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Committee on Transportation and Infrastructure,
Subcommittee on Railroads, Pipelines, and Hazardous Materials
United States House of Representatives

***“Building A 21st Century Infrastructure for America: Challenges and
Opportunities for Intercity Passenger Rail Service”***

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Chairman Denham, Ranking Member Capuano, and Members of the
Subcommittee:

Thank you for inviting me to discuss the Federal Railroad Administration’s (FRA) oversight of passenger rail programs. FRA’s mission is to enable the safe, reliable, and efficient movement of people and goods for a strong America, now and in the future. Under the leadership of Secretary Elaine L. Chao, FRA executes this mission through developing and enforcing safety regulations, promoting non-regulatory safety activities, investing in rail services and infrastructure, facilitating national and regional rail planning, and conducting research and development to advance innovative technology solutions.

FRA’s Office of Railroad Policy and Development is responsible for project development and investment in passenger and freight rail infrastructure as well as the implementation of statutory policy concerning intercity passenger rail service and high-speed rail. We oversee grant agreements with Amtrak to administer

federal funds appropriated by Congress to support Amtrak's operations, infrastructure, and equipment.

My office also works with FRA's Office of Railroad Safety on priorities such as implementation of Positive Train Control (PTC) and development of passenger equipment safety standards—and with the U.S. Department of Transportation's Build America Bureau (Bureau) on helping project sponsors navigate and accelerate federal permitting and procedural requirements, getting projects ready for funding or financing as quickly and efficiently as possible.

Rail Development

FRA would like to recognize the Committee's commitment to rail embodied in the Fixing America's Surface Transportation (FAST) Act. The FAST Act represents a historic milestone in that for the first time intercity passenger rail has been included in a comprehensive, multi-modal surface transportation authorization. The FAST Act builds on policies and programs this Committee established in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). PRIIA also enhanced the role of states in passenger rail planning and development through the Section 209 state-supported corridors requirements. Congress subsequently provided a total of \$10 billion in funding to Amtrak and states through the American Recovery and Reinvestment Act of 2009 (ARRA) and Fiscal Year 2010 annual Appropriations.

HSIPR Implementation and Scope

The High-Speed Intercity Passenger Rail (HSIPR) Program was built as a national program in scope, but state-based in execution, similar to how the federal government has approached the highway system over the last 50 years. States were

given the ability to seek funding for projects that best reflected the needs and characteristics of their individual markets.

It is important to note that operating speeds are only one element of a high-performing rail service. While 150 m.p.h. plus service may be justified in certain markets (e.g., the Northeast Corridor (NEC)), the infrastructure and resources required to construct and operate such services in other markets may not be economically feasible. In many corridors, improving reliability, adding service frequencies, and addressing congestion issues at conventional speeds will meet critical transportation needs in a cost-effective manner.

HSIPR Investments

Since January 2010, the HSIPR Program has supported nearly 150 projects in 35 states and the District of Columbia. Nearly 85 percent of these investments are concentrated in six key corridors:

- Seattle – Portland – Eugene
- San Francisco – Fresno – Los Angeles
- Chicago – Springfield – St. Louis
- Chicago – Kalamazoo – Detroit
- Charlotte – Richmond – Washington, D.C.
- Boston – New York City – Washington, D.C.

Through the HSIPR Program, thousands of corridor miles of track are being constructed or improved, new passenger rail equipment are being procured, and more than 30 stations are being upgraded. These modernization and infrastructure projects are improving the rider experience by increasing reliability, adding new capacity, reducing travel times, and making stations and equipment more efficient

and accessible. Many of these projects have benefited the broader rail network, including freight rail services, by increasing capacity, reducing congestion, and improving fluidity.

Safety Benefits

HSIPR funding, along with other FRA investment programs, has also been critical to improving safety on rail corridors across the country. Investments have been made in safety-critical track and bridge improvements, upgrades to highway-rail grade crossing protection measures, additional grade separations, and signal system upgrades. HSIPR has also provided \$460 million in signal upgrades related to the implementation of PTC technology.

A few additional examples of safety-related outcomes from HSIPR-funded projects include:

- **Track and Bridge Improvements**
 - **Missouri** – Construction of a new bridge and crossover resulting in the addition of a second track across the Osage River, eliminating a bottleneck for Union Pacific freight trains and Amtrak’s *Missouri River Runner* passenger trains.
 - **Vermont** – Significant track, signal, and bridge improvements on the Vermonter. The project installed approximately 150 miles of new rail across the state, replaced 130,000 older rail ties, upgraded or replaced 38 switches and 46 rail crossings. In addition to improving safety along the corridor, the track and signal upgrades reduced travel time by approximately 30 minutes.
 - **Illinois** – Replacement of two bridges in northern Illinois to improve safety and reliability on the Chicago – Milwaukee corridor. The new

bridges, which carry 16 daily passenger trains, allow passenger trains to maintain their current speeds without slowing due to safety concerns.

- **Grade Crossing Improvements**

- **North Carolina** – Engineering, environmental review, and construction of a highway-rail grade separation for Sugar Creek Road in North Charlotte—the most heavily trafficked grade crossing in the state of North Carolina.
- **Pennsylvania** – Design and construction to eliminate three public grade crossings on the Keystone Corridor between Philadelphia – Harrisburg.

- **PTC Installation**

- **California** – Funding to implement PTC between Moorpark and San Diego on the Pacific Surfliner corridor, the busiest corridor outside the NEC (2.9 million passengers in FY 2016).
- **Michigan** – Funding to implement PTC on the Chicago – Detroit – Pontiac corridor, part of a larger award for the Dearborn – Kalamazoo corridor program that will also increase speeds and reduce trip times.

Program Challenges and Oversight

The HSIPR Program was the first major infusion of federal grant money made available for states to use for rail projects. Federal, state, and private-sector partners, including host railroads, had to quickly adjust and ramp up to apply for and make use of those funds. In a collective effort, our state grantees and industry partners rose to the challenge and overcame multiple obstacles to deliver successful projects that benefit the millions of Americans who depend on America’s rail system. Nevertheless, like all major and ambitious transportation

projects, whether public or private, there inevitably arose important challenges that demand continued attention and conscientious oversight.

Program Development:

To help mitigate program implementation challenges and ensure proper stewardship of taxpayer dollars, FRA established a risk-based oversight program for HSIPR.

FRA's program management model comprises three major components: grant compliance reviews, project implementation oversight, and technical assistance delivery.

- **Grant Compliance** – FRA grant agreements clearly outline each award recipient's grant administration responsibilities, in compliance with federal grant oversight regulations and FRA policies. Grantees are required to submit detailed and accurate quarterly financial and project progress reports. FRA closely reviews reports for accuracy and has developed a compliance assessment tool to evaluate grantee adherence to administrative requirements on a monthly basis. Further, grant compliance is a component of FRA's oversight monitoring program discussed below.
- **Project Implementation Oversight** – Consistent with good grant management practice, grantees are required to submit a detailed, thorough, and feasible statement of work (SOW), including a clear scope, schedule, budget, and deliverables. FRA uses these grantee-generated deliverables and other resources to assess grantees' adherence to the SOW and general project quality throughout the grant period of performance.

FRA's oversight program is comprised of routine monitoring—day-to-day grant management across the portfolio as needed—and scheduled monitoring, which could occur in a desk or site visit. FRA uses its resources to focus on projects that present the highest risk. Utilizing these tools to evaluate grantee performance and identify project delivery issues, the FRA grant oversight team may require grantees to submit and implement corrective action plans, if necessary.

- **Technical Assistance** – Grantees are given substantial access to FRA's monitoring and oversight team, which is often able to help grantees identify project risks or address challenges in technical areas such as engineering or environmental compliance.

External Programmatic Oversight:

The Department of Transportation Office of Inspector General (OIG) has audited the HSIPR Program. The auditors identified no cases of waste, fraud, or abuse in any of the grants.

To be expected of a new program, a recurring theme in the findings of the 14 audit reports was related to project delivery challenges faced at the grantee level as states worked toward implementing HSIPR projects. Project implementation often involves several parties—state DOTs, regional rail authorities, host railroads, Amtrak, and sometimes local municipalities—working collaboratively to successfully deliver projects per FRA's grant agreements. As a result, project delivery-related challenges can be a natural part of the business, and are often addressed collaboratively by these parties.

HSIPR Progress

Rail remains a mode of opportunity that drives investment and economic productivity. The influx of public funding provided by Congress and HSIPR to state grantees has attracted private-sector interest in developing intercity passenger rail in the United States.

In **California**, new locomotives, manufactured by Siemens, have been rolling off the assembly line since 2016, and have since undergone testing at FRA’s Transportation Technology Center in **Colorado**, as well as on the passenger rail corridors where they will soon be placed into regular service.

In **Illinois**, the Town of Normal’s new Uptown Station has spurred millions in new development of hotels, restaurants, apartments, and retail.¹ On the south side of Chicago, the Englewood Flyover, which allows trains to pass over each other instead of waiting for traffic at a four-way intersection, eliminates a major passenger and freight rail choke point and costly delays.

In **Minnesota**, investment to improve the St. Paul Depot has led to additional investment and the rebirth of the Lowertown area, where industrial buildings are being modernized and repurposed.

Project Pipeline

In addition to critical infrastructure projects, the HSIPR Program funded planning and environmental studies. Seventy-five (75) planning, environmental analysis, and engineering projects were completed or are underway across the country. The products that result from these efforts will lay the foundation for future construction projects and service improvements—establishing a strong “pipeline” of potential rail capital projects, ready for funding and/or financing

¹ <http://highspeedrailworks.org/2014/10/new-study-shows-high-speed-rail-spurs-job-growth-in-normal-illinois/>.

solutions. Many of these potential capital projects involve reinvesting and improving existing corridors.

Rail Development Opportunities – Funding and Financing

Funding Programs:

The FAST Act authorized three new competitive rail development grant programs—two capital grant programs and one operating grant program:

- *Consolidated Rail Infrastructure and Safety Improvements (authorized at \$1.1 billion over 5 years)* – For capital projects, regional and corridor planning, environmental analyses, research, workforce development, and training to improve the safety, efficiency, and reliability of passenger and freight rail systems.
- *Federal-State Partnership for State of Good Repair (authorized at \$997 million over 5 years)* – For capital projects on publicly- or Amtrak-owned infrastructure, equipment, and facilities to (1) replace existing assets in-kind or with assets that increase capacity or service, (2) maintain service while existing assets are brought into a state of good repair, or (3) bring existing assets into a state of good repair.
- *Restoration and Enhancement Grants (authorized at \$105 million over 5 years)* – For operating assistance for up to 3 years per route to initiate, restore, or enhance intercity passenger rail transportation.

In the Consolidated Appropriations Act of 2017, signed into law on May 5, 2017, Congress appropriated \$68 million for Consolidated Rail Infrastructure and Safety Improvements, \$25 million for Federal-State Partnership for State of Good

Repair, and \$5 million for Restoration and Enhancement Grants. FRA is currently working to develop the Notices of Funding Opportunity for these grant programs.

The FY 2017 Appropriations Act also provided \$199 million in grants for PTC implementation for commuter railroads and states, as authorized by the FAST Act. FRA and the Federal Transit Administration (FTA) selected 17 projects in 13 states to help passenger railroads implement this important life-saving technology mandated by Congress to help prevent certain train-to-train collisions, over-speed derailments, incursions into established work zones, and trains routed to the wrong tracks because a switch was left in the wrong position.

Financing Programs:

FRA works collaboratively with the Bureau—the Department of Transportation’s one-stop shop for financing and technical assistance for transportation projects. The Bureau has three credit programs that project sponsors can consider as a potential solution to advance rail projects:

- *Transportation Infrastructure Finance and Innovation Act (Provided \$22 billion in credit assistance to 53 projects to date)* – Provides loans, loan guarantees, and lines of credit to finance surface transportation projects.
- *Railroad Rehabilitation and Improvement Financing (Provided 36 loans totaling over \$5 billion to date)* – Provides loans and loan guarantees to finance railroad and intermodal equipment, and infrastructure that results in public benefits.
- *Private Activity Bonds (Issued nearly \$5.8 billion to date)* – Provides authorization for a state or local government to issue tax-exempt bonds on behalf of a private entity developing a qualified highway or surface freight transfer facility project.

Streamlining Project Delivery

The FAST Act contains a number of project delivery reforms to reduce duplication of environmental reviews and enhance interagency coordination. For FRA, these changes include:

- Aligning FRA's environmental review process with Federal Highway Administration and FTA, creating consistency among operating administrations with jurisdiction over surface transportation (Sec. 11503);
- Exempting historic rail and transit lines from Section 4(f) reviews (Sec. 11502); and
- Proposing an exemption to Section 106 Historic Preservation reviews (Sec. 11504).

In addition to these items, FRA is surveying its use of Categorical Exclusions (CEs) dating back to 2005 and undertaking a rulemaking to propose new and modify existing CEs.

Optimizing Amtrak Oversight

The FAST Act made significant changes to Amtrak's account structure and planning/reporting requirements. Rather than the previous Operating grant and Capital/Debt grant, the FAST Act establishes separate accounts for the NEC and National Network.

FRA and Amtrak have worked together to implement the changes required to meet this new account construct (used by Congress in the FY 2017 enacted appropriation), as well as enhanced planning and reporting requirements. These measures will significantly improve Amtrak transparency and delivery of its services by requiring 5-year planning and monthly profit and loss statements for

each of Amtrak's business lines (NEC, state-supported routes, long-distance routes, and ancillary services) and asset categories (infrastructure, stations, equipment, and national assets).

The Immediate Future

- FRA is committed to the continued oversight and management of all its grant programs, including the rail programs authorized in the FAST Act. As mentioned earlier, the FY 2017 Appropriations Act provided funding for these programs, and FRA is working to get these programs up and running. FRA will use the oversight and monitoring processes developed to support the HSIPR program, which contain strong protections for the taxpayers' investment, for these new funding programs as well.
- Under the leadership of Secretary Chao, FRA will continue streamlining project approval and delivery processes, where appropriate, to ensure that the economic, transportation, and safety benefits of the projects we invest in are maximized.

Conclusion

Rail plays an integral role in a strong U.S. multi-modal transportation system. Making prudent investments in rail that are market-appropriate will ensure that we address the needs of the rail network and the larger transportation system in a cost-effective manner while maximizing public benefits across all modes.

The investment Congress has made in rail has resulted in greater state ownership and improved passenger rail service; increased speeds; improved reliability; new and refurbished stations, locomotives, bridges, and track; highway-rail grade separations as well as other safety improvements—and led to increased mobility, productivity, and economic growth. This investment has also

helped the states establish a pipeline of future capital projects that are ready to address a range of corridor needs.

The rail programs authorized by Congress in the FAST Act and funded through the FY 2017 Appropriations Act will build off of that investment and allow us to continue to work toward our collective goal of achieving a world-class passenger and freight rail system.

Thank you, Mr. Chairman, for the opportunity to testify. I am happy to answer any questions.