.3 Station-Related Activity

Stations represent an important source of ancillary revenue to railways in Europe and Asia. Large stations, similar to airports, are rapidly turning into retail hubs providing convenience to travelers as well as shopping centers for residents and visitors. It is not unusual for some European railway stations to have 40 percent of their foot traffic come from people who are not taking trains. In the UK, Germany, and France, retail revenue provides significant return to the station owner. International stations are also increasingly becoming locations for special events and promotions which further draw in people with money to spend. The busier the station and more frequent the service, enhances the likelihood of success.

There is a corollary story for smaller, regional stations. In some places, railways which own stations have worked to attract small, convenience retailing which can include food kiosks selling both products to take on the train as well as prepared meals to take for lunch or dinner upon returning to the station. In some UK stations, kiosk employees also take on the role of ticket agents, selling tickets and providing train information. This has allowed railways to withdraw their own employees to save money. **Figure 2.6** shows a kiosk designed for railway stations in Holland that is scalable to the size of the station and the platform.



Figure 2.6 Kiosk at railway stations in Holland

Source: The Drum website.

This design was recently created for a store concept to be rolled out in 100 large and small stations across the Netherlands. According to a representative for the company that designed the new kiosk, “The aim was to produce a clear frame of reference to guide the expectations of the customer. A quick and easy way to provide a treat for the journey ahead without the fear of missing the train. A rich history made relevant for now and to serve as a basis for future growth. A contemporary retail format, addressing the needs and expectations of today’s travelers, with an unmistakably Dutch heritage. What had become a mini convenience supermarket with a focus on maximizing the product offer needed a fundamental refreshing on its core competence and relevance for customers. It needed to be an inviting place, different from the ‘to go’ supermarket...and able to compete with more high-end coffee specialists such as Starbucks.”

The approach for the kiosk design was threefold:

- Rearrange the product offer with a focus on coffee and tea, bread and pastries and cold drinks

- Improve the quality on these core ranges to address changing customer needs
- Develop a unique customer experience that is a credible environment for a better product

Other retail found in European stations included newsstands and bookstores, dry cleaning, shoe repair, and other outlets that train travelers can use – sometimes leaving clothes for cleaning in the morning that can be picked up at night on the return trip. These outlets are also marketed to residents to increase sales, especially when ample parking exists.

More recently, a series of pop-up shops development in stations were established in which Amazon is both selling items and delivering packages. It is believed that these will be attended for the present time but there is some thought to making them fully automatic in the future, which may have some relevance for *Missouri River Runner* stations.

Some European operators also noted that there is a phenomenon of bringing someone into a station for a non-travel purpose, ultimately provides awareness that train services exist and can meet some of their needs. Furthermore, international railway stations, both large and small, often feature bicycle facilities including rental and repair. **Figure 2.7** shows a bike shop in a French railway station. In some cases, the national railway owns the bike shops and generates revenue from their sales and rental fees. The German railway and some of its operators goes as far as having staff at bike stations adjacent to the platform, who will disassemble the bike for easy loading onto the train and reassemble it at the destination station.



Figure 2.7 *Bike shop in a French railway station*

Source: Letizia Le Fur.

This is an excerpt from the 2020-21 SNCF (French Railway) Annual Report on providing bicycle facilities both on and off trains which generate revenue. TER refers to the French network of regional trains.

“... TER supports the regions in their strategy to develop both everyday cycling and cycle tourism. For example, on the "Vélodyssée" in the Nouvelle-Aquitaine Region (Bordeaux/Arcachon, Hendaye/Bordeaux,

Bordeaux/La Rochelle lines), each train can accommodate between 17 and 25 bicycles, in an adapted configuration (a system of protective covers on seats to allow for this heavy load). The Pays de la Loire Region, for its part, offers "Jumbo bike" trains with modular zones, increasing the number of bicycles from 9 to 50 in the summer. In addition, a partnership with France Vélo Tourisme provides a rental service near stations. Also, an agreement with a French sports brand enables all new annual TER to test a folding bicycle or scooter free of charge for 29 days. In addition, since autumn 2020, the company has been experimenting with a bicycle "coupon" project to reserve a space in busy periods”.

Finally, some railway operators allow station rentals, where part of the station is made available for events and local meetings. They generate a return from both renting the space and setting up chairs and other required equipment.

While all of this provides opportunities to international railways and private operating companies to generate commercial revenue from station assets, MoDOT does not own any of the stations. Therefore, MoDOT would need to engage station owners and develop a partnership in which MoDOT has an ability to bring in retail or events and receive a share of the funds it creates. If MoDOT can craft an agreement with station owners to act as their “agent,” MoDOT might recruit an employee or bring in a consultant to develop these opportunities. Another relevant application might be to create a partnership with a local coffee shop, convenience store, or grocery that can create a cart or truck to sell food and drinks at certain times of the day around train arrival and departure times. Allowing food trucks in general to sit in the station parking lots could be another way to bring people to the station and provide a service to riders. Food trucks would need to pay a fee for the right to be there.

It should be noted in closing this section that nearly every railway representative stressed the importance of making stations more than just a place where the train stops. By locating retail that can be used conveniently by members of the local community and hosting events, the station becomes more important in people’s minds, demonstrating the existence and value of the train service while creating revenue through greater usage of the facility.

2.4 Special Events

European railway operators engage in large numbers of partnerships with entities that produce events and package tickets to the event with train tickets. Most common are sports events where the ticket to get into the game also includes a round-trip ride on the train, sometimes provided at a discount. Of course, the event needs to be reasonably close to the station or have short-distance shuttle services available. This can also be done with concerts and shows by working together with the venue.

Overseas rail operators also partner with such events and festivals as flower shows, food fairs, farm markets, art shows, and book festivals. Usually, these are characterized by cross-advertising in which the event markets access by train and the train advertises the event onboard its coaches and in stations.

2.5 Fare Structures

Although not typically considered as part of ancillary revenues, it is worth observing the importance of fare structures and how they are carefully crafted in overseas railroads. International railways and individual operators tend to have a lot of flexibility when it comes to fares. While national railways set their entire fare structures, franchise and contract operators usually can optimize the fare structure as long as no ticket fare is higher than a cap set by the government.

Overseas railways have become masters of yield management, carefully attaching ticket prices to demand with passengers on the same train paying vastly different fares depending on such factors as the time of booking, seat availability, and travel distance.

In addition, railways use a variety of special fares to attract seniors, students, and employees of a particular company or entity such as civil servants. Most of the railway representatives stressed that fares are at the heart of their marketing efforts and the most important lever to increase revenue, compared to all the other sources as discussed above.

Chapter 3: What Other Businesses or Services, Similar to Amtrak, Have Done to Increase Revenue Outside of Government Funding

3.1 Brightline Service

Brightline is a privately owned and operated intercity passenger rail service operating on the right of way of the Florida East Coast Railway (FEC). Brightline owns adjacent non-ROW real estate and the right to operate passenger service on the FEC. Brightline is owned by Fortress Investment Group (Fortress) and currently runs trains from Miami to West Palm Beach with a newly constructed extension from West Palm Beach to a dedicated Intermodal Terminal Facility at Orlando International Airport, anticipated to open in 2023. Further expansion to Disney World and Tampa is planned, for which Brightline received a \$15.9 million CRISI grant to match its own funding. Overall Brightline funding is primarily through Fortress and tax-exempt private activity bonds. Fortress has proposed Brightline West, a high-speed line between the Los Angeles area and Las Vegas under a similar structure, with a potential construction start in 2023.

Brightline has been successful in developing its Brightline real estate holdings, including Miami Central Station, and also flipping completed projects, including the sale of two of the adjacent ParkLine Miami apartment towers for a single multifamily asset sales price record of \$450 million in March 2022.

Brightline management comes from the hospitality industry, and therefore emphasizes “the experience,” from the branded applications which extend the Brightline brand to every aspect of the stations which are more like high-end hotels (complete with scents) to onboard the trains. Brightline recently upgraded its application called Brightline+, which passengers can use to plan, reserve, and pay for their entire point to point trip, including cars (Teslas), shared electric vans and Circuit neighborhood electric vehicles for travel within a five-mile radius of a station. The theme is eco-friendly.

Not surprisingly, Brightline has been very aggressively promoting its service and experience. Currently on the Brightline website are the following promotions:

Dump the Pump: Fares starting at \$10.

Summer Sundays Picnic Series: promoting MiamiCentral Station with indoor activities including artisan markets, special sips, local bites, lawn games, live music, and more.

Summer15 Special: 15 percent fare discounts.

Kids ride for \$5: Kids 12 and under, tied to Children’s Museum and The Phillip & Patricia Frost Museum of Science complimentary admissions.

Take The Train To The Game: Inter Miami CF, branded GOOOL GETTER trains, plus complimentary ride from the station to the stadium.

Home Runner Trains: Miami Marlins, branded HOME RUNNER trains.

Where can Brightline take you this weekend? Discounts to Superblue, an immersive art experience, using promo code: BRIGHTBLUE plus a FREE Brightline+ ride to get to and from our stations.

Ride to PRIDE Celebrating Pride, this month and every month.

3.2 Brightline Stations

While MoDOT does not own any of the *Missouri River Runner* stations, Brightline owns all the stations it serves and provides an example of a unified approach to branding. In fact, Brightline stations are branded, provide free Wi-Fi and are programmed to be fully scheduled with activities that generate revenue and interest. For example, MiamiCentral has an aspirational restaurant, MARY MARY. It also contains a Food Hall/Market: MiamiCentral culinary market, featuring 16 culinary brands. Brightline also incorporates its stations in its promotions. The promotion “#305Weekend” combined \$3 and \$5 SMART fares commemorating three years of service with a food truck enterprise program, and special in-station events and pop-ups at all three stations over a weekend period.

3.3 Amtrak Assets

Even though Amtrak provides service in 46 states and three Canadian provinces, its actual “Amtrak-owned” assets are somewhat limited. In fact, Amtrak owns only 3 percent of the 21,400 Amtrak served route-miles traveled, primarily on the Northeast Corridor. The rest, including the *Missouri River Runner* are primarily owned by freight railroads. Amtrak does own adjacent land and a portion of the St. Louis station. **Tables 3-1 and 3-2** identify Amtrak’ real estate assets:

Table 3-1 Amtrak station types

Amtrak Station Types	Number
Amtrak wholly-owned and served	24
Amtrak partial-owned and served	50
Amtrak served but not owned	452
Total Amtrak “operating portfolio”	526
Amtrak owned, but served by other operators (Primarily SEPTA in Pennsylvania)	58

Table 3-2 Amtrak owned ROW

Amtrak Owned Right-of-Way	Length (in miles)
Northeast Corridor & Related	
Washington, DC to New Rochelle, NY	245
New Haven, CT to Rhode Island/Massachusetts border	118
New York: New York Penn to Spuyten Duyvil (northern tip of Manhattan)	10
New York: Poughkeepsie to Hoffmans (long-term lease)	95
New York: Post Rd. Branch to Rensselaer	12
Keystone line: Philadelphia to Harrisburg	104
Springfield line: New Haven, CT to Springfield, MA	60

Amtrak Owned Right-of-Way	Length (in miles)
Michigan line: Porter IN to Kalamazoo, MI	95
Chicago Union Station	Limited
<i>Total ROW Owned</i>	<i>750</i>

3.4 Office and Maintenance Facilities

Of the over one million square feet of Amtrak-occupied office space, it owns approximately 500,000 square feet, primarily along the Northeast Corridor and Chicago. Across 24 states, Amtrak owns approximately 7.1 million square feet of maintenance facilities in approximately 150 locations.

3.5 Amtrak’s Non-Fare Revenue Categories

Amtrak’s FY2022-2027 Asset & Service Line Plans as well as previous plans offer an overview of ancillary non-fare revenue through its system. Housed within the Commercial Planning and Development department, these assets generate revenue from all corporately owned real property assets as a non-core business activity.

The Commercial Revenue Portfolio includes all of Amtrak's telecommunications, pipe and wire, retail leasing and events, advertising, and parking agreements numbering approximately 3,000 in total across Amtrak’s network. The staffing of this department is lean with one or two individuals responsible for one or more entire segments.

The Advertising Service Line manages a portfolio of over 270 billboards (including two at the St. Louis Station) and over 650 indoor station advertising locations throughout the Amtrak network with the intent on conversion from static to digital medium for strategic locations. The service line manages the onboard advertising for trains throughout the Northeast Corridor, Keystone and Empire lines as well as long distance trains. Advertising agreements for State-supported trains vary from state to state. It manages on-location station and right-of-way and onboard train filming requests on Amtrak property.

The Parking Service Line has oversight of nine publicly used parking garages and lots (a subset of the 38 parking facilities where Amtrak has ownership interest), including coordination of operation & maintenance (typically through contractors) and capital improvements.

The Telecommunications Service Line negotiates, drafts, manages, and enforces longitudinal revenue generating telecommunications agreements with third parties, primarily telecom carriers, that install, operate, and maintain network facilities on Amtrak’s ROW and stations. Agreements are for longitudinal fiber optic cables and wireless facilities for approximately 65 base sites. Compensation can be monetary or in-kind services.

The Utility & Right-of-Way Occupations “Pipe & Wire” Service Line manages the largest portfolio with over 2,400 agreements. It negotiates new agreements related to long-term third-party usage of the Amtrak right-of-way including transverse and longitudinal cable, fiber optic, electric transmission, sewer, water, oil, gas, and steam occupations. Compensation varies depending on counterparty, including no fees for certain public entities.

The Real Estate & Commercial Service Line is responsible for Amtrak-utilized real estate asset management, including structuring, negotiating, executing, operating, and administering all real estate agreements for acquisition of real property assets that are required for Amtrak’s operations and disposition of underutilized real property assets. Real property includes land and improvements that may be used for stations, office space, warehouses, crew bases, maintenance facilities, track, access pathways, storage, etc. It also provides surveys, appraisals, facility condition assessments, environmental reports, title reports and insurance, property management services, valuation analyses, architectural and engineering services for other Amtrak departments and service lines.

3.6 Financial Performance

Amtrak’s Real Estate and Commercial Service Line produced revenue and proceeds from disposition from real estate and other holdings totaling approximately **\$66.1 million in FY 2021**, a reduction of approximately 27 percent since FY2019, which Amtrak attributes to the COVID-19 epidemic. Revenue was derived from a variety of asset classes, listed below.

Table 3-3 Amtrak classes of assets

Asset Class	FY 2019 (mil)	FY2020 (mil)	FY2021 (mil)
Advertising	\$13.8	\$9.8	\$8.0
Parking	14.1	4.9	2.5
Retail	28.2	24.0	13.5
Pipe & Wire	9.1	11.1	10.3
Telecom	21.3	21.3	21.2
Real Property	3.9	5.7	10.6
Total	\$90.4	\$76.8	\$66.1

3.7 Amtrak Promotions

Amtrak’s recent marketing and advertising programs include a focus on sports by leveraging partnerships with teams in the MLB, NHL, WNBA and college athletes playing in the NEC between Boston and Washington, D.C. Amtrak describes its MLB collaborations as “fully integrated partnerships” with the New York Yankees, New York Mets, Boston Red Sox, Washington Nationals, Philadelphia Phillies, and Baltimore Orioles. The WNBA partnerships include the Washington Mystics and New York Liberty, and the NHL includes the New York Rangers, Washington Capitals, and Boston Bruins with a tie into the Stanley Cup playoffs and other special event games. Other recent “special marketing initiatives include wrapping a locomotive to promote an “immersive museum experience” for the National Geographic Society. These agreements can provide a template for the *Missouri River Runner* service, assuming there is a way to meet the sponsor’s minimum exposure criteria.

3.8 Amtrak Interview Summaries

Winter Park Express

An Amtrak service that could potentially be emulated in Missouri managed for Amtrak by Nick Genevish (Director, Long Distance Service Line, Amtrak). In summary, Amtrak operates seasonal weekend service

between Denver and Winter Park, CO. It operates on a portion of the California Zephyr route owned by Union Pacific. It is unique in that Amtrak effectively acts as a contract service provider to the resort operator, Alterra. The resort is owned by the City of Denver. Alterra, in turn provides a revenue guarantee, advertising, branding and collaborates with Amtrak on revenue management. This raises the possibility of a major Springfield/Branson attraction, or partnership of multiple attractions, subsidizing potential Kansas City to Springfield service.

Marketing and Advertising

An interview with Kerry McKelvey (Vice President, Marketing, Amtrak), Fran Berk (Director, Marketing – State Support Services, Amtrak) and Peter Lyons (Director, Advertising, Amtrak) provided the following takeaways:

There is opportunity for flexibility and creativity on fare structures and promotions. Amtrak is focusing on yield management, so the number of fare buckets has increased from five to nine. This can allow for greater nimbleness in coordinating fares with promotions and special events. Amtrak has no issue with any promotion amount as long as it is consistent with Amtrak branding standards. Amtrak sees coordinated marketing as key and creates the ability to leverage other states' and service lines' efforts. Amtrak shies away from tobacco and alcohol, which means any involvement with a regional brewery, winery or distillery would require finesse (i.e., other transit properties allow alcohol companies to promote "responsible drinking"). Amtrak sees opportunities in promotions with Missouri professional and college teams with the promotion of "Hidden Gems" through local Convention & Visitor Bureaus. In addition, Amtrak sees opportunity in using all of MoDOT's assets in promoting the *Missouri River Runner* service (i.e., digital highway signage).

State Services and Network Planning & Development

Interviews with Ray Lang (Vice President, State Services, Amtrak), Nicole Bucich (Vice President, Network Development, Amtrak) and Adam Krom (Director, Network Planning, Amtrak) provided the following takeaways:

Amtrak recommends looking at how other states fund their respective services. Three were mentioned as examples:

- Since *Missouri River Runner* food services costs are high, NEPRA Downeaster (Maine) was cited as one that provides its own food service with local food & beverages (F&B) to create promotional opportunities and control costs. For the *Missouri River Runner*, this would require an agreement with the State of Illinois since there is through equipment, as well as Amtrak on-board labor and Aramark, Amtrak's food vendor.
- North Carolina is very active in marketing its service and solved the F&B cost issue by having vending machines on board.
- In California, the joint powers' boards look to maximize ridership by focusing on a passenger per taxpayer dollar as opposed to a subsidy per passenger metric to measure success. Similarly, both the States of Illinois and Virginia are aggressively using the greater Amtrak fare flexibility to push ridership.

Amtrak currently has no new Missouri service planned and has not extended any state service to qualify for assumption by the long-distance business line. In fact, Mr. Lang felt it was certain states at one point that pushed back on the Amtrak proposal to shorten the requirement from 750 to 500 miles. However, FRA is currently conducting a long-distance service review, which may include recommendations for service modifications. Amtrak is not contemplating any changes until the study is complete. Furthermore, Amtrak sees opportunity for ridership and revenue growth with better connections of bus service and noted that the MoDOT/Union Pacific allows for more frequencies and stops.

Government Affairs

An interview with Joe McHugh (former Vice President, Government Affairs, Amtrak) indicated that successful state supported services are dependent upon good working relationships between states and Amtrak, though those are constrained under Passenger Rail Investment and Improvement Act (PRIIA) Section 209. The notion of a gaming casino car is attractive and recommends outreach to Native American Tribes and cited the X-train example of non-gaming casino car sponsored by casinos (now Brightline West) as an alternative example. In fact, Amtrak would have had a gaming car on its former Atlantic City service but was thwarted by a late minute insertion of language prohibiting it in Amtrak's funding legislation.

Funding ideas include upgrades to business class, modifying limits on pets, and incorporating upgrade and ancillary fees into the fare system. The San Joaquin Service offers an example of flexible food service with Bakersfield food trucks. McHugh recommended that the *Missouri River Runner* broker deals with attractions to fill seats (guarantee minimum number of tickets per train). Moreover, mayors can be strong constituent group, as well as senior and school groups to promote service and ridership.

Advertising Vendor

An interview with Scott Goldsmith (President and Chief Operating Officer) of Intersection, Amtrak's advertising vendor provided the following insights:

- Intersection is the leading out of home transportation advertiser agency, including most top transit agencies, airlines and airports, as well as major real estate developments.
- Goldsmith sees the industry going digital and recommends a locational nexus approach for sponsorship and advertising.
- Regional attractions and locally brewed national beer brands can be potential *Missouri River Runner* sponsors and it was recommended looking to local and regional hospitals and colleges, as well.
- There is more opportunity for station advertising, train wraps, and traditional and social media than on-board advertising, and it was recommended to leverage larger markets as much as possible.

Chapter 4: Given the Missouri River Runner’s Available Assets, What Options are Available to Generate Revenue Outside of Current Operating Procedures

A recent economic impact study of the *Missouri River Runner* passenger rail service, published in April 2021, identified a total of \$208 million in annual economic activity attributed to the passenger train service operating across 283 miles of track between St. Louis and Kansas City. The study evaluated the impact of the *Missouri River Runner* service through direct and indirect benefits realized across transportation and travel, reduced energy consumptions, increased safety and increased tourism and visitor spending.

Amtrak’s passenger rail impact in Missouri totals:

- 1,250 jobs
- \$65 million in labor income
- \$208 million in annual economic activity
- \$22 million in annual tax revenue

The *Missouri River Runner* currently services ten stations in the state, as illustrated in **Figure 4.1** below. Each of the stations provides connectivity and access opportunities to several key attractions and services. This section describes the available assets along the *Missouri River Runner* route and identifies many of the demographic characteristics in each city along the route, to provide a better understanding of the potential passengers’ catchment area. In part, identifying the demographics of the population in the vicinity of each station would help inform marketing strategies to potentially increase ridership. In addition, through identifying existing tourist and entertainment attractions along the route, the latter can help inform joint promotion, advertising and sponsorship opportunities that can benefit the *Missouri River Runner* service.



Figure 4.1 Missouri River Runner route map

Table 4-1 summarizes key characteristics for each station along the route, providing information on ownership, available amenities, connections to other modes of transportation offered and key attractions.

Table 4-1 Key characteristics of existing stations

Station	Station Ownership	Parking Lot Ownership	Platform Ownership	Track Ownership	Station Building & Amenities	Other Routes Served	Other Modes of Transportation	Attractions
St. Louis	City of Saint Louis	Amtrak, City of Saint Louis	City of Saint Louis	Amtrak	First Class Lounge Quik-Trak kiosks Ticket sales office No vending machines Wi-Fi available Food court Bike boxes for sale Bag storage with fee	Lincoln Service Texas Eagle	Metro Transit (MetroLink, MetroBus), Greyhound, Megabus and Amtrak bus all serving Union Station	Cardinals Baseball Busch Stadium & Hall of Fame Blues Hockey Enterprise Center St. Louis Football Club Centene Stadium St. Louis Zoo Forest Park Anheuser-Busch Brewery St. Louis Art Museum Missouri History Museum Cathedral Basilica of St. Louis Union Station (Luxury hotel entertainment complex) Barnes Jewish Hospital St. Louis University Washington University Lumiere Place Casino

Station	Station Ownership	Parking Lot Ownership	Platform Ownership	Track Ownership	Station Building & Amenities	Other Routes Served	Other Modes of Transportation	Attractions
Kirkwood	City of Kirkwood	City of Kirkwood	Union Pacific Railroad	Union Pacific Railroad	Quik-Trak kiosks No vending machines Wi-Fi available Bike boxes unavailable No bag storage		MetroBus: Five principal bus routes serving the community. These routes connect Kirkwood to a variety of retail, educational, medical and employment centers located throughout the St. Louis region. Routes 21 and 56 also connect with the Shrewsbury Metrolink Station which ties Kirkwood to the regional light rail system.	Powder Valley Nature Center The Magic House Downtown Kirkwood Six Flags St. Louis (Eureka) Kirkwood Performing Arts Center
Washington	City of Washington	City of Washington	Union Pacific Railroad	Union Pacific Railroad	No Quik-Trak kiosks No vending machines Wi-Fi available Bike boxes unavailable No bag storage		Access to the Katy Trail	Art Fair and Winefest Fall Festival of Arts and Crafts Corn Cob Pipe Factory Town and Country Fair Purina Farms (Gray Summit)

Station	Station Ownership	Parking Lot Ownership	Platform Ownership	Track Ownership	Station Building & Amenities	Other Routes Served	Other Modes of Transportation	Attractions
Hermann	City of Hermann	Union Pacific Railroad	City of Hermann	Union Pacific Railroad	No Quik-Trak kiosks No vending machines Wi-Fi available Bike boxes unavailable Bag storage		Hermann Trolley: on-demand wine trail trolley operated by a private business/ Offers curbside pickup at the Amtrak station downtown. Access to the Katy Trail	Oktoberfest Missouri Wine Country Trail
Jefferson City	Missouri Department of Natural Resources	State of Missouri	Union Pacific Railroad	Union Pacific Railroad	No Quik-Trak kiosks Vending machines No Wi-Fi Bike boxes unavailable No bag storage		JEFFTRAN Bus Bus stop within a 5-minutes' walk from Amtrak Station	Missouri State Capital Missouri State Penitentiary Lincoln University State Technical College of Missouri (23 miles away) Katy Trail State Park
Sedalia	Sedalia Downtown Development, Inc.	Sedalia Downtown Development, Inc.	Sedalia Downtown Development, Inc.	Union Pacific Railroad	No Quik-Trak kiosks No vending machines No Wi-Fi Bike boxes unavailable No bag storage		City bus	Missouri State Fair Liberty Park Katy Trail State Park
Warrensburg	City of Warrensburg	City of Warrensburg / Union Pacific Railroad	Union Pacific Railroad	Union Pacific Railroad	No Quik-Trak kiosks Vending machines Wi-Fi Bike boxes unavailable No bag storage		Old Drum Transportation serving the Amtrak Stop	University of Central Missouri Whiteman Air Force Base Blind Boone Park Old Courthouse

Station	Station Ownership	Parking Lot Ownership	Platform Ownership	Track Ownership	Station Building & Amenities	Other Routes Served	Other Modes of Transportation	Attractions
Lee's Summit	Union Pacific Railroad	N/A	Union Pacific Railroad	Union Pacific Railroad	No Quik-Trak kiosks No vending machines No Wi-Fi Bike boxes unavailable No bag storage			Historic Downtown Lee's Summit for Shopping and Fine Dining Downtown Days... "Streets Alive!" Festival
Independence	City of Independence	Union Pacific Railroad, City of Independence	Union Pacific Railroad	Union Pacific Railroad	No Quik-Trak kiosks No vending machines No Wi-Fi Bike boxes unavailable No bag storage		IndeBus RideKC Buses	Truman Library Truman Home Historic Independence Square Arrowhead Kauffman Stadium
Kansas City	Union Station Kansas City, Inc.	Union Station Kansas City, Inc.	Kansas City Terminal Railway Company	Kansas City Terminal Railway Company	Quik-Trak kiosks Ticket sales office Vending machines Wi-Fi Bike boxes for sale Bag storage	Southwest Chief	RideKC Streetcar RideKC Buses	National WWI Museum Nelson-Atkins Museum of Art Negro Leagues Baseball Museum Arrowhead Kauffman Stadium Kansas City Union Station

Sources: Great American stations; WSP, August 2022.

The approach to identifying existing amenities, parking availability and ownership and key attractions along the route of the *Missouri River Runner* service, captures inputs that help in evaluating direct benefits of:

- Partnerships with related service providers such as parking operators and retail outlets
- Partnerships with major educational and governmental institutions, commercial, sports, and other attractions in communities served by the rail systems
- Partnerships with other modes of transportation including air service, public transportation, shared-ride organizations, and intercity bus operators
- Marketing and promotional initiatives
- Naming rights and branding opportunities
- Creative fare schemes and campaigns
- Partnerships with last mile transportation providers
- Onboard amenities including food service and entertainment
- Employer-subsidized activity

4.1 Station Infographics

While recognizing that many assets are not within the control of MoDOT, creative partnerships with the owning entities can help promote service and increase ridership, resulting in increased passenger rail business revenues. To further investigate available assets that can be leveraged along the *Missouri River Runner* route illustrated in **Figure 4.2**, a series of infographics are developed for each existing station. In addition, in conversations with MoDOT staff, six potential new stations were also examined in Eureka, New Haven, Pacific, California, Tipton and Pleasant Hill to identify potential opportunities for expanding service along the route to new cities.



Figure 4.2 Map of existing stations along the Missouri River Runner route

The approach consists of collecting data from various databases within a 15-minute radius walk from each station and compiling it into a series of infographics to document existing rider profiles and help evaluate opportunities and constraints along the corridor. Each infographic presents vast quantities of data, which can advise marketing and promotional initiatives along the route.

Understanding the demographic profile of riders is fundamental to assessing opportunities for improvement and increased ridership of the *Missouri River Runner*. This includes understanding who are the potential riders, how they typically commute to work, and how much they typically spend on travel expenses. This section presents the characteristics collected for the infographics illustrated in **Appendix A. Table 4-2** summarizes the information collected.

Table 4-2 Description of variables

Category	Variable	Description
Population	2022 total population	Population data category provides information about people, such as population counts, population density, counts by gender, and population distribution. <i>Source: Esri, ACS, Esri-Data Axle, U.S. Census Bureau 2022, 2016-2020,</i>
	Male population	
	Female population	
	2010-2020 population compound annual growth rate	
	2022 Population distribution by age	

Category	Variable	Description
Race	Race distribution by population and median age	The Race or Ethnicity Advanced Demographics data category provides information about racial demographics, including age, race, and gender counts.
	Race distribution by age	
Household & Income	Number of households	Households data category provides information about people living in the same living quarters, such as the total number of households and the average regional household size. Advanced Demographics Population data provides more depth through information such as household variables, languages spoken at home and income data to provide information about people's relationship to money, including regional disposable income (also known as purchasing power) and disposable income distribution per capita. Advanced Demographics Income data also provides insight such as other types of income analysis; savings data; household income details; poverty statistics; and household income by income percentages, which may also be grouped by age, gender, or race categories. At Risk Advanced Demographics data also provides information about populations considered to be at socioeconomic or public policy risk based on their self-identified disability status, language spoken at home, poverty status, or access to transportation.
	Household Income distribution	
	Households with disability	
	Population 65+	
	Households without vehicle	
	Households below the poverty line	
	Population 65+ speaking Spanish & no English	
	Median household income	
	Per capita income	
	Median net worth	
	Median home value	
	Annual spending per household	
Average disposable income		
Average annual spend per household on dining		
Tapestry LifeMode	LifeMode groups represent markets that share a common experience—born in the same generation or immigration from another country, for example—or a significant demographic trait, such as affluence. Source: Esri Tapestry Segmentation—Esri Demographics Regional Data Documentation (arcgis.com)	
Education & Employment	Education level by degree attained	Education data category provides information about people's current or previous level of education, documented at the age of 25+. Employment numbers correspond to residents within the study area.
	Employment distribution	
Transportation to Work	Workers 16+	Provides information about how the population, including number of residents in the area aged 16+, travels to work. While there are 14 different modes of transportation to work included in the documentation (including work from home, trolley, cab), the most relevant modes of transportation are reported.
	Workers 16+ driving alone to work	
	Transportation to work by travel mode	

Category	Variable	Description
	Hours spent commuting to/from work	Source: American Community Survey (ACS) from the US Census Bureau.
	Travel time to work distribution	
Businesses & Retail	Daytime population	Business advanced demographics data category provides information about corporate and retail sales figures, number of employees, and number of businesses by type for a geographic area.
	Total businesses	
	Total employees	
	Number of nearby retail & restaurants by category	
	List of restaurants by employee count, sales volume, and distance from station	

Source: ESRI Location Data, [Demographic data categories—Esri Demographics Data Browser | Documentation \(arcgis.com\)](#)

In addition to collecting demographic data and key characteristics at each station, another element of this approach consists of compiling a list of assets available along the *Missouri River Runner* corridor. These GIS “heat maps” can portray the concentration of destination amenities and attractions near existing stations. If these are high priorities for riders, then an advertising campaign may be an effective method for highlighting these features and attracting additional potential customers.

4.2 Major Employers

Figure 4.3 illustrates the top employers, with 250 or more employees, within a 50-mile radius across the *Missouri River Runner* route and classified by major category of business establishment. The map shows heavy concentration of employers in the St. Louis and Kansas City areas.

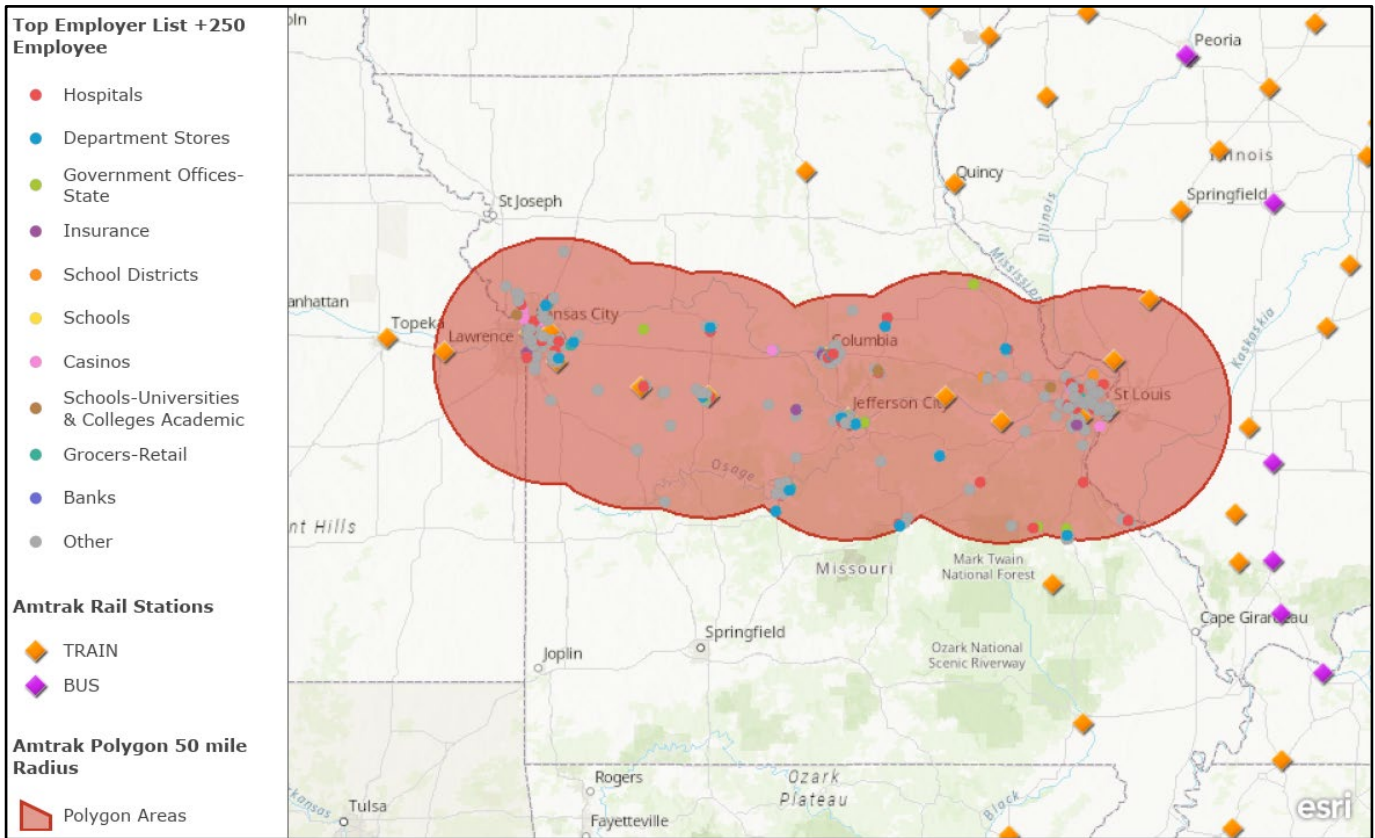


Figure 4.3 Major employers along MO River Runner corridor

Source: Esri, USGS | Missouri Department of Health and Senior Services, Division of Regulation and Licensure | Missouri DNR, Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS; Compiled by M3 Engineering, 2022.

Appendix B lists all the top employers featured on the map and provides information on the exact location, metropolitan area, sales volume and advertising expense for each employer. This mapping effort can help identify targeted opportunities for partnerships with top employers in the area to encourage and increase ridership through establishing subsidized or discounted packages for employees. Furthermore, this effort can guide how to best utilize existing stations and fleet for branding and advertising opportunities for these major employers.

Table 4-3 summarizes the top employers in each city with an existing station and in cities with potential new station for service expansion. Information on the total number of employers and distance to each station are also provided for each employer identified.

Table 4-3 Top employers in each city

City	Employer	Number of Employees	Distance to Station (Miles)	Source
Existing Stations				
St. Louis	BJC Healthcare	29,595	3.4	St. Louis Business Journal
	Washington University	18,805	6.7	
	Mercy Hospital	15,410	13.3	
	Boeing Defense	14,865	10.4	
	SSM Health	14,600	5.8	
	Anheuser Busch	10,000	1.5	
	Schnuck Markets	8,600	12.3	
	Saint Louis University	6,596	1.7	
	City of St. Louis	6,489	0.3	
	Special School District of St. Louis County	5,773	13.0	
	Ameren	5,200	0.4	
	Edward Jones	4,865	13.3	
	Enterprise Holdings	4,800	7.8	
	St. Luke's Hospital	4,699	16.6	
	General Motors	3,801	35.4	
	Dierbergs Markets	3,700	20.0	
	University of Missouri - St. Louis	3,150	7.3	
	Parkway School District	2,787	16.5	
	Wentzville R-IV school district	2,520	36.4	
	Hazelwood School District	2,230	12.9	
Stifel Financial	2,043	0.9		
Kirkwood	Kirkwood School District	714	1.1	City of Kirkwood, Missouri Webpage
	The Lutheran Church Missouri Synod	381	1.4	
	St. Louis Community College – Meramec	343	1.2	
	City of Kirkwood	321	0.1	
	Shop 'n Save Supermarket	185	1.5	
	Ashfield Active Living and Wellness	143	1.3	
	Lowe's	117	1.4	
	Walmart	113	1.3	
	St. Agnes Home	98	1.6	
	Arrow Box	69	0.6	

City	Employer	Number of Employees	Distance to Station (Miles)	Source
Washington	Mercy Hospital Washington	1,500	0.89	Washington, MO Community and Economic Development Webpage
	Parker Sporlan	800	2.68	
	WEG Transformers	467	2.47	
	Walmart	437	1.68	
	Fricks Quality Meats, Inc	256	2.45	
	The Magnet Group	220	2.11	
	Canam Steel Corporation	183	2.08	
	Howmet Aerospace	180	1.86	
	RTI Tradco	172	1.81	
	G.H. Tool & Mold	165	1.98	
Hermann	Damhorst Toys	15	1.1	Hermann, Missouri Webpage
	First Bank Systems	N/A	0.2	
	Gasconade County R-1 School District	N/A	1.5	
	Graf Printing	N/A	1.1	
	Frene Valley Health Center	N/A	1.5	
	Hermann Area District Hospital	177	1.4	
	Hermannhof Winery	25	0.1	
	HOME, Inc	N/A	0.9	
	Morrison Apparel	N/A	1.4	
	Laser Light Technology	30	0.9	
	Lennertson Sample Co.	59	1.2	
	Moore Gear	80	0.3	
	Pretium Packaging	2	1.5	
	Stone Hill Winery	3	13.1	
Tri-County Trucking	N/A	1.9		
Jefferson City	Capital Region Medical Center	1,527	1.1	Jefferson City Chamber of Commerce
	Scholastic Inc.	1,500	3.5	
	Central Bank Company	1,020	0.2	
	SSM Health St. Mary's Hospital	982	3.1	
	Hitachi Energy	865	1.5	
	Walmart Supercenter	665	3.8	
	Jefferson City Medical Group	577	2.5	
	Unilever Home and Personal Care	467	3.4	
	Wipro Infocrossing	461	0.3	
	Hy-Vee food stores	455	4.7	
	Lincoln University	369	0.9	
	Gerbes Supermarket	294	2.4	

City	Employer	Number of Employees	Distance to Station (Miles)	Source
	Missouri Farm Bureau	283	4.8	
	Meyer Electric Co.	216	4.4	
	Modern Litho/Brown Printing	193	4.6	
	Modine Manufacturing Co.	191	6.3	
	Learfield Communications	171	4.7	
	DeLong's, Inc.	154	1.8	
	State of Missouri	14,174	0.2	
	Jefferson City Public Schools	1,627	1.1	
	City of Jefferson	473	0.2	
	Command Web	200	5.8	
	Sam's Club	182	2.9	
	Lowe's	178	4.2	
	Sedalia	Alcan Cable	N/A	
Bothwell Regional health Center		677	1.0	
City of Sedalia		199	0.1	
Duke Manufacturing		300	1.1	
Four Season Living center		N/A	4.4	
Gardner Denvery Machinery Inc.		250	1.5	
Hayes Lemmerz International		N/A	2.4	
Inter-state Studios		250	2.5	
Nucor		N/A	1.6	
Sedalia School District		N/A	2.0	
Warrensburg	Sodexo	250	0.25	Warrensburg, Missouri Webpage
	University of Central Missouri Catering	200	0.29	
	Safety Sciences	150	0.3	
	City of Warrensburg	120	0.06	
	University of Central Missouri	700	0.3	
	Johnson County Care Ctr	55	0.17	
	Heroes Restaurant	50	0.06	
	Square Trade	46	0.3	
	Johnson County Juvenile Ctr	40	0.17	
	Reese School	35	0.29	

City	Employer	Number of Employees	Distance to Station (Miles)	Source
Lee's Summit	Lee's Summit R-7 Schools	2,665	1.2	Lee's Summit Economic Development Council
	National Benefits Center	2,200	1.6	
	Truman Medical Center Lakewood	1,200	4.4	
	Saint Luke's Health System	1,003	2.0	
	John Knox Village	1,000	1.5	
	CVS Caremark Call Ctr	750	1.6	
	City of Lee's Summit	660	0.2	
	Geha Holdings Inc.	600	2.2	
	ReDiscover	600	2.2	
	Viracor-Eurofins	594	2.3	
Independence	Burd and Fletcher	N/A	3.3	Independence, Missouri City Webpage
	CenterPoint Medical Center	1,254	5.1	
	City of Independence	N/A	0.8	
	Crossroads Hospice and Palliative Care	N/A	2.9	
	Government Employees Hospital Association	N/A	5.5	
	Independence School District	900	2.3	
	Olin Winchester	N/A	8.3	
	Phoenix Home Health	N/A	3.0	
	The Grove Retirement Center	N/A	0.7	
	Unilever	N/A	2.0	
Kansas City	Children's Mercy Hospital	8,382	0.4	Kansas City Economic Development Corporation
	Cerner Corporation	6,879	5.1	
	Honeywell	5,000	15.5	
	Saint Luke's Health System	4,638	2.7	
	IRS	4,600	0.4	
	City of KC MO	4,411	1.1	
	Truman Medical Centras	3,579	0.5	
	SS&C	3,125	1.1	
	Burns and McDonnell	2,907	8.7	
	Research Medical Center	2,496	5.5	
	University of Missouri-Kansas City	2,427	3.3	
	Commerce Bank	2,409	1.2	
	Hallmark Cards	2,262	0.4	
	Federal Reserve Bank of KC	2,218	0.5	
	JE Dunn Construction	1,800	1.3	
H&R Block	1,750	0.9		

City	Employer	Number of Employees	Distance to Station (Miles)	Source
	UMB Financial Corporation	1,706	1.2	
Potential New Stations				
Eureka	Schnucks	110	0.56	ArcGIS Business Analyst Report
	Gershenson Construction	100	0.4	
	Geggie Elementary	68	0.4	
	Eureka City Hall	57	0.52	
	Culver's	43	0.44	
	PP&DJ's Food Inc	40	0.44	
	Lindell Bank	40	0.13	
	Walgreens	30	0.2	
	St. Louis Bread Co	40	0.52	
	McDonald's	37	0.52	
	Six Flags	1,000-5,000 Varies by seasonal vs. full-time employees	2.5	
New Haven	Henniges Automotive	259	1.35	ArcGIS Business Analyst Report
	New Haven Care Center	110	1.09	
	New Haven School District 138	70	1.36	
	Campbellton Elementary	60	5.74	
	Lamke Trenching & Excavating	40	5.13	
	New Haven Elementary	39	0.74	
	Pepsi	50	0.88	
	Citizens Bank	53	0.89	
	New Haven Middle School	40	1.36	
	Alps Mountaineering	36	7.09	
Pacific	Graphic Packaging	225	0.83	ArcGIS Business Analyst Report
	Pacific Care Center Inc	111	0.4	
	Westside Personnel	100	0.05	
	Zitzman Elementary	53	0.65	
	Meramec Valley Middle School	50	0.65	
	US Silica Co	40	0.85	
	McDonald's	50	1.02	
	BBC Industries	20	1.0	
	Klance Unlimited	30	1.03	
	Nike Elementary School	35	0.76	
California	Cargill Inc	430	0.15	ArcGIS Business Analyst Report
	Farm Bureau Insurance	400	0.1	
	California R-1 School District	250	0.22	

City	Employer	Number of Employees	Distance to Station (Miles)	Source
	C&R Supermarket	58	0.72	
	Moniteau Care Center	55	1.04	
	California Elementary School	60	0.26	
	Moniteau Counter Assessor	46	0.49	
	California Care Ctr	55	0.5	
	McDonalds	50	0.68	
	Pizza Hut	25	0.72	
Tipton	Tipton Correctional Center	379	0.7	ArcGIS Business Analyst Report
	Co-Mo Electric Cooperative	96	1.2	
	Kiowa Line Builders	80	0.8	
	Tipton R-VI Schools	75	0.65	
	Tipton Oaks	55	1.04	
	Moniteau Care Center	55	10.36	
	Tipton Oak Manor	50	1.04	
	Mid-Mo Ambulance District	45	0.4	
	Fidus Construction	20	0.31	
Pleasant Hill	Pleasant Hill school district	250	1	ArcGIS Business Analyst Report
	Pleasant Hill Health and Rehabilitation	119	0.81	
	Cosentino's Price Chopper	97	1.99	
	ICF Industries	90	0.68	
	National Oceanic and Atmospheric Administration (NOAA)	50	1.76	
	City of Pleasant Hill	37	0.02	
	Pleasant Hill Bank	30	0.58	
	Dogwood Energy	25	1.59	
	HQP Plastics	23	1.05	
	Midwest True Value	21	1	

4.3 Major Hospitals

Figure 4.4 illustrates hospitals with 50 or more beds within a 50-mile radius across the *Missouri River Runner* route. The map also shows heavy concentration of major hospitals in the St. Louis and Kansas City areas. **Appendix C** lists all hospitals featured on the map and provides information on the exact location, hospital type, total number of beds and Intensive Care Unit (ICU) beds and presence of an

emergency room and trauma center. Similarly, this mapping effort can help identify advertising opportunities with major hospitals in the area.

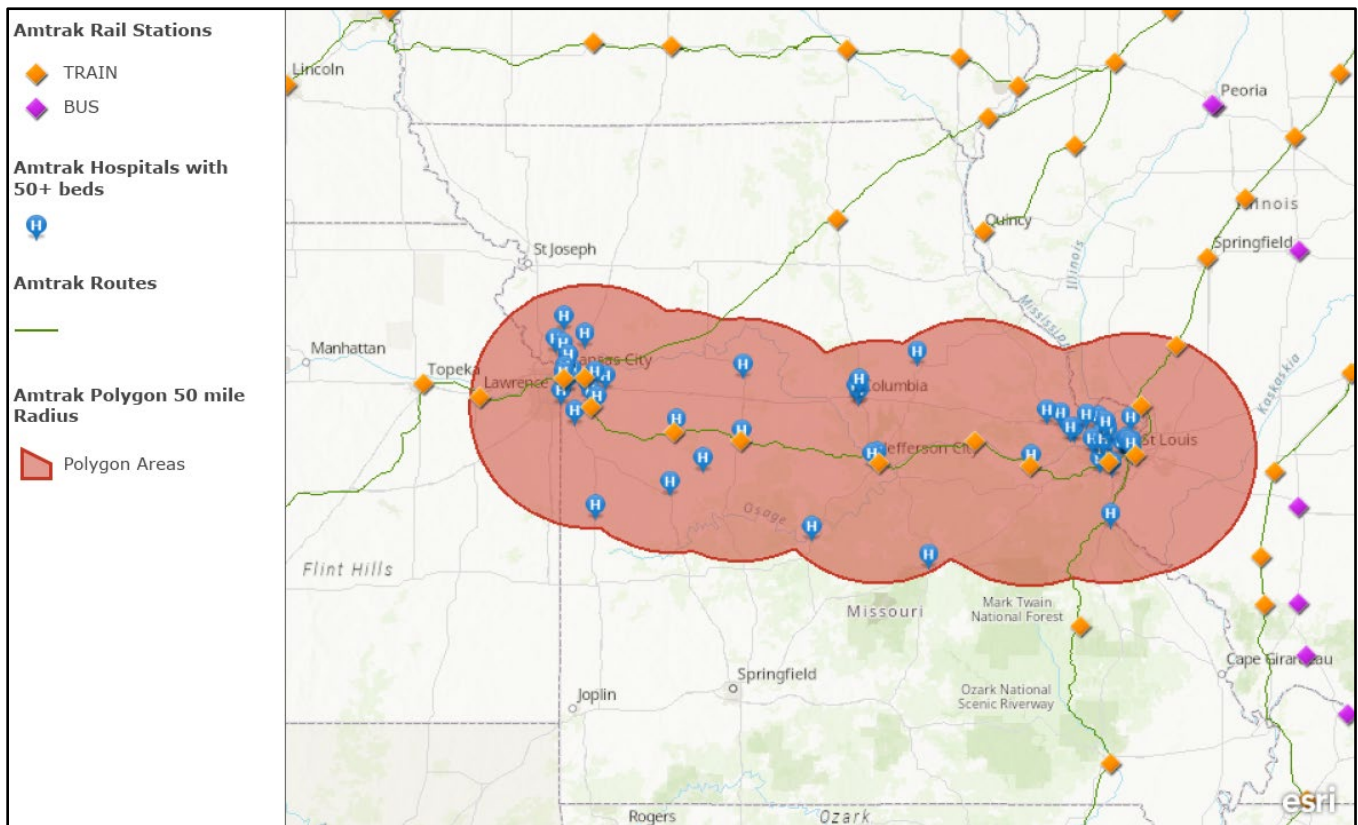


Figure 4.4 Major hospitals along the Missouri River Runner corridor

Source: Esri, USGS | Missouri Department of Health and Senior Services, Division of Regulation and Licensure | Missouri DNR, Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS; Compiled by M3 Engineering, 2022.

4.4 Major Universities and Colleges

Partnerships with colleges and universities can offer a significant method to increase ridership on the *Missouri River Runner* service. **Figure 4.5** illustrates colleges, universities and professional schools as well as junior colleges, symbolized by the total school population, within a 50-mile radius across the *Missouri River Runner* corridor. **Appendix D** lists all the major schools and colleges and provides information on the exact location, classification per the North American Industry Classification System (NAICS), total enrollment for both full-time and part-time students, total employees, and dormitory cap. This information can be used to target educational institutions along the *Missouri River Runner* route for the purpose of implementing promotional initiatives targeting the student population, establish well-communicated outreach programs and flyers to market to students and families (updated campus maps, orientation events, homecoming weekend, weekly newsletter, etc.) and establish potential pilot programs offering subsidized or discounted fare programs in coordination with the college, university or student government associations.

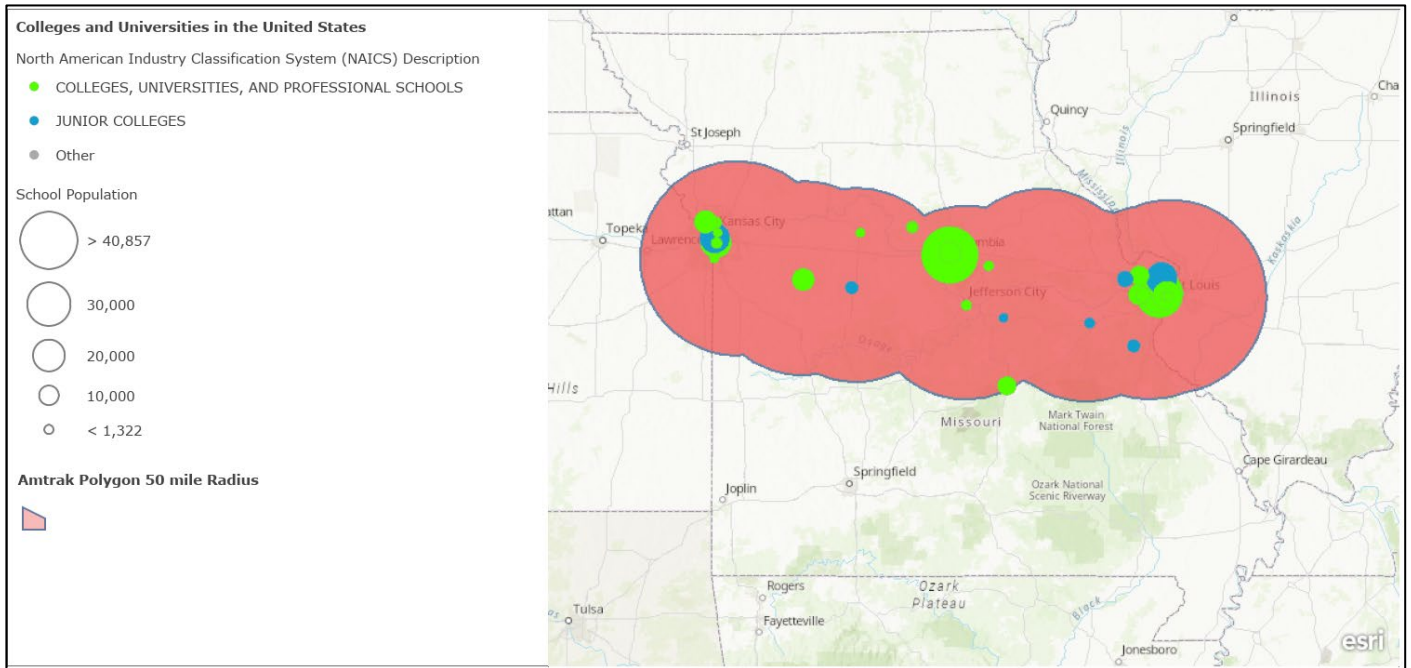


Figure 4.5 Major educational institutions along the Missouri River Runner corridor

Source: Esri, USGS | Missouri DNR, Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS; Compiled by M3 Engineering, 2022.

4.5 Major Tourist Attractions

The most recent economic impact study, conducted as part of the Missouri State Freight and Rail Plan, reported a combined impact of tourism and visitor spending in Missouri based on *Missouri River Runner* ridership totaling \$47.1 million annually. Spending is largely comprised of lodging and food/sightseeing costs. The presence of tourist attractions and local festivals and events offer significant opportunities to increase ridership and subsequently passenger rail business revenues. For instance, several wineries are located in Hermann, Missouri, which also offers a diverse selection of lodging businesses and hosts an Oktoberfest event. Sponsorship opportunities with local businesses and targeted marketing efforts to travelers can help attract new visitors and promote the use of the *Missouri River Runner* service from Missouri residents.

Figure 4.6 illustrates tourist attractions categorized by type within a 50-mile radius across the *Missouri River Runner* corridor. Since there are more than 350 attractions found within the corridor ranging from sports stadiums and arenas (Busch Stadium, Arrowhead Stadium, The Dome at America’s Center etc.), biking facilities (e.g., Katy Trail), art galleries, museums, distilleries and wineries, and a wide variety of lodging businesses, an interactive ArcGIS map can be used to identify each of these attractions.

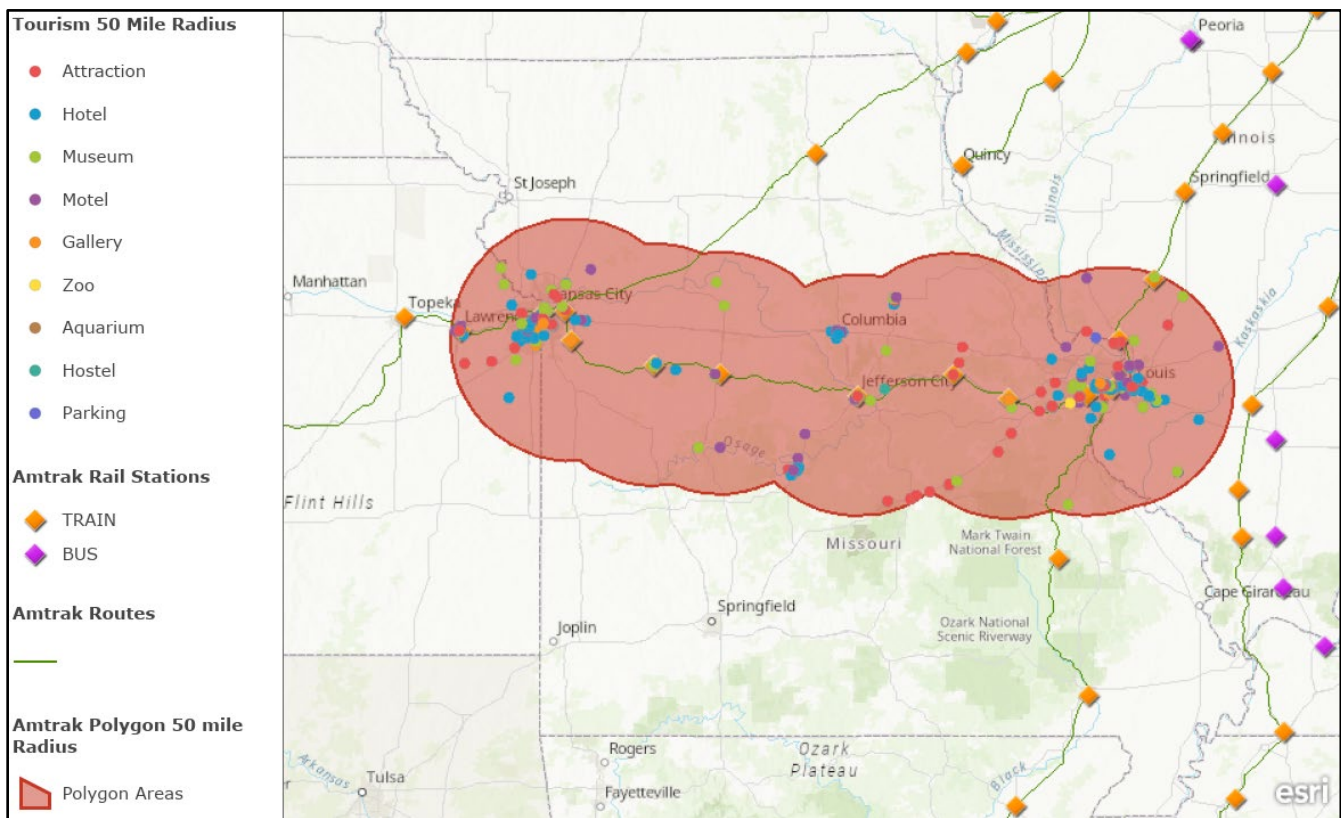


Figure 4.6 Major touristic attractions along the Missouri River Runner corridor

Source: Esri, USGS | Missouri Department of Health and Senior Services, Division of Regulation and Licensure | © OpenStreetMap contributors | Missouri DNR, Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS; Compiled by M3 Engineering, 2022.

4.6 Transit-Oriented Development/ Asset Monetization

Station facilities are not owned by MoDOT. Although there may be opportunity for special assessment districts and other land value capture structures to make potential contributions to the overall revenue total, these would require agreements with municipal and county government. A more likely scenario would be to look to municipalities to fund station improvements, especially for those publicly owned facilities.

4.7 MoDOT/Amtrak PRIIA 209 Agreement

The 2022 PRIIA 209 Guidelines have not been publicly released in time for this analysis. Successful state supported services are dependent upon good working relationships between states and Amtrak, though those are constrained under PRIIA 209. There is opportunity for flexibility and creativity on fare structures and promotions.

Chapter 5: What are Other States with State-Supported Rail Service Doing to Generate and Improve Passenger Rail Revenues

This section investigates ways that other states that support passenger rail service through Amtrak contracts have engaged in ways to generate ancillary revenue. At the outset, it is important to note that this experience is limited. In fact, most states have considered the same avenues for generating dollars that the State of Missouri has considered. There were no good examples of programs that Missouri could replicate and expect meaningful results. There are states, like California, which invests a great deal in its three supported routes that have tried various programs. But, in these cases, the state owns railcars as well as stations which does give it some more control over its own destiny, especially with respect to innovative food and beverage offerings, advertising, and special promotions. These states, though, are the exception. A summary of findings from interviews with individual states is included in **Section 5.4**.

There is another blanket issue that sweeps across the exploration of state efforts to generate ancillary revenues. It is a simple lack of staff resources. With a few notable exceptions like California, most state rail departments are made up of a small staff who are fully occupied with the issues of sponsoring trains and contractual management. Programs to set up advertising initiatives, food services, and others simply take focused effort and staff bandwidth that does not exist in most state departments of transportation.

So much of what will be discussed in this section is aspirational. It describes programs and initiatives that some states would like to take on if they had the management resources to do both the developmental work and the tasks of managing and monitoring these activities. It will build off some examples of programs that have been tried or at least conceived but were either unsuccessful or never left the launching pad.

5.1 Fare Discount Programs

While state-supported rail customers can take advantage of Amtrak's regular fare discount options, some states have added their own, based on their ability to subsidize as necessary. As an example, California offers discounts to travelers on its three state-supported rail lines. These are:

- Military discount
- Veteran's discount
- People with disabilities discount
- Seniors
- Children aged 2-12
- Students
- University of California staff

People in each of these categories get a 15 percent discount. There is some evidence that these discounts are bringing passengers to the trains who would otherwise not see rail as a viable travel alternative. There is also evidence that many of the people who take advantage of these programs would be riding anyway. A useful research track would be to determine with some precision the impact of fare discounts on annual revenue.

Another example is Maine's Downeaster' service which offers a 30 percent discount to people traveling to medical appointments and treatment.

It may be worth exploring the last discount noted above, offered by California – discounts to University of California staff and by extension anyone associated with the university. The *Missouri River Runner* services connect a number of communities with university centers, and this could offer an avenue for bringing new travelers onboard.

The Washington legislature has mandated free rail travel for people aged 18 and under. While this does not generate additional revenue, it might result in people becoming habitual train users who will continue to do so after they are older than 18 and might not have done so if the program did not exist. While not related to state-supported service, research conducted this year by the New York Metropolitan Transportation Authority focused on City Ticket, a discounted ticket that was made available for off-peak trips. Between February and May 2022, weekly sales of City Tickets increased by 68 percent for Long Island Railroad trips and 50 percent on Metro-North. What was not clear was the impact on overall revenue, which was particularly complicated to understand with the COVID-19 related fluctuations in ridership. Anecdotally, there is a view among Long Island Rail Road (LIRR) staff, especially, that City Ticket resulted in increased ridership by attracting riders back sooner than might have been expected with regular fares.

Additionally, in the fare category, some states noted collaborations with major event sponsors including major sporting events, which packaged train fares with event entry tickets. This is most successful if train stations are adjacent to the events. These package tickets are very common in Europe as noted earlier in this report.

Finally, several state rail representatives believe, in recent times, Amtrak has become much more flexible about working with them to devise creative fare structures and programs which may promise greater revenue.

5.2 Food and Beverage

Most of the states supporting rail service that were interviewed tend to depend on Amtrak for the food and beverage offerings. Some have added local products to the menus spanning everything from wines to locally sourced clam chowders. The Cascades serving Oregon and Washington sell locally grown and packaged pumpkin seeds. In general, these are marginal items that have little effect on generating additional revenue.

Several states pointed out an interest in a greater commitment to the food and beverage program. However, representatives of those states noted the level of effort required to put such a program together, including identifying products, arranging supply chains, and accounting for sales. Those interviewed pointed out that they simply did not have the resources to accomplish this.

It does beg the question of considering a combined effort of states to revamp the food and beverage element on state-supported trains. Perhaps a group of states working with Amtrak could develop a new program, one likely to achieve a greater return. Given the constrained resources, joining forces might be a way to create something more reflective of an improved passenger experience.

5.3 Other Opportunities

While there are other potential opportunities for the generation of revenue, there isn't one good successful example that was identified. Many stations served by state-supported rail services provide parking. Parking revenue is a possibility. This would only work for stations owned by the state DOT. For those, most of the states interviewed provide parking for free. They believe it is a benefit that riders have enjoyed for a long time and taking it away might result in decreased ridership. Some also noted that past efforts have resulted in a higher cost to collect parking fees than the revenue generated.

Advertising was of little interest to most states. There is general concern that on-board traditional advertising is not very attractive to potential advertisers. Concerns were similarly expressed that setting up a unique advertising program for a state line with only several trains a day takes a huge management effort which is not possible within current staffing levels. Advertising may have more value in stations that are owned by the state or even the placement of billboards along rights-of-ways that can be viewed from adjacent highways. However, in most cases, state-supported service operates along rights-of-ways owned by others – freight railroads primarily – and the owners would either not permit it or the revenue would not go to the state.

Furthermore, some states reported bicycle rental stores and stations near to platforms. While no examples were found, there was interest in perhaps packaging rail tickets with station bike rentals to support last mile access, which would be priced to return some revenue.

With the frequently cited limited resources in state DOT rail offices, there would seem to be a need for states to get together and come up with revenue generating programs that could be developed and administered jointly to reduce the burden on any one state.

5.4 Interview Summary with Individual States

This section provides a summary of input provided by the states interviewed and have relevant experience with ancillary revenues. Five other states were contacted but none had experience generating ancillary revenue that could be applicable for the State Missouri.

California – Capitals Corridor

California – Capitals Corridor offers 12 roundtrips between Sacramento/Colfax and Jack London (Oakland/San Jose).

While California owns much of the equipment and some assets on two other lines that are operated by Joint Powers Boards, it does not have record of generating revenue from its assets. It relies primarily on Amtrak's food and beverage service. Wi-Fi is offered for free. Advertising is generally carried on an exchange of value, where, for instance, the Capitals Corridor will promote a sports event and the event managers will promote the trains. Since the state owns much of the rolling stock, it does provide vehicle wrap opportunities, on an exchange of value basis. Most stations are owned by local jurisdictions who use any parking revenue to support station upkeep.

Maine

Maine offers five weekday roundtrips between Brunswick and Boston and an occasional Boston originated event-night train late in the evening,

The service generally features the standard Amtrak on-board amenity package. One difference is the state contracts with an outside vendor for food and beverage but, to date, it has not generated additional revenue.

New York

The state of New York offers the following services:

- 14 Empire trains provide round trip service between New York City and Albany, with some continuing west to Niagara Falls and one to Toronto.
- The Adirondack connects New York City and Montreal
- The Ethan Allen runs from Washington up the Empire corridor to Rutland VT.

New York rail services generally rely on Amtrak for the standard food package. Due to costs, no food is served on trains that originate or terminate in Albany after an unsuccessful attempt to introduce an outside vendor. Most of the stations served by New York state supported service are owned by Amtrak or the Metro North commuter railroad. NYDOT has offered some special fares including those which are accompanied by a discount on commuter rail services.

North Carolina

North Carolina State offers three daily round trip trains between Charlotte and Raleigh.

North Carolina provides the same general amenities as other state-supported service, and none generate a significant amount of revenue. Food is provided through vending machines under a contract with a vending machine entity.

Oregon/Washington

The States of Oregon and Washington offer the following services:

- Three daily round trip trains between Portland and Seattle
- Two daily round trip trains between Eugene and Portland
- One daily round trip train between Seattle and Vancouver, BC, Canada
- Several connecting buses

The Cascades offer local food and beverage products on board which are popular with passengers but do not provide a financial return. There is some effort to lease out space in stations owned by the states which might replace Greyhound as a tenant in some locations. The states provide their own Wi-Fi and are now managing the website to make it more Oregon/Washington oriented than it was when Amtrak oversaw it. They offer periodic fare promotions but, for now, there is no concrete evidence of additional revenue generated.

Michigan

Michigan State offers the following services:

- Multiple services connecting Chicago with Grand Rapids, Port Huron, and Detroit
- Several connecting buses

Michigan relies on much of the Amtrak package of rail services. Michigan has engaged in several marketing campaigns and does facilitate local foods for sale on trains. It owns two stations but has not been able to generate revenue from them. Michigan does partner with other organizations for event participation.

Chapter 6: FHWA, FRA, and/or USDOT Recommendations and Suggestions

6.1 Missouri Passenger Rail Investment Priorities

During the development of the 2022 Missouri State Freight and Rail Plan, the Missouri Department of Transportation (MoDOT) solicited input from stakeholders to determine the vision and direction for the state's passenger rail services. Passenger feedback highlighted challenges with the safety, reliability and stability of those services. These three considerations were adopted as MoDOT's core values and the foundation for passenger rail investment decision making (2022 Missouri State Rail Plan).

The Rail Plan identified several core drivers behind these challenges, including funding shortfalls, limited support for rural and/or underserved communities, and the public's difficulty in connecting to multimodal transportation hubs. It also prioritized recommended improvements and investments to passenger rail service within three categories targeted at addressing different portions of the public's feedback: Enhancing Capacity, New or Improved Service, and Station Improvements.

Enhancing Capacity

The *Missouri River Runner* service has aging infrastructure that requires regular track maintenance and has been cited within passenger concerns about the reliability and predictability of the service. The 2022 State Rail Plan targeted measurable improvements to system capacity constraints, congestion, and bottlenecks to improve service reliability and increase ridership. Moving forward, this means prioritizing projects that build a stronger and more resilient system.

Major priorities identified in the 2022 State Rail Plan include initiatives that will improve the public's quality of life by reducing congestion and improving safety. The report recommended pursuing this goal by reducing the number of at-grade highway/rail crossings and supporting increased track capacity for rail corridors at or near capacity.

Corridors near capacity include the Kansas City to Jefferson City rail segment of the *Missouri River Runner* that services six of the service's stations and more than half of its rail track mileage (2022 State Rail Plan). Union Pacific Railroad owns that segment.

Proposed projects in the 2022 State Rail Plan related to these objectives include:

- Adding second main lines between Lee's Summit and Strasburg; and between Pleasant Hill and Jefferson City to improve capacity for passenger rail traffic.
- Adding a third main line to Jefferson City to increase fluidity through the Jefferson City yard.
- Building universal crossovers on the Bonnots Mill and Hermann rail segments.
- Adding new siding tracks to the Holden and Knob Noster rail segments.

New or Improved Service

Missouri's 2022 rail plan is the state's first integrated statewide freight and passenger rail plan and promotes a long-term multimodal approach to mobility. The plan supports expanding passenger rail market opportunities and services but notes that this will be challenging without a source of sustainable funding that supports continuation of the *Missouri River Runner* service. Planning work will now

specifically promote the development of efficient multimodal connections and increased transit opportunities for historically underserved communities.

Beyond the *Missouri River Runner*, the 2022 State Rail Plan proposed conducting related feasibility studies to advance capacity expansion, including:

- A new service connecting Kansas City to Springfield and other southwestern Missouri communities
- A new service connecting Kansas City to St. Joseph
- Extending passenger service from Quincy to Hannibal

Station Improvement

The 2022 State Rail Plan identified Kirkwood and Independence stations as historic stations that require improvements to customer amenities and to maintain structural integrity. Passenger feedback indicates that more modern and accessible stations would encourage more frequent use of the passenger rail system. For example, passengers in Jefferson City have boarded trains from a temporary outdoor facility since 2019 when the station building closed due to structural concerns, which has exacerbated accessibility issues. This disruption's impact on ridership has been compounded by the COVID-19 pandemic.

6.2 Funding Opportunities

Several state programs exist to help fund projects that improve the safety, reliability and stability of the state's passenger rail service. These include MoDOT's Grade Crossing Safety Account and the Station Improvement Program for city-owned rail stations (2022 Rail Plan, pg. 39). However, Missouri has historically relied on user charges, such as transit ticket revenue, to fund infrastructure capital projects. Significant Federal funding is likely needed to achieve the scale of the Rail Plan's proposed projects and cover their costs.

Federal grant programs generally cap the Federal government's project financial contribution between 50 percent and 80 percent of total eligible project costs. Any funding gap is required to be filled by "matching" funds provided by non-Federal sources, including state governments, localities, railroads and private parties. This presents an opportunity for transit agencies to proactively collaborate with developers and business owners on land use and other planning initiatives that align stakeholders' community interests and financial incentives.

As grant funds are usually distributed as reimbursements for incurred expenses, cash flow and working capital projections can help prevent near-term liquidity constraints. Grant applicants should confirm which spending can be reimbursed from federal funds as eligible project expenses. This information can be found in the individual program's enabling legislative documents and Notices of Funding Opportunities.

Some important considerations to address include:

- Are funds used as a matching source for this federal award precluded from serving the same matching role for another federal award?

While considering overall funding priorities, applicants may want to consider applying to grant programs that can fund multiple related projects or are able to award funding over multiple-year increments.

- Do eligible expenses include operating revenues, in-kind contributions (physical assets, labor, services, etc.), financing costs, and any funds spent prior to award selection?
- Do all matching funds need to be committed at the time of award? Must all funding sources be spent in proportion to one another over the lifespan of the project?

Other policies provide more universal direction on how the federal government prioritizes discretionary grant applicants based on project activities and their expected outcomes.

Executive Order 14052 on implementing the Bipartisan Infrastructure Legislation emphasizes funding projects that generate measurable public benefits through efficient investments that avoid waste. It aims to increase U.S. economic competitiveness with specific reference to the manufacturing sector and supply chains. It prioritizes projects that catalyze private sector investment and create local job opportunities with high standards, prevailing wages and the chance to join a union.

Executive Order 14008 prioritizes projects that improve the resilience of U.S. infrastructure to climate change. It emphasizes sectoral decarbonization and having specific project elements that provide public health benefits through the reduction of greenhouse gas emissions and pollution. It further supports conservation efforts including turning idled properties, such as brownfields, into new hubs for economic growth.

The White House’s Justice40 initiative aims for 40 percent or more of the overall benefits from Federal investments in climate and clean energy to flow to disadvantaged communities. This is noted as promoting Environmental Justice, or “the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies” as defined by the U.S. Environmental Protection Agency. Overall, it reinforces the administration’s emphasis on proactive and effective collaboration throughout the planning process between governments and citizen representatives.

The following describes the range of Federal funding programs that MoDOT may utilize to fund the *Missouri River Runner*’s needs.

Federal Railroad Administration (FRA) Programs

Federal-State Partnership for State of Good Repair

The Federal-State Partnership and its eligibility requirements are more narrowly tailored to the scope of MoDOT’s near-term priorities than many other discretionary grant programs as the Partnership exclusively funds intercity passenger rail projects. Forty-five percent of program funding is earmarked for non-Northeast Corridor (NEC) projects, and its Corridor Identification Program can further fund research and planning for future service expansion.

The Federal-State Partnership brings significant resources to bear. It has \$43.5 billion authorized by Congress to be awarded in total over fiscal years 2022 through 2026. \$7.5 billion of that funding is fully authorized and already available to be included in annual appropriations. Program provisions allow a series of related projects to be considered for funding in conjunction with one another. This may allow MoDOT to pursue a comprehensive approach to improving the *Missouri River Runner* versus taking a bottom’s up approach for each individual project.

The Federal-State Partnership is likely to generate a high volume of applications. A proposed MoDOT project would increase its odds of winning a grant award by aligning with the FRA's evaluation criteria for improving safety and resiliency, notably reducing serious injuries, lowering greenhouse gas emissions, and promoting efficiency. The FRA's preference is to fund projects that achieve these objectives while adding capacity to congested corridors and allowing the NEC to better meet ridership demand growth.

The Federal-State Partnership further prioritizes projects that create good jobs with economic security and that address racial equity and barriers to opportunity. The FRA's guidance highlights funding projects that redevelop infrastructure vital to its community and improving quality of life through access to transportation options. In fiscal year 2020, 11 projects were awarded an average of more than \$26 million in Partnership grants ([Federal-State Partnership for State of Good Repair Grant Program](#)).

There are other US Department of Transportation (USDOT) discretionary grant programs enacted through the Bipartisan Infrastructure Legislation (BIL) with a significant amount of funding authorized by Congress. Such programs will likely draw applications that may also be eligible for Federal-State Partnership funding. These USDOT programs, however, place a greater priority on funding multimodal transportation and/or freight projects and would subject MoDOT to competition against highways, bridges and other non-rail projects.

Consolidated Rail Infrastructure and Safety Improvements (CRISI)

CRISI provides funding for rail improvements that address safety, reliability, and efficiency. This covers planning through construction of capital projects that reduce congestion and enable ridership growth along heavily traveled corridors. Relevant eligible projects include rail line relocations, highway-rail grade crossing improvements, and deployments of railroad safety technology.

Other CRISI priorities include funding projects that bring assets to a state of good repair, support the development of alignments on existing routes, and improve integration with other travel modes. Program recipients can include Amtrak, Class II and Class III railroads, one or more states, and state public agencies. Proposed projects are not required to be in a state rail plan to qualify for CRISI funding.

The program will award up to \$10 billion in grants in fiscal years 2022 through 2026. In the 2021 fiscal year, 46 projects received CRISI grant awards of just more than \$8 million on average ([CRISI Program](#)). While CRISI allows the Federal Government to fund up to 80 percent of eligible project costs, it prioritizes funding for projects that require 50 percent or less Federal funding, per the latest FY2022 Notice of Funding Opportunity (NOFO).

Railroad Crossing Elimination

The Railroad Crossing Elimination Grant Program funds projects that improve safety and mobility through highway-rail and pathway-rail grade crossing improvement projects. This includes grade separations and closures using bridges, embankments, and tunnels. Other eligible projects include track relocations and the installation of protective signals and signs.

The program has \$3 billion in total fully authorized funding for fiscal years 2022 to 2026, with an additional \$2.5 billion likely becoming available over that time. Amtrak, local governments, metropolitan planning organizations, and state political subdivisions are some of the recipients eligible for funding.

There is a \$1 million minimum grant award value and Federal funding can cover up to 80 percent of eligible project costs. Twenty percent of program funding is set aside for rural and/or Tribal areas while 25 percent is allocated for planning projects. This is a new program enacted by the BIL.

Restoration and Enhancement

The Restoration and Enhancement Program provides operating assistance for up to six years to restore, enhance or initiate intercity passenger rail service. Eligible expenses include staffing, fuel and equipment maintenance costs. The program can also cover lease payments on rolling stock and pay for Station Building utility costs.

Half of the program's \$500 million in projected funding capacity for fiscal years 2022 through 2026 is sourced from Amtrak's National Network Account. Eligible recipients include Amtrak and other Rail Carriers, an individual or group of states, and state public agencies and political subdivisions. The program prioritizes funding for routes operated by Amtrak and selected under the Corridor Identification and Development Program.

Program grants for fiscal years 2018 through 2020 were concentrated in opportunity zones and averaged close to \$7.5 million ([FRA's Restoration and Enhancement \(R&E\) Grant Awards](#)).

US Department of Transportation (USDOT) Programs

Local and Regional Project Assistance Program (RAISE)

RAISE grants fund surface transportation capital investments and planning efforts with significant local or regional impact. Eligible projects are broad in nature. They include passenger and freight rail transportation; highway, bridge or road projects; port infrastructure investments; and the surface transportation components of airports, among others.

The program targets projects with specific elements that reduce greenhouse gas emissions and that meaningfully involve communities that disproportionately experience climate change-related consequences. It seeks to fund projects where 40 percent or more of the benefits go toward areas of persistent poverty or historically disadvantaged communities. RAISE further prioritizes funding for projects that proactively address racial inequity and barriers to economic opportunity.

A RAISE grant can cover up to 80 percent of eligible project costs. Grants are capped at \$25 million, while the minimum RAISE grant value is \$5 million for urban areas and \$1 million for rural areas. The RAISE program will award up to \$15 billion in total grants for fiscal years 2022 through 2026. In the 2021 fiscal year, 63 capital projects received RAISE grant awards of greater than \$15 million on average ([USDOT RAISE Grants](#)).

Multimodal Project Discretionary Grant Opportunity (MPDG)

MPDG is an umbrella opportunity covering three discretionary grant programs that share a common grant application and each cap Federal funding at 60 percent of eligible project costs.

- The National Infrastructure Project Assistance (MEGA) program exists to support large and complex projects that generate significant national or regional benefits.

- These projects range from intercity passenger rail to highway and bridge projects on the National Multi-Modal Freight Network. MEGA grants generally support multijurisdictional projects that would struggle to be funded without Federal government assistance. The program prioritizes funding for projects that increase passenger or freight throughput, prevent the closure or reduced use of assets, and bring assets to a state of good repair.
 - MEGA can provide multi-year project funding and allocates 50 percent of its funding to projects with more than \$500 million in costs. Its minimum project size is \$100 million. Up to \$5 billion will be available to fund grants from fiscal years 2022 through 2026. Eligible recipients include Amtrak, states, metropolitan planning organizations and local governments, among others. MEGA is a new program enacted as part of BIL.
- The Infrastructure for Rebuilding America (INFRA) program funds highway, multimodal freight and rail projects that generate significant economic benefits. In addition to promoting resilience and reducing congestion, the program prioritizes projects that eliminate supply chain bottlenecks and improve critical freight movements. The program will have up to \$7.25 billion available to fund grants from fiscal years 2022 through 2026.
- The Rural Surface Transportation Grant Program (RURAL) funds projects that increase connectivity in rural areas by expanding highways, bridges and tunnels that increase access to agricultural, commercial, energy and transportation facilities. The program will have up to \$2 billion available over five years.

Midwest Regional Planning - Corridor Identification Program

The Corridor Identification Program sets aside up to 5 percent of Federal-State Partnership funding to fund planning of new or expanded intercity passenger rail service. It further provides a valuable coordination role for advancing longer-term track and service improvements. These structural improvements have been prioritized across MoDOT-related planning organizations and could generate a meaningful increase in out-of-state passengers traveling along the *Missouri River Runner* line.

The Federal Railroad Administration (FRA) Midwest Regional Rail Plan published in 2021 prioritized reengaging underused rail assets to improve passenger transportation in rural areas. The Midwest Interstate Passenger Rail Commission has advanced a regional “hub and spoke” network with Chicago at its center. The commission proposed having a minimum of high frequency regional service and the potential for Core Express service on three of its “pillar” corridors, including Chicago to St. Louis.

6.3 USDOT’s Approach to Value Capture

There are 22 private railroads in Missouri. MoDOT and other state agencies consistently emphasize pursuing infrastructure solutions that involve government collaboration with the private sector. The 2022 State Rail plan specifically calls for this collaboration to expand rail capacity, improve rail fluidity and ease traffic congestion to accommodate projected growth.

Transit-oriented development, or mixed-used communities focused on pedestrians and centered around train stations, is one example of a “value capture” strategy involving the private sector that can help achieve the long-term vision for passenger rail in Missouri – a network of interconnected services connecting major population centers, destinations and small communities.

USDOT has provided guidance on how to analyze the need and potential success of value capture strategies. Some universal aspects include:

- Value capture complements traditional funding and financing by filling gaps. Value capture is not a substitute for traditional funding and does not change the project's economic rationale. Funded programs will still need to increase ridership and drive economic development.
- Value capture can grow community support for infrastructure projects and “build the case” for securing Federal and State funds. State enabling legislation is often required to provide the statutory authority to raise funds and spend them as intended. At the local level, zoning, land use and other regulations play a critical enabling role.
- Value capture is a planning and policy lever. It is important to start with broad policy goals and narrow from there by aligning outcomes with executive orders and funding programs' evaluation criteria, such as equity, accessibility and affordability.
- Integrate land use, mobility and transportation planning into fixed guideway and core capacity improvements and across all related planning processes, documents and organizations. Making value capture decisions before a project's technical scope is fully baked allows for a greater chance of accelerating project delivery and inducing private development.
- Engage a broad group of relevant stakeholders early and often through a formal approach with built-in feedback mechanisms. Education is key. Value capture is often assumed to be a disguised form of additional taxation rather than a value-add to the economy and quality of life.
- A successful value capture strategy balances risk and return for each group of stakeholders. A project's needs depend on the size of its funding gap, when capital and O&M funds are needed, and the reliability of current revenue streams. Developer and investor appetites are largely driven by requirements for profitability, financing and liquidity. Communities like more equitable funding burdens where the costs are shared along with the benefits.

Chapter 7: Conclusions and Recommendations

This section contains a summary of various elements of this report including recommendations. MoDOT has numerous opportunities to enhance revenue which in many cases defy classification within the section headings and draw from more than one.

Yield Management – Working with Amtrak

There is opportunity for flexibility and creativity on fare structures and promotions. Amtrak is focusing on yield management, so the number of fare buckets has increased from five to nine. This can allow for greater nimbleness in coordinating fares with promotions and special events. Recommended funding ideas include upgrades to business class, modifying limits on pets, and incorporating upgrade and ancillary fees into the fare system. It is recommended that the *Missouri River Runner* broker deals with local attractions and sports teams to fill seats (guarantee minimum number of tickets per train).

In California, the joint powers' boards look to maximize ridership by focusing on a passenger per taxpayer dollar metric to measure success. Similarly, both the States of Illinois and Virginia are aggressively using the greater Amtrak fare flexibility to push ridership.

International railways and individual operators tend to have a lot of flexibility when it comes to fares. While national railways set their entire fare structures, franchise and contract operators usually can optimize the fare structure as long as no ticket fare is higher than a cap set by the government.

Overseas railways have become masters of yield management, carefully pegging ticket prices to demand with passengers on the same train paying vastly different fares depending on such factors as the time of booking, seat availability, and travel distance.

In addition, railways use a variety of special fares to attract seniors, students, and employees of a particular company or entity such as civil servants. Most of the railway representatives stressed that fares are at the heart of their marketing efforts and the most important lever to increase revenue, compared to all the other sources as discussed above.

Partnerships with Major Educational and Governmental Institutions, Commercial, Sports, and Other Attractions in Communities Served by the Rail Systems

Winter Park Express is an Amtrak service that could potentially be emulated in Missouri. It is a seasonal weekend service between Denver and Winter Park, CO, where Amtrak effectively acts as a contract service provider to the resort operator, Alterra. The resort is owned by the City of Denver. Alterra, in turn provides a revenue guarantee, advertising, branding and collaborates with Amtrak on revenue management. For example, this could raise the possibility of a major Springfield/Branson attraction, or partnership of multiple attractions, subsidizing potential Kansas City to Springfield service.

Education

Partnerships with colleges and universities can offer a significant method to increase ridership on the *Missouri River Runner* service. WSP identified colleges, universities and professional schools as well as junior colleges, symbolized by the total school population, within a 50-mile radius across the *Missouri River Runner* corridor including the exact location, classification per the North American Industry

Classification System (NAICS), total enrollment for both full-time and part-time students, total employees, and dormitory cap. This information can be used to target educational institutions along the route for the purpose of implementing promotional initiatives targeting the student population, establish well-communicated outreach programs, social media and flyers to market to students and families (updated campus maps, orientation events, homecoming weekend, weekly newsletter, etc.) and establish potential pilot programs offering subsidized or discounted fare programs in coordination with the college, university or student government associations.

Tourism

As part of the MoDOT asset analysis, tourist attractions were categorized by type, within a 50-mile radius across the *Missouri River Runner* corridor. There are more than 350 attractions found within the corridor ranging from sports stadiums and arenas (Busch Stadium, Arrowhead Stadium, The Dome at America's Center etc.), biking facilities (e.g., Katy Trail), art galleries, museums, distilleries and wineries, and a wide variety of lodging businesses, all of which can be viewed as potential promotional partners.

Marketing and Promotional Initiatives

MoDOT should take advantage of Amtrak's view that it sees coordinated marketing as key and creates the ability to leverage other states' and service lines' efforts. Amtrak has no issue with any promotion amount as long as it is consistent with Amtrak branding standards. Amtrak shies away from tobacco and alcohol, which means any involvement with a regional brewery, winery or distillery would require finesse (i.e., other transit properties allow alcohol companies to promote "responsible drinking").

Further, within the corridor, Amtrak sees opportunities in promotions with Missouri professional and college teams, and with the promotion of "Hidden Gems" through local Convention & Visitor Bureaus. In addition, Amtrak sees untapped opportunity in using all of MoDOT's assets in promoting the *Missouri River Runner* service (i.e., digital highway signage).

Beyond potential sponsored Springfield service, the notion of a gaming casino car may be attractive to Amtrak and outreach to Native American Tribes is recommended, Conversely, the X-train example of non-gaming casino car sponsored by casinos (now Brightline West) as an alternative example.

The out-of-home advertising industry is going digital, and it is recommended that a locational nexus approach for sponsorship and advertising be undertaken. There is more opportunity for station advertising (assuming MoDOT can create a multi-station approach), train wraps, and traditional and social media than on-board advertising. In order to be effective, leveraging larger markets (St. Louis, Kansas City) as much as possible is recommended. Regional attractions and local breweries, wineries and distilleries could be potential *Missouri River Runner* sponsors and it is recommended to look to local and regional hospitals, colleges, and tourism attractions identified in Task 2C, as well.

Even though onboard advertising may have limited impact, there are examples of European train operators going beyond the typical static car card advertising model and created highly unusual in-car effects which provided some advertising value but more importantly became news stories in and of themselves, bringing revenue as well as attention to the service

Advertising in stations is more effective for European operators because they typically own the stations and can control it along with the higher number of customers passing through stations. However, there are

several ways MoDOT might move into a more prominent role with respect to station advertising discussed below.

Branding

The new Florida, Brightline service can provide examples of the importance of branding service. Brightline management comes from the hospitality industry, and therefore emphasizes “the experience,” from the branded applications to stations which are more like high-end hotels (complete with scents) to onboard the trains. Brightline recently upgraded its application called Brightline+, which passengers can use to plan, reserve, and pay for their entire point to point trip, including cars (Teslas), shared electric vans and Circuit neighborhood electric vehicles for travel within a five-mile radius of a station. The theme is eco-friendly.

Sports Teams/Events

Amtrak’s recent marketing and advertising programs include a focus on sports by leveraging partnerships with teams in a wide range of professional leagues, including the MLB, NHL, WNBA and college athletes playing in the NEC between Boston and Washington, D.C. Amtrak describes it’s MLB collaborations as “fully integrated partnerships” with the New York Yankees, New York Mets, Boston Red Sox, Washington Nationals, Philadelphia Phillies, and Baltimore Orioles. The WNBA partnerships include The Washington Mystics and New York Liberty, and the NHL includes the New York Rangers, Washington Capitals and Boston Bruins with a tie into the Stanley Cup playoffs and other special event games.

Sports teams opportunities for MoDOT, include the NFL, NHL, MLB and MLS (especially with a new St. Louis franchise). For example, the Cardinals/Royals interleague rivalry could be rebranded from the “Show-Me Series” or “I-70 Series” to the “*Missouri River Runner Series*”, with joint ticket & hospitality promotions. Further, new MLS St. Louis/Sporting KC rivalry could be branded the “*Missouri River Runner Derby*.”

Other recent special marketing initiatives include wrapping a locomotive to promote an “immersive museum experience” for the National Geographic Society. These agreements can provide a template for the *Missouri River Runner* service, assuming there is a way to meet the sponsor’s minimum exposure criteria.

Partnerships with Other Modes of Transportation Including Air Service, Public Transportation, Shared- Ride Organizations, and Intercity Bus Operators

MoDOT should take advantage of Amtrak’s perception of opportunity for ridership and revenue growth with better connections of bus service and the MoDOT/Union Pacific agreement that allows for more frequencies and stops.

Onboard Amenities/Food & Beverage Service

Since *Missouri River Runner* food services costs are high, NEPRA Downeaster (Maine) was cited as one that provides its own food service with local food & beverages (F&B) to create promotional opportunities and control costs. For the *Missouri River Runner*, this would require an agreement with the State of Illinois since there is through equipment, as well as Amtrak on-board labor and Aramark, Amtrak’s food

vendor. North Carolina is very active in marketing its service and solved the F&B cost issue by having vending machines on board, though there may not be market acceptance of this approach.

One effort which may have the greatest chance of success is the placement of food trucks at stations, In the US, San Joaquin Service offers an example of flexible food service with Bakersfield food trucks. Food trucks/carts are discussed further in the Stations section below.

European operators have had some success with food and beverage. Many rely on café cars in train consists for selling food and drink. Alcohol is commonly available as well. Some rail operators indicated they do lose money on food, but it is regarded as so important by passengers that they would have difficulty eliminating the service. For regional services, food tends to be sourced and provided from local purveyors keeping handling and delivery costs low. It is difficult to compare labor costs internationally with those in the US, although most European food service cafes are attended by union-based individuals. Some operators have gone to automated kiosks on board to sell food and coffee from machines. They readily admit this is less attractive to passengers but fills the need minimally. Operators also indicate that seat-side food service seems to be the most successful. This involves attendants who move through the cars with baskets or carts (known as trolleys in Europe), selling pastries, sandwiches, coffee and both non-alcoholic and alcoholic drinks. Railroads suspect that passengers are more likely to buy something that is brought to their seat, avoiding the need to move through multiple train cars. Operators claim to be making some revenue from these approaches.

Further train stations overseas, even the smallest ones, tend to have some food available from small shops or kiosks. This depends on foot traffic, to some extent, with more trains making the difference. Some European operators also noted that station kiosks often have windows onto platforms allowing a passenger to leave the train at a station, buy something quickly, and re-board. While operators typically get lease revenue, in a few cases they do get some portion of the sales receipts. More recently, a series of pop-up shops were established in stations, in which Amazon is both selling items and delivering packages. It is believed that these will be attended for the present time but there is some thought to making them fully automatic in the future, which may have some relevance for *Missouri River Runner* stations.

In a few cases, railroad operators have made food an important part of the travel experience. While much of this may not be directly applicable to the *Missouri River Runner* service, this experience does suggest that there are unique ways of handling food offerings which, if structured properly, can provide a source of revenue. If Amtrak is willing to experiment and engage in partnerships on food and beverage or turn the function entirely over to MoDOT, pilot programs may be possible. This should focus on local products and sourcing which seem to be the most popular ones on international, regional rail services.

A pilot program needs to determine an attractive mix of products for the *Missouri River Runner* rider, minimize handling to the greatest extent possible through the use of third parties and just-in-time stocking, as well as deal with labor issues. It may be possible to bring the union in to the arrangement in some way, perhaps even adding incentives for higher food sales. While it is understood that an effort to engage a local well-known restaurant did not proceed, there may be a reason to revisit it. European experience with seat-side food service should also be heeded. Finally, in considering fares, there may be a way to increase the fare and include a meal or snack service that could cover its costs and perhaps more. An offering like this for group travel should also be explored.

Stations

While Brightline, Amtrak, international railways and private operating companies generate commercial revenue from station assets, MoDOT does not own any of the stations. Therefore, MoDOT would need to engage station owners and develop a partnership in which MoDOT has an ability to bring in retail or events and receive a share of the funds it creates. If MoDOT can craft an agreement with station owners to act as their “agent,” MoDOT might recruit an employee or bring in a consultant to develop these opportunities.

MoDOT might work to bring the owners of all the stations together into an advertising alliance. The result would be an advertising program that would cover all stations and give the advertiser greater reach by getting into all stations with the greater range that affords. Moreover, MoDOT could try to form an arrangement with the station owners to take over the management of the advertising program and receive a share of the fees generated. MoDOT could contract a vendor to manage the entire station advertising effort if it were able to make this kind of arrangement with the station owners. It is recommended that MoDOT discuss potential market for this with Amtrak’s advertising vendor, Intersection (as well as others).

Another relevant application might be to create a partnership with a local coffee shop, convenience store, or grocery store that can create a cart or truck to sell food and drinks at certain times of the day around train arrival and departure times. Allowing food trucks in general to sit in the station parking lots could be another way to bring people to the station and provide a service for riders. Typically, food trucks pay a municipal fee for the right to be in a particular public street location.

It should be noted that nearly every international railway representative stressed the importance of making stations destinations themselves, more than just a place where the train stops. By locating retail that can be used conveniently by members of the local community and hosting events, the station becomes more important in people’s minds, demonstrating the existence and value of the train service while creating revenue through greater usage of the facility. Kirkwood Station may be a good test case, since it has an active local support organization. Conversely, reimagining St. Louis Station (discussed under Asset Monetization) may provide opportunities.

New Stations

Additional stations could enhance ridership and revenue. In conversations with MoDOT staff, identified six potential new stations including: Eureka, New Haven, Pacific, California, Tipton and Pleasant Hill. Each of the locations was profiled to provide data to MoDOT to help identify opportunities for expanding service along the route. Since the agreement with UP allows for additional service and station stops, it is recommended that discussions with Amtrak and UP commence to explore the coordination required.

Asset Monetization

This may be a challenge, given the limited ownership interest MoDOT has in the *Missouri River Runner* equipment and real estate. The creation of Special Assessment Districts related to Transit-Oriented Development is typically dependent upon more frequent service. Two locations, St. Louis and Kansas City are service by local transit agencies. Kansas City even has a TIF district dedicated to the streetcar that stops in front of Union Station. MoDOT should consider advocating having the Amtrak section of the station an eligible recipient of TIF funding.

Federal Assistance

In order to enhance revenue and ridership, MoDOT should consider programs that fund improvements that will impact the customer experience. The number one complaint is on-time performance. Alleviating congestion points, by funding new and longer passing sidings for example is recommended. The programs below can address that as well as additional service.

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US Department of Transportation (USDOT) Programs

Local and Regional Project Assistance Program (RAISE)

RAISE grants fund surface transportation capital investments and planning efforts with significant local or regional impact. Eligible projects are broad in nature. They include passenger and freight rail transportation; highway, bridge or road projects; port infrastructure investments; and the surface transportation components of airports, among others.

Multimodal Project Discretionary Grant Opportunity (MPDG)

MPDG is an umbrella opportunity covering three discretionary grant programs that share a common grant application and each cap Federal funding at 60 percent of eligible project costs.

Midwest Regional Planning - Corridor Identification Program

The Corridor Identification Program sets aside up to 5 percent of Federal-State Partnership funding to fund planning of new or expanded intercity passenger rail service.

References

Amtrak Documents:

- FY 2022-27 Asset + Service Line Plans
- Five Year Service Line Plan Fiscal Years 2020–2025 (Base + Five-Year Strategic Plan)
- Five Year Service Line Plan Base (FY19) plus 2020-2024

Current & Former Amtrak Personnel:

- Nick Genevish (Director, Long Distance Service Line)
- Kerry McKelvey (Vice President, Marketing)
- Fran Berk (Director, Marketing – State Support Services)
- Peter Lyons (former Director, Advertising)
- Ray Lang (Vice President, State Services)
- Nicole Bucich (Vice President, Network Development)
- Adam Krom (Director, Network Planning)
- Joe McHugh (former Vice President Government Affairs)
- Scott Goldsmith (President and Chief Operating Officer) of Intersection, Amtrak's advertising vendor.

Federal Discretionary Grant Programs: Notices of Funding Opportunities and Award Data

- US DOT – FRA:
 - [Federal-State Partnership for Intercity Passenger Rail Grant Program](#)
 - [Consolidated Rail Infrastructure and Safety Improvements Program](#)
 - [Railroad Crossing Elimination Grant Program](#)
 - [Restoration and Enhancement Grant Program](#)
- US DOT – Office of the Secretary:
 - [Rebuilding American Infrastructure with Sustainability and Equity](#)
 - [Multimodal Project Discretionary Grant Opportunity](#)

Planning Documents and Rail Studies:

- [Missouri: State Freight & Rail Plan \(January 2022\)](#)
- [Missouri: Highway-Rail Grade Crossing State Action Plan \(January 2022\)](#)
- [US DOT and FRA: Midwest Regional Rail Plan \(October 2021\)](#)
- [American Public Transportation Association \(APTA\): Surface Transportation Authorization Recommendations \(October 2019\)](#)
- [American Public Transportation Association \(APTA\): Evaluating Value Capture Financing Options for Public Transportation \(August 2017\)](#)
- [US DOT – Federal Highway Administration \(FHWA\): Center for Accelerating Innovation](#)

Executive Orders:

- [EO 14052: Implementation of the Infrastructure Investment and Jobs Act](#)
- [EO 14008: Tackling the Climate Crisis at Home and Abroad](#)

White House Justice40 Initiative:

- [White House: Justice40 Environmental Justice Initiative](#)

Appendix A: Infographics for Existing and Potential New Stations

Appendix B: List of Top Employers along the *Missouri River Runner* Corridor

Appendix C: List of Major Hospitals along the Missouri River Runner Corridor

Appendix D: List of Major Educational Institutions along the Missouri River Runner Corridor