

TESTIMONY

OF

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BEFORE THE

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE

HEARING ON

**“NORTHEAST CORRIDOR FUTURE: OPTIONS FOR HIGH-
SPEED RAIL DEVELOPMENT AND OPPORTUNITIES FOR
PRIVATE SECTOR PARTICIPATION”**

THURSDAY, DECEMBER 13, 2012

10:00 A.M.

2167 RAYBURN HOUSE OFFICE BUILDING

Thank you very much for the opportunity to testify this morning, Mr. Chairman.

I know that today's hearing is meant in part as a "bookend" for the program of hearings and reviews of intercity passenger rail policy that began when you assumed the Chairmanship of the Committee two years ago. I thought that it might therefore be of interest if I reviewed some of the things Amtrak has done, particularly during the past two years, during this period to improve service on the NEC, contribute to the economy of the region we serve, and develop the only existing high speed rail service in our country.

These have been successful years. Since 2000, Amtrak's ridership has risen by almost half, and we've set nine annual ridership records in the last ten years. Our market share in the Northeast has risen dramatically. In 2000, we carried about one passenger between New York and Washington for every two carried by the airlines; today, we carry three passengers for every airline passenger. Similarly, we carried one passenger between New York and Boston in 2000 for every four who flew; today, we carry more people between these two cities than all of the airlines put together.

I think we all know what happened here. First, *Acela* and extension of electrification from New Haven to Boston brought greater speed and comfort to our services. Then, with the strong support of the Federal government, Amtrak invested heavily in the Northeast Corridor to replace aging and failure-prone components of its infrastructure. These investments improved the reliability and resilience of the system, reducing the number of failures and speeding the recovery process when they did occur. With a giant boost from the American Recovery and Reinvestment Act, these investments have allowed us to improve NEC reliability over the last

two years, so that in FY 2012 our *Acelas* were just short of 90% and our Northeast Regional services exceeded 85%, helping to make FY 2012 our best year ever for on-time performance.

During the last several years, we replaced numerous aging bridges, including the 105 year old Niantic River drawbridge, and we were able to replace deteriorating concrete ties which were forcing trains to lose time. Some of the older components of our electric traction system were replaced with modern installations that provide better reliability, and positive train control installation on the Northeast Corridor infrastructure is approaching completion. Finally, numerous improvements have been made to improve the resilience of our infrastructure. We cut back more than 230 miles of trees and other vegetation from the track, so that there would be less risk to electric traction systems and signals from falling branches and deadfall. We cleared out culverts and drainage ditches, to ensure that heavy or sudden storms wouldn't damage the track structure. These were wise investments – although just how wise, we didn't fully appreciate until Sandy hit.

Similarly, we began our fire and life safety improvement program in the New York tunnels in 2002, and we completely rebuilt the ventilation systems. This was a challenging task, requiring extended weekend tunnel outages, but it made a difference when Sandy hit. These improvements allowed us to pump out the tunnels and return them to service in days, rather than weeks.

Sandy also highlighted the fragility of our aging infrastructure, and the desperate need for new capacity. The continued operation of Amtrak service along the Northeast Corridor, and commuter rail service between New Jersey and Manhattan, is entirely dependent upon those two single track tunnels, built more than 100 years ago, that were designed to meet the transportation

demands of the early 20th century. If we fail to address the need for additional tunnel capacity and operational redundancy into New York City, as we've proposed through our Gateway Program, when the next disaster strikes, we're taking a bigger risk than the tightrope walkers in the circus at Madison Square Garden. And we don't even have a net.

Amtrak also worked with the FRA to seek out Recovery Act and High Speed and Intercity Passenger Rail grant funding to build out trip-time and capacity improvements on our existing infrastructure. With the assistance of a \$450 million grant from the FRA, we have begun the rehabilitation of the electrical system and track structure in northern New Jersey. As a preliminary step, we have been testing our *Acela* trains to ensure we meet the validation requirements for 160 mph service. We are now in the early stages of the process of planning and constructing the physical improvements that this segment needs to support faster service and more fluid movement of both Amtrak and New Jersey Transit commuter trains. We expect to complete this project in 2017.

To support these initiatives, we are also working to realign our corporate structure to transform Amtrak. Much of this effort is focused on changing the company's culture, which is a matter not only of improving day-to-day customer service, but of preparing the company for the challenges inherent in managing a transformational, multibillion dollar capital program. As you know, Amtrak has proposed several major capital investment programs for the region that are intended to transform the transportation and travel systems that underpin the regional and national economies. The company is reorganizing along "business lines" that will provide a more focused management of certain core functions. For the first time, the Northeast Corridor's

infrastructure has been identified as one of those functions, and we have created a business line dedicated specifically to its management and development.

Our ongoing transformation process is intended to create an internal corporate culture that emphasizes collaborative management and organizational improvements. The intent of this is twofold: first, to transform how we relate to one another, so that internal operations are more efficient and effective, and second, transforming the way we deal with our customers and business partners. The Northeast Corridor Infrastructure Investment and Development business line is therefore designed both to provide the expertise and the vision needed to develop and manage an asset such as the NEC and to deal effectively with the states, the commuter partners, the Federal government, and supporting organizations such as the NEC Infrastructure and Operations Advisory Commission in shaping a joint approach for the funding and improvement of this complex, multi-user corridor.

With these needs in mind, Amtrak has advanced a suite of major project proposals designed to address the NEC's growth and development needs. As laid out in 2012 NEC Vision Update report, we envision two programs that focus on improving today's NEC for all users and expanded high speed service through the development of a NextGen HSR system. The first program, our NEC Upgrade Program, is based on the strong planning work we undertook with our state, freight and commuter partners in 2010 to develop the \$50 billion NEC Master Plan, which sets out the capital investments needed to support the anticipated growth of intercity, commuter and freight service on the existing NEC between now and 2030.

This program seeks to return the NEC to a state of good repair, add additional capacity to allow limited service growth, and make targeted trip time improvements for all existing intercity, commuter and freight services. Under this program, Acela frequencies could increase to up to 3 per hour in peak periods and we could bring Washington to New York trip times down to roughly 2 hours and 15 minutes. Among the biggest beneficiaries of this program are the roughly 2,000 commuter trains that use the NEC daily. Without these improvements to the NEC, many of the commuter railroads will simply be unable to add additional trains to the NEC in the coming years. The program also includes our proposed Gateway Program to build vital track, tunnel and terminal capacity that Amtrak and the commuter carriers will need to support traffic growth into and out of Manhattan and the our Washington Union Station Master Plan to add capacity to our second busiest terminal while supporting the development of an entirely new neighborhood over our tracks.

Our second program, NextGen high-speed rail, is our biggest vision yet and is designed to provide America's economic, political, and cultural capitals here in the Northeast with the type of world-class high speed rail service the region deserves. This proposed dedicated high speed rail system would link Washington, New York and Boston on new and existing alignments, offering huge increases in service frequency at speeds of up to 220 mph. This new system is needed because the current NEC is simply too congested, with its current fleet of 2,200 daily commuter, freight and intercity trains, and too curvy, with much of its route dating back to the 1850's, to support this type of high-speed rail service. As every major high speed system around the world has shown, dedicated tracks and new alignments are necessary to support very

high speed trains and to permit the type of frequent and reliable service that has made these services financially successful.

So, taken together, these two programs will both improve the existing NEC for all users, which must be done to protect the existing services and allow near-term growth, while also creating an entirely new high speed service that unlocks the potential of our currently constrained Acela service. While these plans call for a total capital investment in the \$100 to \$150 billion range over the next 30 or so years, they will provide America's most densely-populated and congested region with a transportation alternative designed to accommodate nearly a century of growth. While all of these plans are still in the early stages, we are working now with the FRA to support their ongoing NEC service development and environmental impact analysis process, known as the "NEC FUTURE" program that will set the course of the NEC for the decades to come.

Just as the FRA analysis is carefully examining all of the alternatives and possible effects associated with a major investment in the NEC, we are studying the prospects for private financing and innovative partnerships with the private sector. As part of our planning efforts to develop our vision for the NEC, we undertook an NEC Business and Financial Plan that considers many possible strategies to fund and finance these two programs for the NEC and looks at the likely ridership and revenues opportunities that come from building such a system. With possible operating profits over a billion dollars annually and ridership well into 40 million riders a year upon full build-out, Amtrak expects that private capital funding, probably in the form of a public-private partnership, could play a significant role in this project. But, as Amtrak has testified before, international experience and our own initial investigations make it clear that

the initial stages of these programs must be funded predominantly with public money. It is only after the public sector has allocated significant funding and committed itself to a project of this magnitude that the private sector is willing to enter the deal and deliver value for money. In fact, looking around the world, private sector involvement in high speed rail development is often sought after a government or state railway has constructed a line and high speed rail service is initiated. Once these services are generating revenue streams and most of the planning, environmental and financing risk has been borne by the public, these projects can and will attract private funding that can help repay initial capital costs.

Much of the work I have described has been accomplished in the past two years; more will be accomplished in the years to come. While I am certain that we have been good stewards of the existing system, I believe we have a responsibility to help create an integrated vision and a partnership for the further development of the NEC. Through our significant participation in the 8th World Congress on High-Speed Rail in Philadelphia this past year to our on-going collaboration with the DOT, our partner railroads and the states in the NEC Commission , the degree of Amtrak's involvement in cooperative planning and the sharing of best practices far exceeds anything that has come before. We have created a plan and are busy assembling a coalition of supporters; the next step will be obtaining Federal support, for as I said earlier, any plan on this scale can only advance with Federal support. Last week I asked the Senate Commerce Committee to consider the first tranche of funding - \$336 million, which will fund both our recovery from the impacts of Sandy and the early initial elements of the Gateway program. While this is an enormous capital challenge, I believe the cost of inaction is far greater. If there ever was a project of national significance requiring Federal leadership, this is it, and I

firmly believe that if we can get the federal government to make some initial commitments to this program, we can build a coalition of states, cities, other NEC users, and the private sector that can turn this vision into reality.

So, while finding that funding will be a major challenge, I am confident that we have mapped out a workable plan, and that our search for a truly regional solution to the challenges of capacity and resilience will be successful. This region is the nation's economic powerhouse, generating one out of every five dollars of GDP. Eighty percent of its population lives within twenty-five miles of the NEC. NEC rail service is increasingly sought out by travelers who are sick of congealing highways and clogged airports. If we are to continue to provide the nation and the region with a workable transportation alternative, we will need significant investment. We have often spoken of Amtrak in the past as a transportation alternative, but as the market share data I mentioned earlier shows; we are not so much an alternative as a preferred choice. It's clear to me as a businessman that the market is sending us a message – and I look forward to working with the Committee in the months and years to come as we work together to answer that message, invest in our country's future, and provide the region with the travel choices it wants and needs.