



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Nick J. Rahall, III
Ranking Member

Christopher P. Bertram, Staff Director

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James H. Zoia, Democrat Staff Director

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials
FROM: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials
RE: Subcommittee Hearing on "New York City Field Hearing: The Importance of the Northeast Corridor"

PURPOSE

On Friday, June 7, 2013, in New York, New York, the Subcommittee on Railroads, Pipelines, and Hazardous Materials will receive testimony regarding the importance of the Northeast Corridor (NEC). As Amtrak's most profitable route, the NEC and its ridership provide an economically viable opportunity for future infrastructure investment and improvement. The Subcommittee will hear testimony from Amtrak, New York State, a regional planning association, and an academic on the importance of the NEC and potential investment opportunities.

BACKGROUND

As a host to commuter, passenger, and freight rail, the NEC is the most valuable piece of Amtrak's network, generating the most profit and the most traffic. Of the 437 total miles of the NEC, Amtrak owns and controls 363 miles, with states controlling portions of the route north of New York City. With trains running between Washington, D.C. and Boston, Massachusetts, the NEC is the backbone of the Nation's intercity passenger rail system, carrying more passengers than any other Amtrak line. In 2012, a record 11.4 million passengers rode Amtrak trains on the NEC. Amtrak operates 153 daily trains on the corridor, including the Northeast Regional and Acela services, alongside more than 2,000 daily commuter trains and roughly 70 daily freight trains.

In 2001, Amtrak introduced its Acela Express service, and since then Amtrak has seen its Washington-to-New York air-rail market share soar from 45 percent in 2001 to 76 percent in 2012. Consistent with the ridership trends, Amtrak has seen NEC revenue rise rapidly: from \$580 million in 2003 to \$1.05 billion in 2012. This is the only portion of the Amtrak system that earns an "above the rails" operating surplus.



The NEC region is home to four of the ten most populous metropolitan regions in the Nation – New York, Philadelphia, Washington, D.C., and Boston – with 18 percent of the Nation’s population living in just two percent of its land area. Taken as a whole, the NEC region would be the sixth largest economy in the world with a GDP of \$2.59 trillion, and a population equal to the United Kingdom. Furthermore, congestion at airports and on highways is becoming a severe problem in the region. The I-95 Corridor Coalition estimates that over 60 percent of the urban road miles of Interstate 95 are heavily congested. Additionally, the airspace above New York is the most complex and congested in the Nation with approximately 75 percent of the Nation’s chronically delayed flights flying through the New York airspace bottleneck.

NEC Infrastructure and Operations Advisory Commission

Recognizing the value of the NEC, section 212 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) (P.L. 110-432) created the NEC Infrastructure and Operations Advisory Commission (Advisory Commission) to create and implement a long-term, regional investment strategy for the NEC; advance near-term improvement projects; coordinate regional planning and communication; and educate stakeholders and the public about the NEC’s investment needs and role in economic growth and development. The Advisory Commission is made up of members from each of the NEC states (including the District of Columbia), Amtrak, and the U.S. Department of Transportation (DOT), along with non-voting members from the freight railroads that use the NEC.

RECENT DEVELOPMENTS

Advisory Commission Actions

In 2010, the NEC Infrastructure Master Plan estimated that the NEC required \$52 billion over the next 20 years in order to reach a state-of-good-repair (\$11.7 billion) and to accommodate future growth on the Corridor (\$40 billion). Since release of the report, Amtrak

added a comprehensive set of improvements from Newark, New Jersey to Manhattan, New York, including new tunnels under the Hudson River and station improvements in New York, collectively called the Gateway Program. The initial estimated cost for the Gateway Program is approximately \$14.7 billion.

In January 2013, the NEC Commission released its report, *Critical Infrastructure Needs on the Northeast Corridor*, which describes the improvements needed to reduce delays, achieve an overall state-of-good-repair, and build capacity for growth on the Corridor. Some of the critical needs they assess are upgrades and repairs to stations, bridges, storage facilities, signals, and electrical equipment, among others. Although this new report analyzes what is needed for the future growth and maintenance of the NEC, it is not a formal plan and the Commission is working closely with Amtrak, the Northeast states, and other railroads to update findings.

For example, Baltimore's B&P tunnels are some of the oldest (constructed in 1873) and in most need of repair structures on the NEC. The tunnels were built at a time when trains could not attain high speeds and are ill-equipped for modern traffic, bottlenecking NEC traffic and severely increasing trip times. The project requires \$1.5 billion, which would replace these tunnels with new higher speed, curve-moderated alignment. As another example, the New York Penn Station Capacity Expansion and the Moynihan Station Phase Two Projects will still need at least \$1 billion to see completion and alleviate congestion.

Besides addressing specific projects along the Corridor, the Commission's report also expanded on general NEC-wide infrastructure needs. The report identifies rehabilitation of the NEC's electrical and signaling systems as one of the most pressing needs. In many areas along the Corridor, these systems deteriorated and caused significant delays. Some parts of overhead catenary wires date back to the 1930s and are unreliable and unable to adapt to modern passenger demands. Funding for most of these repairs has not been secured and will require future investment in order to handle future ridership growth. The report also addresses the need for investment in larger structures such as bridges and stations to ensure long-term reliability and growth of rail service. Dozens of small bridges over 100 years old line the Corridor and are in need of quick replacement. While most of the larger stations are undergoing expansions, most of the smaller ones have critical needs to ensure safety and comfort for their riders.

Amtrak's Vision for the NEC

In February 2012, the Federal Railroad Administration (FRA) began the comprehensive planning effort to define, evaluate, and prioritize future investments for the NEC through 2040 that is dubbed the NEC FUTURE. The NEC FUTURE project includes two parts: (1) a Tier I environmental impact statement (EIS), which is a corridor-wide environmental analysis necessary for most future federal investment; and (2) a service development plan, which is a detailed plan for rail service of all types on the corridor. The NEC FUTURE process is expected to take a total of three years, assuming continued appropriations, and is divided into three phases. While the NEC FUTURE is ongoing, there are other NEC-related projects that are being undertaken. The projects total over \$1.8 billion in various federal funds, and over \$2 billion in total funding. These projects are intended to, among other things, bring the NEC into a state-of-good-repair, upgrade track and structures, and allow for capacity improvements.

Phase	Timeframe	Goal
Phase I	1 year: Feb. 2012 – Feb. 2013	Develop Purpose & Need; Scoping Process; Begin Alternatives Development
Phase II	18 mos.: Feb. 2013 – Aug. 2014	Complete Alternatives Development; Complete Draft EIS; Complete Draft Service Development Plan
Phase III	8 mos.: Aug. 2014 – May 2015	Final EIS; Final Service Development Plan
Complete	Before end of 2015	Record of Decision

Private Sector Involvement

Private sector involvement in the NEC is certainly an option, especially with respect to infrastructure through station development or public-private partnerships. PRIIA required the Advisory Commission to develop a report that identifies prospects for further enhancement of economic development along the NEC.

Separately, while the scoping of the NEC FUTURE project is not yet completed, the FRA has issued station planning guidance that specifically notes planners should “[c]onsider value capture opportunities such as business improvement districts that could provide revenue to the rail agency.”¹ In addition, Amtrak works with the private sector to implement its major infrastructure projects, including recent projects, such as the replacement of the Niantic Bridge, a century-old bridge that serves as a key link for passenger and freight rail traffic between New York and Boston.

Some witnesses before the Subcommittee in the past have stated that private investment in station development, concessions, rights-of-way, and commercial opportunities could increase infrastructure investment on the NEC where it makes sense and save Amtrak millions of dollars. In today’s fiscal climate, it is becoming increasingly difficult for the federal government to continue to support the full financial burden of major infrastructure projects and must instead look to other sources. In general, successful public-private partnerships share financing between the public and private partners. The private sector is incentivized to participate in financing a project when there is a return on the investment, risk is minimized, and there is a consistent federal or state partner. In these arrangements, the public partner historically retains some control and management of the overall rail program to ensure that public requirements and governments standards are met.

¹ FRA, *Station Area Planning for High-Speed and Intercity Passenger Rail*, p. 12.

INVITED WITNESSES

Hon. Joseph Boardman
President and CEO
Amtrak

Mr. Bob Yaro
Executive Director
Regional Plan Association

Hon. Joan McDonald
Commissioner
New York Department of Transportation

Ms. Marilyn Taylor
Dean, School of Architecture
University of Pennsylvania School of Design