

**TESTIMONY OF**

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**WASHINGTON, D.C. 20002**

**BEFORE THE**

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

**SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS**

**HEARING ON**

**“BUILDING A 21<sup>ST</sup> CENTURY INFRASTRUCTURE FOR AMERICA:  
CHALLENGES AND OPPORTUNITIES FOR INTERCITY PASSENGER RAIL SERVICE”**

**THURSDAY, JUNE 22, 2017**

**10:00 A.M.**

**2167 RAYBURN HOUSE OFFICE BUILDING**

Chairman Denham, Ranking Member Capuano, members of the Subcommittee, and fellow witnesses, good afternoon. My name is Wick Moorman, and it is my privilege to be here today on behalf of Amtrak to discuss our role in America's multimodal transportation system.

## **Introduction**

In four years, Amtrak will have reached a milestone – 50 years of providing safe and reliable service to Americans across the country. As President and CEO of Amtrak, I am here today to tell you that we, with your help and through our partnerships with states and commuter railroads, are poised for a new era of intercity passenger rail growth in America. We are ready to build on our strong foundation through an unrelenting commitment to safety, innovation, and investment in our infrastructure and equipment so that we can continue to provide value to the American people and the communities we serve.

As most of you know, I joined Amtrak in September of 2016, after a forty-two-year career with Norfolk Southern Railway that culminated in my service as President, CEO, and Chairman of the Board. I came to Amtrak because I deeply believe in the mission and sense that we have reached an important time in our history, as intercity passenger rail service has reemerged as a vital and growing part of our national transportation network in the new century. Amtrak has set ridership records each of the last several years and we are on pace this year to set another record. We are now covering a record 94% of your investment in us. While this is good news, there is more to be done. That is why we are working to create more of a corporate culture at Amtrak. One that is focused on our customers and investors in the administration and here in Congress. We have reorganized our corporate structure, simplifying the chain of command and responsibilities so we can be much more bottom-line driven and customer friendly. We fully recognize we will be more successful when passengers want to ride us again, and not just because they might not have another transportation option. That is my objective with our employees, customers and, again, our investors. Having observed the work of this Subcommittee, I believe you share this sense, too.

Through your leadership, Congress enacted the FAST Act in December 2015 – the first surface transportation bill that included a reauthorization of Amtrak and brought together the Federal government's rail, highway and transit programs. I would like to thank you all for that effort and applaud steps like today's hearing that look at ways to further integrate federal policy and programs for the benefit of mobility, safety, and efficiency.

The FAST Act is an incredibly important step towards the type of stable and mature policy and funding framework that Amtrak has long sought in order for us to achieve our maximum potential. It recognizes the critical role Amtrak plays in our nation's transportation network and, through a restructured funding process and a new approach to cost accounting, enables us to more clearly articulate the needs of our National Network and Northeast Corridor services and assets. Taken together with new funding flexibility, grant programs, and planning and reporting

requirements, the FAST Act represents the logical evolution of the framework begun under PRIIA that has allowed Amtrak to vastly improve its business.

If I leave you with one message today, it is that our continued success relies on you and your colleagues' commitment to follow-through on this excellent work. As we have laid out in our recently issued FY2018 Legislative and Grant Request, our top priority is full funding of the \$1.6 billion you authorized through the FAST Act for our FY2018 annual grant, along with full funding of the two new FRA grant programs authorized by this Committee. Additionally, if an infrastructure package is developed, as members of both parties have advocated, a robust investment in intercity passenger rail could launch a new area of rebuilding and improvement that would simultaneously jump start the nation's economy and provide the mobility our nation requires to maintain our competitiveness and quality of life. With this support, Amtrak can make real strides in product improvement, customer service, safety, and infrastructure and fleet condition, all of which will increase the value we provide the public and generate important economic benefits. Without it, we will be stuck in neutral, having prepared for a race we can no longer run or even worse, incur greater costs as a result of underfunding that truncates parts of our network and triggers associated costs. I do not believe that is what any of you or the House wanted when it voted overwhelmingly to approve Amtrak's reauthorization. As I will discuss in the remainder of my testimony, Amtrak's two networks, the Northeast Corridor and the National Network, do much for that nation already, but can do so much more with the right support.

### **Amtrak's National Network**

Amtrak's National Network provides connectivity to cities and communities all across America, and carried 19.3 million passengers in 2016, 61% of our total ridership. National Network trains operate through all but one of the 46 states we serve, many of them supported through partnerships with 18 states, who support 29 short-distance corridor routes. In 23 of those 46 states, Amtrak service is provided only by our long distance trains, which connect rural and small-town America with major urban centers. The importance of these trains is found in the communities they serve, particularly those places with few other transportation options. For instance, about half of the passengers on our *Empire Builder*, which links Chicago, Portland, and Seattle via the northern tier states, were going to, or coming from, a rural destination.



***Amtrak's Beech Grove facility rebuilds and repairs equipment for both long distance and state-supported services.***

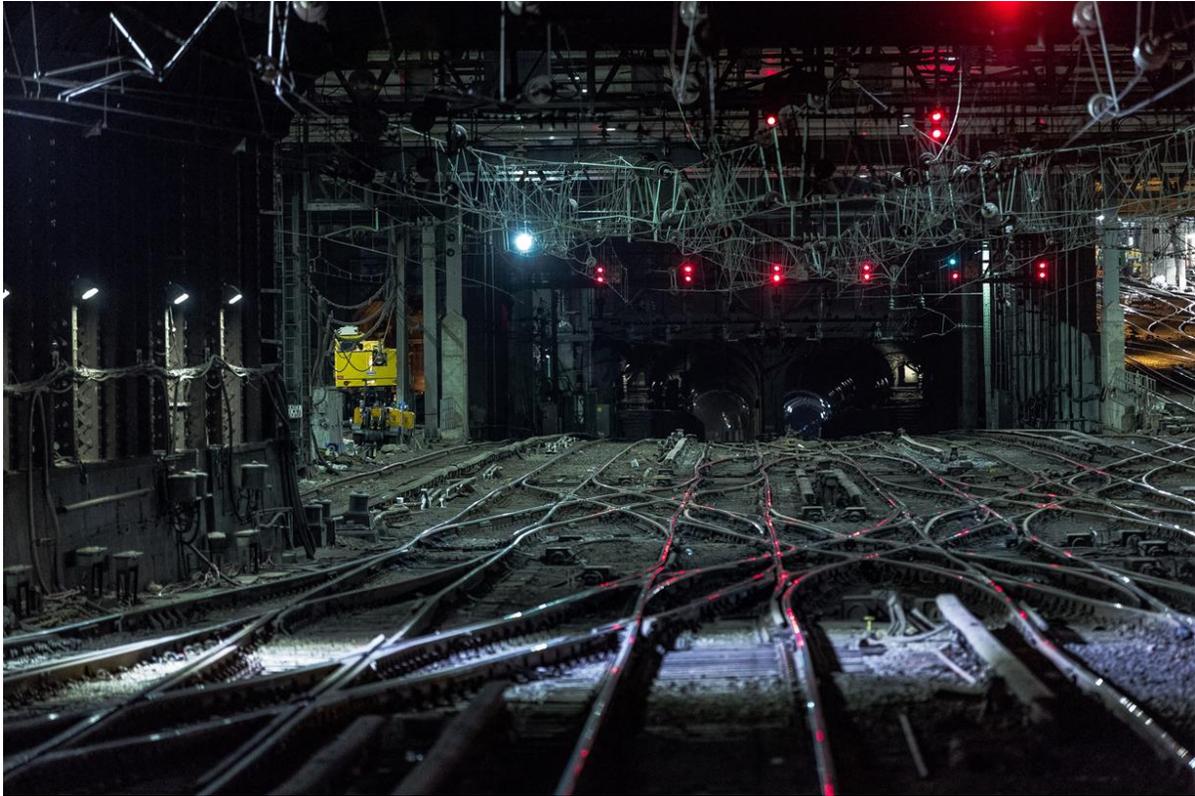
Our state-supported services, developed in close collaboration with the states that sponsor them, provide mobility and connectivity between major city pairs and intermediate communities. Providing roughly half of all Amtrak ridership and serving as one of our primary sources of growth, these short distance corridors are intercity passenger rail's "sweet spot," where multiple frequency trips can provide auto-competitive service with high levels of reliability. Our *San Joaquin* service in California is one of our top five state-supported services in terms of ridership, offering online communities in the Central Valley direct or connecting service to Sacramento, Los Angeles, and the Bay Area. Key to this service's success is the strong relationship we have with the San Joaquin Joint Powers Authority, which provides the local management and sponsorship of the service and is spearheading efforts to improve schedules and add more frequencies to further strengthen performance. These services, in particular, afford us an excellent example of the way that investment in equipment and infrastructure – made by states, the Federal government, and Amtrak – can be an incubator of jobs and economic growth. Just last year, Amtrak spent more than \$1.7 billion in domestically procured goods and services, and through our various facilities is a major employer in places like Beech Grove, Indiana, where 522 people work at our car and locomotive repair shop.

Finding ways to support and develop our National Network services in collaboration with our host railroads and state partners is therefore a high priority for us. We particularly see tremendous opportunity to increase services connecting established and growing city pairs in short-distance corridors across the country. With the right Federal and host railroad partnerships, we believe states will continue to invest in growing existing or emerging corridor services because they provide real alternatives for people seeking to avoid highway congestion and the lost productivity and unreliability that comes with it. Critical to the success of these services are the stations that serve as the critical interface between our routes and the communities we serve. In

a city like Galesburg, Illinois, which is served by our *California Zephyr*, *Southwest Chief*, and a pair of daily corridor trains, the number of riders who passed through the station last year was more than triple the community's population in the 2010 census. Whether a station is modest, such as the platform-only Arcadia Valley, Missouri station, which was opened last year, or massive, like Chicago Union Station, the fourth-busiest station in the Amtrak system, they all create nodes of activity and potential development that can strengthen communities. As an example, we recently announced a master development transaction between Amtrak and a local developer in Chicago which will help transform our historic station headhouse and other related properties into a new commercial hub while also providing Amtrak with new revenues that we can use to improve the station's transportation functions.

### **Amtrak's Northeast Corridor**

While the National Network provides vital transportation services across our nation, the heavily concentrated populations of the Northeast are served by a truly unique North American railroad, the Northeast Corridor (NEC). The NEC is one of the world's greatest railroad operations, hosting 2,200 daily commuter, intercity, and freight movements from Boston to Washington and along its several branches. It provides more than 750,000 passenger trips a day, or almost half of the nation's daily rail trips. The route is ideally positioned to play a major role in the regional economy, as more than 7 million jobs and over 100 million square feet of development are within walking distance of the ten largest stations – many of which, including Baltimore Penn and Philadelphia 30<sup>th</sup> Street, are the subjects of carefully planned master development processes similar to the one now proceeding in Chicago designed to create public-private partnerships that can unlock value for both Amtrak and communities we serve. The Northeast is the fifth largest economy in the world, and it produces 20% of the nation's GDP – which makes the NEC a national, as well as a regional asset.



***“A” Interlocking at New York Penn Station. This complex of switches and signals is currently undergoing repairs through the “Infrastructure Renewal at Penn Station” program.***

Already the nation’s busiest, projections suggest that ridership on the NEC will double by 2040. The system is at or beyond capacity today in many places and relies heavily on old infrastructure that must be replaced if service is to remain reliable. We have seen this situation recently in New York’s Penn Station, where we are now preparing for a series of major track renewal projects that, due to the incredible volume of trains, will impact services at the station over the summer. This work, which is part of our “Infrastructure Renewal at Penn Station” program, accelerates several years of planned improvements of track and switches in the critical area of the station where trains are sorted between the Hudson River tubes and Penn’s platforms. After years of heavy use and limited Federal and commuter funding that curtailed our ability to invest, Amtrak is now taking an aggressive approach to replacing old assets so we can keep this most important terminal – the nation’s busiest – operating reliably. While this work will cause some regrettable disruptions to all the railroads using Penn – most notably Amtrak, which has the biggest proportional reduction in service – we are confident that doing this work now and enduring some short-term impacts will create long-term benefits for all. Early work is already underway and will continue through the summer so that we can quickly achieve the benefits of this renewal, with the minimum amount of inconvenience to our partners at New Jersey Transit and Long Island Rail Road.

While I am confident we will successfully complete this work this summer, the need to undertake it so aggressively is a testament to the stresses to which the infrastructure in the station is subject. The station is operating today without a sufficient capacity margin to guarantee reliable delivery of service and while we will make progress this summer, huge needs remain, from our 1934 electric traction system to work in the 1910-era tunnels. We need to invest now to address not just condition issues, but capacity needs. Through the Gateway Program Development Corporation, capably led by my fellow witness and Acting Executive Director John Porcari, we are working with New Jersey Transit and the Port Authority of New York and New Jersey to advance the Gateway Program, which will replace aging and failure-prone structures such as the Portal and Sawtooth Bridges, and increase track, tunnel, bridge, and station capacity between Newark and New York Penn Station. With some elements, like a new Portal Bridge over the Hackensack River, ready to proceed to construction and others, like the critically important expansion of Penn Station to the south, still in the early phases of planning, this program is a “poster child” for the types of major infrastructure investments the nation needs to be undertaking right now. Taken together, this program will both preserve and expand access to nation’s economic capital, while creating thousands of good paying jobs and helping our environment and public safety, delivering a cost-benefit ratio of more than 3 to 1.



***Portal Bridge is a major chokepoint on the NEC. Completed in 1910, it requires almost continual maintenance, and there are no possible alternative routings to or from New York Penn Station in the event of a failure.***

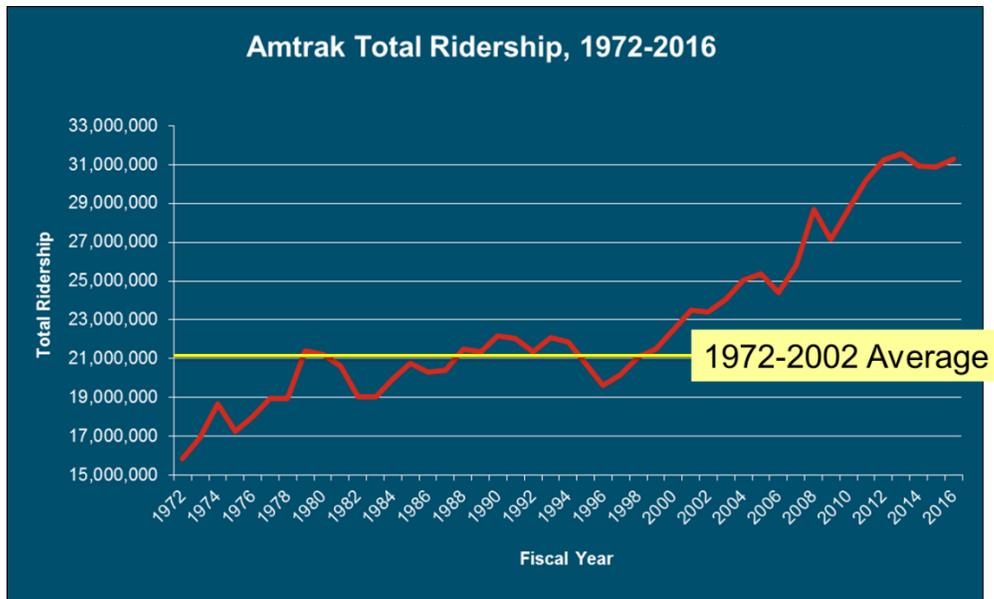
Similarly, investments in our fleet represent a huge opportunity to improve our services, while creating jobs and economic activity around the nation. We are already undertaking two major equipment programs designed to enhance our service offerings on the NEC and hope to continue this momentum across the network. We are in the process of purchasing 28 new high-speed trainsets from Alstom, now being built in Hornell, New York, which will allow us to bring the latest generation of France’s TGV technology to the U.S. With 40% more trainsets, each with

roughly one-third more passenger seats, we expect to be able to provide peak half-hourly *Acela Express* service between Washington and New York and hourly service between New York and Boston by the time all the trainsets are in revenue service in 2022. This purchase is funded by a \$2.45 billion loan from the U.S. DOT, which will also support investments in our infrastructure designed to improve the on-board and station customer experience and accommodate the increased high-speed rail service levels made possible by the new trains. I am pleased to be able to note that the Hornell plant has just shipped its first American-made electric traction motor to France for quality analysis and evaluation, an important step in the manufacturing process.

We are also undertaking a major “refresh program” for the 450 Amfleet I cars that are the backbone of our Northeast Corridor service and many of our state-supported trains. This program will replace the existing seats, carpets, and walls in these Amfleet cars. We will be adding LED lighting to improve light quality and reduce electrical consumption and maintenance costs. In order to expedite this program, we are making the alterations over a period of time as these cars come in for their daily and periodic maintenance, so the work will be done in several different maintenance facilities, including Boston, Massachusetts, New York City, Washington, D.C., Philadelphia, Pennsylvania, and Norfolk and Lynchburg, Virginia. We expect the first car to be completed refreshed by September, and hope to complete the whole program by next summer.

### **The Future of Rail**

Our system plays a vital role in the economic life of our great nation. We have had a succession of record years for ridership, including the last one, and we are now reliably carrying over 30 million passengers a year – a significant leap from the average of about 21 million that characterized our first thirty years. To get to the next level, we are working on relentlessly improving our safety culture, modernizing and upgrading our products, and strengthening our operational efficiency and project delivery. We are pursuing opportunities to promote innovative approaches to our business, such as a master development process for our major stations. We streamlined our organizational structure earlier this year, creating a consolidated senior executive team to provide focused leadership and to work with our Board of Directors to drive long-term value. With this change, Amtrak is now organized like most freight railroads and major corporations, which is entirely appropriate because that is just what Amtrak is – a corporation.



***Amtrak today carries almost fifty percent more riders per year than the average of its first three decades.***

Although we have a somewhat different history, in that the core of our business and mission was established by Congress, we are a business and that business is moving people by rail and serving our main stakeholders, the Federal government and the American taxpayer. Our business model is different from that of a typical, publicly held, for-profit company. Yet we have a lot in common with other businesses who serve government and to support public purposes, such as highway builders. Amtrak receives funds from the Federal government to augment the more than \$2 billion in revenue we generate directly through ticket sales every year. In that way, we also provide infrastructure and services that produce public benefit and promote the nation's economy.

Federal funds are what allow us to meet the operational and capital needs of our 46-state national network of trains and our infrastructure that serve more than 500 communities, urban and rural, across America. We serve these communities and operate these routes because Congress, various Administrations, and the public generally have recognized the unique value that intercity passenger rail service can provide to these communities and the nation. Our job is to deliver the services and run the network that you, our principal stakeholders, believe is in the public interest and that provide sufficient value to warrant the investment. In doing so, my pledge to you is to operate Amtrak as safely, efficiently, and effectively as possible. From better project delivery to greater operational excellence, we are working on ways to deliver even greater value from your investments in our mission.