

**PASSENGER RAIL:
INVESTING IN OUR NATION'S FUTURE**

HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
AND MERCHANT MARINE INFRASTRUCTURE,
SAFETY, AND SECURITY

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

DECEMBER 10, 2014

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ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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CONTENTS

Hearing held on December 10, 2014	Page 1
Statement of Senator Blumenthal	1
Statement of Senator Blunt	2
Statement of Senator Ayotte	32
Statement of Senator Booker	34
Statement of Senator Klobuchar	36
Statement of Senator Nelson	40

WITNESSES

Hon. Peter M. Rogoff, Under Secretary for Policy, U.S. Department of Transportation	3
Prepared statement	5
Hon. Anthony R. Coscia, Chairman, Amtrak Board of Directors	11
Prepared statement	12
John Previsich, President, SMART—Transportation Division	16
Prepared statement	18
Ray B. Chambers, Executive Director, Association of Independent Passenger Rail Operators (AIPRO)	21
Prepared statement	22

APPENDIX

James P. Redeker, Commissioner, Connecticut Department of Transportation; Chair, Northeast Corridor Infrastructure and Operations Advisory Commission, prepared statement	47
Response to written questions submitted to Hon. Anthony R. Coscia by:	
Hon. John Thune	49
Hon. Roy Blunt	49

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WEDNESDAY, DECEMBER 10, 2014

U.S. SENATE,
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND
MERCHANT MARINE INFRASTRUCTURE, SAFETY, AND SECURITY,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:35 p.m. in room SR-253, Russell Senate Office Building, Hon. Richard Blumenthal, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. RICHARD BLUMENTHAL, U.S. SENATOR FROM CONNECTICUT

Senator BLUMENTHAL. I am very pleased to open this hearing of the Subcommittee on Surface Transportation of the Senate Commerce, Science, and Transportation Committee.

And I want to particularly thank Senator Blunt for his very hard work, good work over the last couple of years as the Ranking Member. This is undoubtedly the last hearing of this subcommittee under our leadership, but it has been really our leadership. It has been a great partnership and I want to thank him. I have appreciated all of our work together.

And I want to also thank our staff who has done a remarkable job of focusing on some of the key issues that confront our infrastructure and transportation system around the country. It is a challenge that will endure well beyond this Congress, but hopefully will be better addressed during the next Congress.

Passenger rail service is a critical link between people, jobs, and opportunities. It is vital to economic growth and job creation. And that is one of the reasons why it really has to be viewed as an urgent and immediate priority of our Nation. The benefits are enormous not only economically but rail also reduces congestion and takes people off our roads. It connects our major metropolitan areas, and it provides an economic lifeline that is essential to many communities. Loss of rail service would cost the economy \$100 million a day. And right now, while we have not lost rail service, we are failing to use it as well and expansively as we should.

On the Northeast Corridor, Amtrak and the passenger rail network have unmet needs and some estimate those needs at nearly \$50 billion. That is not just for convenience or luxury measures. It is essential to keep our bridges, railroads, equipment functioning as they have to do. Some of our bridges are more than 100 years old. The Walk Bridge in Norwalk was built during the presidency

of Grover Cleveland. It regularly stalls and is stuck in an open position paralyzing rail traffic up and down the East Coast. One bridge built more than 100 years ago can paralyze the whole eastern corridor. And that is why the rail system must be rebuilt and rejuvenated.

I am hopeful that the Congress will act expeditiously in the new year to renew the surface transportation bill. I am committed to ensuring that passenger rail is an important part of it and included within that legislation. And I am hoping also that the reforms that I proposed in the bill that I have introduced regarding passenger rail, particularly safety and reliability, will be addressed as well.

I am grateful for the testimony of our witnesses, and I am looking forward to their advice as to how we can fix these problems. It is not a luxury. It is an essential fact of American economic and cultural life that we must rebuild our railroads, provide safety and reliability, which is so sorely lacking in many parts of the country. Senator Blunt?

**STATEMENT OF HON. ROY BLUNT,
U.S. SENATOR FROM MISSOURI**

Senator BLUNT. Well, thank you, Chairman. Thank you for this hearing today. And thank you for your aggressive leadership of this subcommittee. We have had a number of hearings on many issues and particularly on the passenger rail issues. You have brought a knowledge and understanding and a commitment to these issues that has really defined the discussions our committee has had, and hopefully those discussions work into more long-term legislation in the future. I know we are all frustrated that in recent years, we just barely managed to kick the funding bills and the highway bills and the transportation bills forward just a little bit rather than deal with them as we should so that we can look at a long-term, integrated system that works in the best possible way.

Passenger rail in this country worked extraordinarily well and served the country well, and then as other means of transportation came along, we probably did not pay as much attention nationally to passenger rail as we should have. And it is turning our attention back to that and the way that, Mr. Chairman, you have helped focus this committee I think is a really good thing. As we have challenges of people and transportation in all systems, the railroad still is an incredibly efficient way to move people and to move things around and how we meet the balance between passenger needs and freight needs, both of which are really important to our economy and both of which have a real impact on the way the rest of the transportation network works, is particularly important.

Hopefully, we will learn some lessons from these hearings. I think the Passenger Rail Investment and Improvement Act of 2008 created a way for passenger rail competition to be introduced into the system with no disrespect for anything else. We almost all benefit from competition. State transportation agencies have increasingly looked at the competitive model as one of their alternatives, and that probably is a good thing for passengers as everybody tried to think how can we provide a better service at the best possible cost.

The competitive rail market has emerged. The Herzog companies, headquartered in St. Joseph, Missouri, were the first independent company to enter the competitive passenger rail market in the United States. Now they provide services to 80 million passengers each year. And what they have learned that can be shared with Amtrak and other providers and vice versa is an important thing. I think that is one of the reasons that hearings like this serve a real purpose so that information can be shared, that we can understand how we can look at better ways to do what we are doing. Competition is a good thing, and I am pleased we have a witness on the panel today to talk about the competitive model, as well as witnesses to talk about the Amtrak model and other models.

But your leadership here has been important. It has been a privilege for me to serve with you as the ranking member on this committee. And thanks for having this hearing today.

Senator BLUMENTHAL. Thanks very much, Senator Blunt.

Let me introduce the panel and then ask each of you to make an opening set of remarks.

The Honorable Peter Rogoff, the Under Secretary for Policy at the United States Department of the Transportation, a wealth of experience in this areas who speaks not only for the administration but also as a participant in the Northeast Corridor Commission. Thank you for being here.

The Honorable Anthony R. Coscia, who is Chairman of the Board, of the National Railroad Passenger Corporation, Amtrak. Thank you for a lifetime of public service, Mr. Coscia, and for your expertise and experience in this area and for speaking to the need for a Federal partnership and the need to invest in the system that you so ably head.

Mr. John Previsich, who is President of SMART Transportation Division, S-M-A-R-T, who speaks for tens of thousands of very dedicated, honorable, hardworking employees in the rail labor workforce. Thank you for so ably representing them and for being here with us today.

And Mr. Ray Chambers, Executive Director of the Association of Independent Passenger Rail Operators. The companies that you represent I know seek to improve their passenger service and offer alternatives, including potentially the Hartford-Springfield line expanded to accommodate even more passengers. So we thank you.

So, Mr. Rogoff, if you could begin please.

**STATEMENT OF HON. PETER M. ROGOFF, UNDER SECRETARY
FOR POLICY, U.S. DEPARTMENT OF TRANSPORTATION**

Mr. ROGOFF. Thank you, Chairman Blumenthal, and thank you for inviting me here today to discuss the future of intercity passenger rail service and the GROW AMERICA Act, the Obama administration's surface transportation reauthorization plan.

Secretary Foxx formally transmitted the GROW AMERICA Act to Congress in April of this year. It is a 350 page, \$302 billion, comprehensive, four year surface transportation reauthorization proposal. Importantly, the bill includes its own title to authorize and fund the improvement and expansion of our passenger rail network. That title sits right alongside our other titles to rebuild our

highway system, expand our bus networks, improve highway safety, streamline the environmental approval process, and strengthen our Buy America laws.

This is the first time any administration has transmitted a surface transportation bill to Congress that fully integrates passenger rail programs and policies into its vision for the future. We strongly urge the Congress to follow suit.

For too long, the debates over passenger rail have centered solely around the funding needs of Amtrak while the broader debates over highway and transit funding formulas and policies have taken place in other committees and during different years.

The GROW AMERICA Act is built around the policy imperatives presented by the fact that the decennial census tells us that our Nation will see an additional 100 million citizens by the year 2050, 100 million citizens who will put dramatically increased demands on our surface transportation system both in moving people and freight.

The decisions Congress will make in the next few months will determine whether we will have a transportation system that allows our economy to grow and employ 100 million additional citizens or a transportation system that drags down our economy along with our quality of life.

As we face this challenge, passenger rail must be part of the solution. Most states and cities across the country already know that they simply cannot solve the problem of increasingly punishing congestion by adding highway lanes or building new runways. Indeed, most communities do not have the space or the resources to do either.

That is why we are now seeing Governors across the country of all political stripes significantly expand their state contributions to improve or expand intercity passenger rail. Just since 2009, 32 states and their partners have invested more than \$4 billion through the President's high-speed rail initiative. Through this program, states have greatly over-matched their Federal grants for the purpose of accelerating the deployment of new or higher performing service. Governors are also putting up additional funding to maintain or improve their state-supported Amtrak service. Governor Malloy in Connecticut, as the chairman pointed out, is contributing \$175 million for improvements to the New Haven-Hartford-Springfield project. Governor Quinn in Illinois has pledged more than \$120 million for the Chicago-St. Louis corridor. And Governors like Rick Snyder in Michigan, Mary Fallin in Oklahoma, Tom Corbett in Pennsylvania, Nathan Deal in Georgia—they are committing millions of their state dollars to maintain or expand passenger rail service. They are not doing it simply because they like trains. They are doing it because their people need the mobility and the continuation or expansion of rail service is essential to the future economic prosperity of their states. I think it also plays into the efficiency issue that Senator Blunt made reference to in his opening remarks.

For the fiscal year that just ended, Amtrak carried 30.9 million passengers and served more than 500 cities. The GROW AMERICA Act authorizes \$19 billion for 4 years to enable us to continue to partner with the Governors and grow passenger rail ridership as America's population continues to grow.

At the center of our proposal is the creation of a new rail account within the Transportation Trust Fund to provide predictable, dedicated funding for rail. Highways, transit, aviation, inland waterways, ports, and harbors have all benefited from dedicated trust funds. Rail is unique in that it lacks a committed source of Federal revenue, and as a result, passenger rail capital investments have generally failed to keep up with the needs of the fleet or infrastructure.

The Northeast Corridor alone requires investments of nearly \$1.5 billion per year over 15 years just to bring the corridor into a state of good repair and maintain it in that condition. Yet, at the same time that the corridor investments have fallen well short of that funding level, the ridership on the Northeast Corridor just reached a new record of 11.6 million passengers a year.

Chairman Blumenthal, you talked about the Walk Bridge. You could add to that list of decaying infrastructure that needs attention that is over 100 years old things like the Portal Bridge in New Jersey, which was just featured on a Sunday news section. There was a focus also, as we all know, on the demise of the Arc Tunnel project, and that also leads to two rail tunnels that are absolutely essential to mobility up and down the Northeast. That also must be addressed. Those tunnels are well over 100 years old.

By providing predictable and dedicated funding for rail and placing rail on par with other modes of transportation, the GROW AMERICA Act will give Amtrak states and localities the certainty they need to effectively plan and execute the rail networks we will need to support our future economic prosperity.

I thank you for the opportunity to appear here this afternoon, and I look forward to your questions.

[The prepared statement of Mr. Rogoff follows:]

PREPARED STATEMENT OF HON. PETER M. ROGOFF, UNDER SECRETARY FOR POLICY,
U.S. DEPARTMENT OF TRANSPORTATION

Chairman Blumenthal, Ranking Member Blunt, Members of the Subcommittee:

Thank you for inviting me here today to discuss intercity passenger rail and our comprehensive multimodal surface transportation reauthorization plan—GROW AMERICA.

The GROW AMERICA Act is a \$302 billion, four-year transportation reauthorization proposal built around the policy imperatives presented by the fact that the decennial census tells us that our Nation will see an additional 100 million citizens by the year 2050—100 million citizens that will put dramatically increased demands on our surface transportation system, both in moving people and freight. The legislation was formally transmitted to the House and Senate by Secretary Foxx in April of this year.

The GROW AMERICA Act takes an integrated systems approach to meet those transportation challenges facing the country today. As the demands presented by this population growth increase every day, our transportation system is forced to become more connected—from highways and transit, to freight and passenger rail—to adapt.

Our intercity passenger rail system carries more than 30 million passengers to more than 500 American cities each year. Over the last 35 years, travel by passenger rail alone has increased by 62 percent. In forecasting growth over the next 35 years, investment in America's passenger rail system is essential. The GROW AMERICA Act authorizes \$19 billion over four years to invest in a National High-Performance Rail System. One of the hallmarks of this proposal is the creation of a new rail account within the transportation trust fund to provide predictable, dedicated funding for rail.

State Support for Passenger Rail

Supporting the Nation's intercity passenger rail system has not just been a solely Federal commitment or Amtrak endeavor, but it is a priority that has also ranked high for states in recent years. Since 2009, 32 states and their partners have invested more than \$4 billion in matching funds against the FRA's primary intercity passenger program, the High-Speed Intercity Passenger Rail (HSIPR) Program, including Connecticut DOT contributing \$175 million for improvements to the New Haven-Hartford-Springfield project and Illinois DOT pledging more the \$120 million for the Chicago-St. Louis Corridor Program. Altogether, 80 percent of the HSIPR Program did not require a state match, yet despite the absence of a match requirement, states have invested over \$3 billion into the system. We have included a detailed summary, in the form of an attachment, of these investments, organized by state and the supporting governors who applied for these Federal dollars.

Also, 18 states have demonstrated their commitment to intercity passenger rail by contributing approximately \$280 million annually to continue operating Amtrak's 29 state-supported short-distance routes—services that carry nearly half of Amtrak's annual riders and provide viable transportation choices to the communities they serve.

Predictable, Dedicated Funding for Rail

Highways, transit, aviation, inland waterways, ports and harbors all benefit from dedicated trust funds. Rail is unique in that it lacks a committed source of Federal revenue. As a result, passenger rail capital investments have generally failed to keep up with the needs of existing fleet and infrastructure, leading to a backlog of state of good repair and other basic infrastructure needs. There is currently a multi-billion dollar backlog of projects required to maintain a state of good repair on our Nation's rails, as well as a significant deficit in the capital funding available for maintaining assets and adding capacity for anticipated increases in demand. The Northeast Corridor alone requires investments of nearly \$2 billion per year to maintain good repair.¹ By providing predictable, dedicated funding for rail and placing rail on par with other modes of transportation, GROW AMERICA gives states and localities the certainty they need to effectively plan and execute projects that will improve transportation infrastructure, allow regions and states to achieve their long-term visions for rail transportation, provide accessibility to destinations near and far, and support economic growth.

National High-Performance Rail System

Our nation has not shied away from doing big things to move people and goods, and our rail system should be the envy of the world. In GROW AMERICA, \$19 billion is proposed to address the backlog of disrepair, as well as maintain, expand and improve America's passenger rail network. In addition to making necessary infrastructure investments, these programs improve safety and provide accessibility to disabled Americans, as well as invest heavily in long distance routes, linking Americans in rural and suburban communities to urban areas. Our National High-Performance Rail System proposal allocates funds to two new programs aimed at promoting market-based investments to enhance and grow rail:

- *Current Passenger Rail Service Program*—Over four years, the Act will provide \$9.5 billion to maintain the current rail network in a state of good repair and continue existing services. A significant portion of these funds is intended for “Fix-It First” projects, a multi-modal GROW AMERICA initiative directed at reducing and eliminating the massive investment backlog caused by years of deferred maintenance on our Nation's transportation infrastructure. The Current Passenger Rail Service Program will also fully fund Amtrak and organizes grants around Amtrak's main lines of business: the Northeast Corridor, State Corridors, Long-Distance Routes, and National Assets. This includes:
 - \$2.6 billion to bring Northeast Corridor infrastructure and equipment into a state of good repair, thus enabling future growth and service improvements;
 - \$600 million to replace obsolete equipment on state-supported corridors and to facilitate efficient transition to financial control for these corridors to States, as required by Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA);
 - \$3.1 billion to continue operations of the Nation's important long-distance routes, which provide a vital transportation alternative to both urban and rural communities;

¹ Amtrak. “Northeast Corridor State of Good Repair Spend Plan.” April 2009

- \$1.8 billion to improve efficiency of the Nation's "backbone" rail facilities, make payments on Amtrak's legacy debt, and implement Positive Train Control (PTC) on Amtrak routes; and
- \$1.4 billion to bring stations into compliance with the Americans with Disabilities Act (ADA).
- *Rail Service Improvement Program*—The Act provides an additional \$9.5 billion to expand and improve America's rail network to accommodate growing travel demand, which includes:
 - \$6.4 billion to develop high-performance passenger rail networks through construction of new corridors, substantial improvements to existing corridors, and mitigation of passenger train congestion at critical chokepoints;
 - \$2.4 billion to assist commuter rail lines in implementing positive train control (PTC) systems;
 - \$500 million to help mitigate the negative impacts of rail in local communities through rail line relocation, grade crossing enhancements, and investments in short line railroad infrastructure; and
 - \$300 million to develop comprehensive plans that will guide future investments in the Nation's rail system and to develop the workforce and technology necessary for advancing America's rail industry.

Transparency, Accountability, and Engagement

GROW AMERICA proposes additional measures to build upon transparency, accountability, and engagement efforts under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Under PRIIA, Congress sought to improve stakeholder collaboration and the methods for appropriately allocating costs on the Northeast Corridor and state-supported routes, develop standards for the next-generation of passenger locomotives and rail cars, and apply Buy America requirements to the High-Speed Intercity Passenger Rail (HSIPR) Program. In addition to continuing these key initiatives GROW AMERICA proposes to undertake new efforts to improve transparency, accountability, and engagement, including:

- *Amtrak Business Line Structure*—As stated, GROW AMERICA organizes financial support for Amtrak's existing passenger rail services by "business lines." This structure improves transparency and accountability for taxpayer investments by aligning costs, revenues, and Federal grants to business lines to better ensure that our investments are advancing the Nation's goals and objectives for rail services.
- *Amtrak Business Line Planning*—GROW AMERICA also requires Amtrak to engage in annual five-year operating and capital planning to focus on the long-term needs of its business lines. Capital asset plans will describe investment priorities and implementation strategies and identify specific projects to address the backlog of state of good repair needs, recapitalization/ongoing maintenance needs, upgrades to support service enhancements, and business initiatives with a defined return on investment.
- *Regional Planning*—Planning at regional level facilitates will consider the integration of rail projects with other modes, promotes greater stakeholder involvement, and can yield more cost-effective priorities for a limited pool of Federal dollars. GROW AMERICA authorizes DOT to establish Regional Rail Development Authorities (in consultation with state governors) to undertake and coordinate these important planning initiatives.
- *Buy America*—GROW AMERICA will strengthen Buy America requirements in current law by ensuring uniform applicability to all of the Federal Railroad Administration's financial assistance programs.
- *ADA Compliance*—GROW AMERICA authorizes \$1.4 billion to bring all Amtrak-served rail stations into compliance with the ADA. The Obama Administration is strongly committed to making the Nation's rail system accessible and comfortable for all Americans.
- *Platforms*—GROW AMERICA standardizes passenger equipment and platform heights to increase interoperability of services and equipment, as well as better provide for safe boarding and alighting.
- *Commuter Rail PTC Implementation*—DOT recognizes the significant technical and programmatic challenges facing commuter railroads in meeting the December 31, 2015 deadline for PTC implementation, as well as the limited capital resources available to commuter railroads to fund these costs. GROW AMERICA authorizes \$2.4 billion to assist commuter rail lines in implementing PTC

systems. Commuter railroads play a vital role in our Nation's transportation network, carrying over 1.7 million passengers per day, and it is important that Congress provide the resources necessary to meet this safety mandate.

Opportunity for Investment

The programs and policies set forth in the GROW AMERICA Act position intercity passenger rail to play a key role in addressing the 21st century transportation challenges facing the United States, which include:

- *Population Growth*—As stated, an additional 100 million people are projected to reside in the United States by 2050. The vast majority of this growth will be concentrated in a small number of “megaregions.”
- *Congestion and Mobility*—Highway and aviation congestion continues to rise, with an estimated economic impact growing from \$24 billion in 1982 to \$121 billion in 2011 in lost time, productivity, and fuel.² In many places with the worst congestion, expanding airports and highways is difficult, as land is limited and environmental/community impacts are significant.
- *Energy consumption*—In 2010, the United States used more than 13 million barrels of oil every day for transportation. U.S. citizens consume nearly twice the oil per capita as citizens of Organization for Economic Cooperation and Development (OECD) member nations.³
- *Energy costs*—The inflation-adjusted cost of oil increased 129 percent from 1990 to 2010. As a result, Americans spent \$630 million more *per day* on oil for transportation than they did 20 years earlier—an average annual increase of nearly \$750 for every American. The Energy Information Administration expects crude oil prices to rise an additional 50 percent between 2011 and 2035.⁴
- *Environmental Protection*—In April of 2014, the Inventory of U.S. Greenhouse Gas Emissions and Sinks found that the U.S. emitted 7.6 percent more greenhouse gases in 2010 than it did in 1990.⁵ In addition, 27.3 percent of all greenhouse gas emissions are from the transportation sector. Many of these emissions have serious public health implications, which can have substantial impacts on quality of life and the economy.

While intercity passenger rail and the GROW AMERICA Act are uniquely well-suited to help address these transportation challenges, there has also been a clear demonstration that the American people want rail in their suite of transportation options:

- *Ridership*—Demand for passenger rail continues to climb across the United States. In FY 2014, Amtrak carried 30.9 million passengers and set a new ridership record on the NEC with 11.6 million passengers. These ridership levels are being achieved even before the substantial service improvements funded in recent years begin to come online. Once new trains are added and trip times and delays are reduced, the system will attract even higher levels of ridership.
- *Changing Demographics*—As the U.S. population grows, it is also changing. A large number of Americans are entering their retirement years and are choosing to drive less often, particularly over longer distances. Only 15 percent of Americans older than 65 drive regularly, and that rate declines to just 6 percent for those older than 75.⁶ At the same time, younger generations of Americans are choosing to drive both less often and for fewer miles than previous generations, and are obtaining driver's licenses at record low rates.⁷ This cohort uses public transportation more frequently than older Americans and has different expectations for the composition of their transportation system.
- *Funding Demand*—Nearly every region in the U.S. has demonstrated demand for investments in passenger rail services. Between August 2009 and April 2011, FRA evaluated nearly 500 HSIPR Program applications submitted by 39 States, the District of Columbia, and Amtrak, requesting more than \$75 billion for rail projects. In the absence of recent HSIPR appropriations, prospective applicants have also turned to the Transportation Investment Generating Eco-

² Texas Transportation Institute, *2012 Urban Mobility Report*, December 2012.

³ U.S. Central Intelligence Agency, *World Factbook: United States*, August 1, 2012.

⁴ U.S. Energy Information Administration, *AEO2012 Early Release Overview*, January 23, 2012.

⁵ U.S. Environmental Protection Agency, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2012*, April 15, 2014.

⁶ AARP, *Travel Behavior by Age*, 2012.

⁷ Dutzik, Tony; Inglis, Jeff; Baxandall, Phineas, *Millennials in Motion*, Frontier Group/U.S. PIRG Education Fund, October 2014.

nomic Recovery (TIGER) program, which has awarded more than \$300 million for intercity passenger rail projects since the passage of the Recovery Act.

- *Pipeline of Projects*—Since 2009, investment among stakeholders has reached approximately \$75 million in planning studies to establish a pipeline of much-needed, future rail projects. The GROW AMERICA Act authorizes the funding required to make market-based investments to turn these studies into improved and new services.

Conclusion

Thank you for inviting me to appear before this committee and discuss the future of intercity passenger rail in the United States. Between the passage of PRIIA and the Recovery Act, as well as the creation of the high-speed program and TIGER programs, the last six years have been a busy time for intercity passenger rail. The Administration is encouraged that Congress is continuing to contemplate how to best advance the next phase of our country's network. Coupled with investments in our highways, bridges, transit system and freight network, we believe GROW AMERICA represents an opportunity to strengthen the safety, efficiency and reliability of intercity passenger travel across the country.

This plan will increase capacity to move people and goods. It will connect Americans to centers of employment, education and services, supporting millions of well-paying jobs. Finally, it will enable our partners to invest in transformative transportation projects that improve our global competitiveness, connectivity, and safety for all modes of transportation.

Thank you and I am happy to respond to your questions.

ATTACHMENT

HSIPR Program Matching Funds By State

State	Governor	Affiliation	State/Partner Match
AL	Robert Bentley	Republican	\$100,000
CA	Arnold Schwarzenegger	Republican	\$2,840,490,031
	Jerry Brown	Democrat	\$530,773,600
CO	Bill Ritter	Democrat	\$ 377,848
	John Hickenlooper	Democrat	\$1,500,000
CT	Dannel Malloy	Democrat	\$174,702,904
DC	N/A	N/A	\$4,370,500
DE	Jack Markell	Democrat	\$3,892,942
GA	George Perdue	Republican	\$ 752,000
	Nathan Deal	Republican	\$1,025,000
IA	Terry Branstad	Republican	\$2,325,503
ID	Butch Otter	Republican	\$50,000
IL	Pat Quinn	Democrat	\$177,452,082
KS	Mark Parkinson	Democrat	\$450,000
	Sam Brownback	Republican	\$25,000
MA	Deval Patrick	Democrat	\$17,955,423
MD	Martin O'Malley	Democrat	\$1,500,000
ME	Paul LePage	Republican	\$150,000
MI	Rick Snyder	Republican	\$54,873,092
MN	Mark Dayton	Democrat	\$ 11,600,000
MO	Jay Nixon	Democrat	\$19,484,835
NC	Beverly Perdue	Democrat	\$22,878,420
NH	John Lynch	Democrat	\$500,000
NJ	Chris Christie	Republican	\$16,500,000
NM	Bill Richardson	Democrat	\$100,000
NV	Brian Sandoval	Republican	\$358,631
NY	David Paterson	Democrat	\$4,100,000
	Andrew Cuomo	Democrat	\$111,470,610
OK	Mary Fallin	Republican	\$1,986,359
OR	Ted Kulongoski	Democrat	\$5,924
	John Kitzhaber	Democrat	\$6,991,808
PA	Tom Corbett	Republican	\$4,988,000
RI	Lincoln Chafee	Independent	\$750,000
TX	Rick Perry	Republican	\$1,400,000
VA	Bob McDonnell	Republican	\$11,077,000
VT	Jim Douglas	Republican	\$20,462,455
WA	Christine Gregoire	Democrat	\$74,710,052
WV	Earl Ray Tomblin	Democrat	\$666,662
<i>Total</i>			<i>\$4,122,796,680</i>

Senator BLUMENTHAL. Thanks very much, Mr. Rogoff.
Mr. Coscia?

**STATEMENT OF HON. ANTHONY R. COSCIA, CHAIRMAN,
AMTRAK BOARD OF DIRECTORS**

Mr. COSCIA. Thank you, Chairman Blumenthal. And let me start by acknowledging with gratitude your contribution as chair of this subcommittee. The Amtrak family has certainly benefited from your leadership, but far more importantly our millions of riders have benefited from your leadership and wisdom. And we are very grateful for that and look forward to continuing to work with you in the future.

Senator BLUMENTHAL. Thank you.

Mr. COSCIA. This is a very interesting and opportune time for us to be having this discussion. Amtrak recently finished its Fiscal Year reporting for Fiscal Year 2014, and the results were extremely positive from an operational standpoint. \$3.2 billion in revenue set a record, 8 record years out of the last 9. And what is even more noteworthy is that our operating deficit, the Federal requirement to cover losses in the system dropped to \$227 million in Fiscal Year 2014. That is the lowest in the company's history in inflation-adjusted dollars, which shows you that there is a real opportunity here that is important for us all to sort of grab on to. We run a system that essentially covers all of its operating costs to the tune of almost 93 percent. It is an incredibly enlightening statistic which has you asking the primary question of, well, why is all of this changing.

And the reality is that Amtrak certainly has done a number of things in the last several years that have made it a stronger business. In the absence, candidly, of the kind of resources that would give people the opportunity to do whatever they want, Amtrak has had to force itself to do more with less, and that is something that it has grasped and taken hold of in a way of being a good steward of the assets that are given to Amtrak to run.

But just as importantly, America is changing. Its reliance on intercity travel is something that is far greater than it has ever been. The kind of ridership we are seeing among millennials and others shows that there is an increasing interest in creating connectivity between cities, and it is something that creates an opportunity that I think as a Nation we should be embracing.

There is a broad opportunity available today to create intercity travel not just on the Northeast Corridor, but among city pairs that exist around the Nation, from Charlotte to Atlanta, Tucson to Phoenix, Dallas to Houston. There are multiple opportunities throughout the country to create a national system that would allow these city pairs to function and to function efficiently.

And we think that our experience in the Northeast Corridor is showing us that that is absolutely possible. The kind of mobility that we create along the Northeast Corridor, the kind of demand that we see is an indication of just how much interest there is around the country in passenger rail for a whole series of reasons that reflect as much the changing demographic of how people live and operate in the Nation as it does the system itself.

But the truth is that as much as we have been able to make great, great progress in operating the system, Amtrak as an enterprise is seriously undercapitalized. Everyone understands this and everyone knows it, but the reality is that we run the risk of all the gains that we have achieved in the last decade evaporating because of our inability to provide the kind of capital investment that the system needs to be truly an effective part of the Nation's transportation system.

Nowhere is that more evident than in the part of the system that is the most successful, which is the Northeast Corridor. There are a number of points of failure in the Northeast Corridor that put the system in great jeopardy, and there are things that we need to attack and we need to attack them very aggressively.

There has been mention of the trans-Hudson tunnels. Some of us have been working on that process for quite a long period of time, and the reality is that the Gateway program that Amtrak is proposing represents the kind of solution that has been fully embraced by many but where there needs to be a sense of leadership now in order to bring this to the next step. And we believe that leadership has to come from the Federal Government. A national system of intercity transportation that connects cities throughout the country is not really possible without the kind of Federal commitment that will provide multiyear funding to the kind of capital investments that we think will provide the level of leadership and bring together not just Amtrak but our state partners as stakeholders, private sector investors who may be interested, our labor partners. Someone has to lead that effort, and it is our view that the Federal Government's role in that effort is the level of leadership that we believe will give us the kind of system that is comparable to the systems that we all hear about in other parts of the world where there has been that kind of a focused, centralized effort.

We applaud the administration's proposal in the GROW AMERICA Act. We believe it is the right way to start creating the right emphasis on passenger rail, and we are hopeful that we can play a part in that.

[The prepared statement of Mr. Coscia follows:]

PREPARED STATEMENT OF HON. ANTHONY R. COSCIA, CHAIRMAN,
AMTRAK BOARD OF DIRECTORS

Chairman Blumenthal, Ranking Member Blunt, and distinguished Members of the Committee, thank you for inviting me to testify on Amtrak's behalf about the future of passenger rail in America. Today's hearing is timely: Amtrak just completed its fiscal year and the results clearly affirm that intercity rail plays an essential role in America's transportation landscape. With unaudited annual revenues totaling approximately \$3.2 billion, Amtrak achieved its fifth consecutive year of revenue growth and its eighth year of revenue growth in the last nine years. These revenues, coupled with careful cost management, have significantly reduced our reliance on taxpayers for an operating subsidy: in Fiscal Year 2014, our Federal operating funding requirement was \$227 million, more than \$100 million less than in Fiscal Year 2013, and Amtrak's lowest operating requirement ever, in inflation-adjusted dollars. Taken as a whole, the Federal operating subsidy covers only 7 percent of Amtrak's operating costs, with the balance covered by corporate revenue and state support. In recognition of our strong financial performance, last month, Moody's Investor Service affirmed Amtrak's A1/Stable debt rating.

The improvements in Amtrak's financial performance are not accidental. Amtrak's record financial results have been aided by significant ridership growth, particularly along the company's densely populated intercity routes. The Northeast Corridor (NEC) experienced its highest ridership ever in FY 2014, as did eight other intercity

routes. This increase in ridership is in turn attributable to significant demographic trends, with travelers increasingly turning to passenger rail as a way to move between cities quickly and safely, and to avoid congestion on other modes. Passenger rail is especially popular among members of the millennial generation. Recognition is also due to Amtrak's investments in e-ticketing and broadband, all of which improve the customer experience and drive revenue growth. Finally, Amtrak's management has undertaken a number of initiatives in recent years to manage expenses and improve the company's bottom line. We understand that the continuity of Federal support for Amtrak is tied to our ability to demonstrate that we are using taxpayer funds wisely.

We are pleased with Amtrak's recent performance but it would be a mistake, in my judgment, to rest on our laurels. I believe that intercity passenger rail, given financial support commensurate with demand and a fundamental rethinking of our Nation's transportation strategy, can do so much more for America. Amtrak's growth over the past ten years is the tip of the iceberg compared with the true, unmet demand for high-quality rail service connecting America's major metropolitan areas. The success of many foreign systems, as well as our own Northeast Corridor demonstrates that rail is optimally suited to serve the needs of those traveling between major cities within 100–500 miles of each other. Across the globe, high-speed and higher-speed trains are not only an essential mode of transportation in such corridors, but also a significant driver of local development and economic growth. This trend is clearly revealed in Amtrak's own ridership results, where well over 85 percent of all trips are for journeys less than 250 miles and less than 5 percent of trips are for journeys more than 400 miles. Even on Amtrak's long-distance routes of 750 miles and longer, the vast majority of riders use our trains to connect to intermediate destinations rather than the end points.

And yet America has yet to fully embrace investments in passenger rail as a tool to grow our regional and national economies, reduce traffic congestion on other modes, and create new travel opportunities. Record Amtrak ridership in the country's mega-regions—not only the NEC, but also the Chicago Hub area, California and the Pacific Northwest—hints at the tremendous opportunity for truly modern passenger rail service links between dynamic city pairs. Passenger rail could be so much more, our economies could be stronger, and our lives better, if trains were faster, more frequent and more reliable in these regions. This is to say nothing of the regions around the country where little or no high-quality rail connects metropolitan areas—regions like Atlanta to Charlotte, Houston to Dallas, Miami to Tampa, Pittsburgh to Cleveland, and Tucson to Phoenix. As a nation, we are squandering opportunities to improve our economies and quality of life by failing to make investments in the type of high-quality rail service that Amtrak plans for the NEC and that we see in existence or under development in nearly every other major economy in the world.

As we look ahead to the reauthorization of Amtrak and the Nation's intercity passenger rail programs, and the expiration of the Highway Trust Fund, I respectfully submit that Congress should focus on ways to unlock rail's potential for America's major city pairs. As discussed at further length later in my testimony, the development of intercity corridors will require Federal leadership, expanded and predictable funding, and a new policy framework. At the same time, we at Amtrak must expand upon the successes that we've achieved with intercity rail, especially in the NEC, to other regions around the country, and to orient our business to serving such corridors. In order to achieve this, we will have to continue to improve customer service, strengthen our operations, rethink various aspects of our network, and improve project delivery. We must also think creatively and proactively about utilizing and developing our assets, so that we can harvest the latent potential found in our stations, right-of-way and infrastructure. Moreover, we need to consider opportunities to attract private sector participation in order to access its capacity for swift project execution and capital formation. I look forward to working with the Members of this Committee to prepare Amtrak for this new challenge, so that we can deliver the benefits of modern intercity rail to the Nation.

Before turning to how we can realize the great potential for Amtrak and intercity rail in our Nation's transportation future, it is important to highlight a critical point: *Amtrak's operating performance in recent years obscures serious and growing capital challenges.* To put it bluntly, Amtrak does not have sufficient capital to sustain its operating successes to date, let alone to build the sort of intercity rail system that I described. The Federal investment in Amtrak is currently and has always been extremely limited, compared with Federal investments in other modes of transportation. To put this in context, the Federal Government has authorized roughly the same amount of funding for Amtrak, about \$44 billion, over the com-

pany's entire 43 year existence, as the Federal Government spends on highways in a single year.

As a result, to the extent Amtrak makes investments in its capital assets, these investments tend to be incremental and largely confined to repairing decades-old infrastructure and equipment. Amtrak has had to defer or delay many capital improvements so that, today, we face major challenges in merely sustaining the infrastructure, rolling stock, and stations that have supported our performance thus far. Unlike other modes of transportation that receive Federal funding, passenger rail has never had access to predictable, dedicated, capital funding and contract authority that would enable us to develop and implement a long-term capital program. Despite the extraordinary growth in passenger rail demand in recent years, the Federal Government has declined to establish a funding mechanism for rail comparable to the trust funds and multi-year authorizations that have supported other modes of transportation. This inhibits our ability to take on multiyear projects, and forces us to repair infrastructure that really ought to be replaced.

In the absence of a dedicated sustainable funding mechanism, Amtrak has made every effort to work with our partners to make incremental investments in passenger rail. We have worked with state partners to improve existing rights-of-way for higher speed services in places like Illinois and Michigan. We have partnered with these states and California to support the purchase of new equipment for corridor services. And we have been at the forefront of attempts to deal with freight rail congestion in the Chicago area—not only by working proactively with the freight companies but also by convening a blue ribbon panel to examine the problem in its totality and recommend solutions.

In the Northeast Corridor, we have partnered with commuter authorities and states to make incremental improvements in the aging infrastructure that supports approximately 260 million annual commuter and intercity trips. Thanks to one-time actions in 2009 and 2010 to increase Federal investment in rail, Amtrak and state partners are now undertaking improvements in places like Connecticut, New Jersey, New York, Delaware, and Maryland to chip away at the years of deferment and pave the way for improved and increased services. The availability of meaningful Federal resources to improve the railroad helped create a new collaboration and joint sense of responsibility among the Corridor's users and beneficiaries. The Passenger Rail Investment and Improvement Act (PRIIA), much of which was authored by this Committee, has further supported this new partnership by creating the NEC Commission as a forum to bring the NEC's stakeholders together, develop a new cost allocation method for shared investments, and unite the owners and operators of the NEC in a common vision and approach to ensuring the future success of this essential corridor. Against this backdrop of collaboration, Amtrak is working with our partners in Philadelphia, Baltimore and Washington to create and advance plans to expand and redevelop our stations in these cities, as well as the surrounding neighborhoods. Our aim is to increase rail capacity and enhance services for our customers, improve the company's bottom line—while at the same time fostering development and economic growth in the cities we serve.

All of the corridor-related initiatives I have described are important, even essential, but they also reveal the truly incremental nature of Amtrak's capital investment program. Without a greater, sustained commitment of capital from the Federal Government, Amtrak is on a path that will, at best, hold us in our current situation. The more likely outcome, however, is a slide backward in our company's operating and financial results, as passenger demand further outstrips capacity and deferred investment begins to significantly impact performance.

As Amtrak has previously reported to this Committee, our capital investment deficit is most profound in the NEC. You have heard before about the many major infrastructure assets that are presently at the end of their useful lives and in need of immediate replacement, from the B&P tunnel to the Connecticut River Bridge. The most urgent challenge along the NEC is with the Hudson River tunnel linking New Jersey and New York, where limited capacity, heavy congestion and overburdened and aging infrastructure all converge. This tunnel—two single track tubes built out of cast iron and concrete more than 100 years ago—handle all passenger rail traffic between the two states and form a vital link for the entire Northeast Corridor. Such is the deteriorating condition of the Hudson River tunnels that, since about 1999, Amtrak has closed one every weekend for repairs, on a carefully choreographed 55-hour work outage. As a result, for many years, transportation planners and officials have stressed the importance of building new rail tunnels, together with an expansion of tracks and platforms at New York's Penn Station, which is already the Nation's busiest transportation facility.

The need to address this precarious state of affairs suddenly took on even greater urgency two years ago, when Super Storm Sandy provided us with an illustration

of the perils of relying on such century-old infrastructure. After Sandy, we discovered that destructive chlorides from sea water caused and are continuing to cause extensive damage to Amtrak's tunnel under the Hudson River, so major components need to be replaced as soon as possible. In order to perform this work, each of the tubes must be closed for one year or longer, presenting Amtrak, the states of New York and New Jersey, and passengers along the entire NEC who rely on this tunnel a stark choice—either build a new tunnel to maintain capacity to handle existing demand or otherwise significantly curtail Amtrak and daily commuter rail services, impacting millions of passengers every year. Fortunately, Amtrak has already done significant planning to advance what we call our Gateway Program—our plan for doubling capacity under the Hudson River with new and rebuilt tunnels, expanding Penn Station, enhancing reliability and resiliency of this essential infrastructure. What's needed now is Federal leadership and investment to avert a crisis along the NEC and create the new capacity needed to protect today's service and meet the demand for passenger rail in the decades ahead. We critically need the support of this Committee and Congress to advance the Gateway Program and I ask that this be a central focus on your efforts in the coming Congress.

Projects like Gateway are so vast, and their impacts on people and the economy so widespread, that they should not be regarded as "Amtrak projects," "state projects," or even "regional projects." Rather, they are national projects, which can only be addressed effectively by the Federal Government. As I described earlier, there is an enormous opportunity in developing new intercity passenger rail services throughout the country; if implemented, these services will have profound transportation and economic benefits. What is critically needed, however, is a Federal funding mechanism that will help us achieve these attainable goals.

One might reasonably ask how Congress should think about designing a Federal funding mechanism for passenger rail, alongside existing funding programs for other modes of transportation. When the new Congress convenes in January, it will need to address the Highway Trust Fund authorization. I believe our country needs to fundamentally rethink how it funds transportation projects of national significance. We need to move away from mode-centric solutions and design a program that can fund multi-modal utility designed to address congestion challenges and support a competitive economy. A carefully redesigned *Transportation* Trust Fund, acknowledging the Federal responsibility for promoting interstate commerce, could at once address our aging infrastructure and our growing travel demand, while generating employment and long-term economic benefits. This is also the solution for Amtrak's capital challenge: We need access to the predictable, dedicated funding and contract authority, so that we may undertake major multiyear projects to replace outdated, decaying, and increasingly obsolete infrastructure with a passenger rail system capable of meeting the needs of the 21st Century economy.

I believe the United States' transportation system is at a crossroads, as the investments that brought our Nation into modernity in the last century reach the ends of their useful lives. The story is the same across our highways, airports, seaports, railways, and transit systems. Members of this Committee will be responsible for designing the blueprint that determines the transportation priorities for the next century. As you undertake this important task, I respectfully urge you to abandon any conception of passenger rail as an old and obsolete mode of transport. Countries as diverse as China, England, Japan, Spain, Germany, France, India and Brazil are making investments that suggest that passenger rail is, in fact, a transportation mode of the future. With help from this Committee and across the Federal Government, Amtrak can play a vital role in helping America develop and deploy a truly modern passenger rail network. The key is capital investment—not just to sustain the services that underpin today's business, but those that will help us to sustain America's future transportation needs. We at Amtrak stand ready to build and operate a passenger rail system that will transport our Nation's economy in the decades ahead.

Senator BLUMENTHAL. Thanks very much. You know, I have to tell you your remarks about the high and growing ridership in the Northeast Corridor is certainly substantiated by my own experience. When I ride Amtrak, as I do frequently, often seeing my colleague, Senator Booker, we are never able to sit together because there are never two seats available. I am not sure he would want to sit with me anyway.

[Laughter.]

Senator BLUMENTHAL. But it is very heartening to me when I ride to see that kind of high usage and demand.

I also want to mention that I am grateful to Senator Ayotte for joining us today. I do not get to ride with her.

[Laughter.]

Senator BLUMENTHAL. But I know she is very dedicated to improving our rail service.

Mr. Previsich?

**STATEMENT OF JOHN PREVISICH, PRESIDENT, SMART—
TRANSPORTATION DIVISION**

Mr. PREVISICH. Thank you.

First, I will take this opportunity to thank you, Chairman Blumenthal and Ranking Member Blunt and the members of the Senate Commerce Subcommittee on Surface Transportation, first for your service and leadership on this committee and also for the opportunity to testify here today.

This hearing could not be more aptly titled. Public investment in our Nation's passenger rail system is truly an investment in our Nation's future. Passenger rail is a critical part of our national transportation infrastructure, an important driver of our national and regional economies, and is a middle-class job creator.

I speak to this matter from personal experience. In my capacity as a union representative, I have been involved on passenger rail operations from coast to coast that have leveraged various forms of public funding to provide excellent service to the communities through which they operate. In my home state of California, I have watched Caltrain in the San Francisco Bay area leverage a combination of local and Federal funding to revitalize the service from a low of 5,500 boardings per day when operated by a private operator to today's figure of over 53,000 in a public-private partnership.

In my home county of Santa Cruz, California, a planning process is already underway that will identify transit corridors for the purpose of leveraging Federal and local funding to improve transportation, regionally reduce greenhouse emissions, cut down on auto trips, and promote affordable housing, a very important part of our community.

All of this cuts the use of fossil fuels and increases the value to America of the funds that are invested. They get leveraged locally and come back to the community and to the country, much more than was ever invested in the first place.

All across America, communities are relying on transit funding to invest in strategic planning. The investment will pay itself back many times over through an increased tax base, better utilization of local resources, community stimulus, and again, job creation.

It is important to note for this conversation that for more than 100 years prior to the creation of Amtrak, passenger rail service was provided by private railroads. For at least 40 years prior to public funding, the private rail carriers were unable to provide passenger rail service without sustaining significant financial losses. It was because private operators were unable to continue to provide that service without sustaining huge losses that Amtrak was formed initially. Amtrak was created to save rail passenger service, but it is important to note that Amtrak was also created to save

America's freight rail industry. America's railroads were losing \$1 billion per year providing passenger service just prior to the creation of Amtrak. That is \$10 billion in today's dollars. Had Amtrak not been established, America's rail system would have financially collapsed.

Today Americans support and want more passenger rail. Amtrak has set ridership records in 10 of the last 11 years, and polling that our union has commissioned throughout the country shows overwhelming support for more service and increased funding for Amtrak. This is not a partisan issue. Our polls show that Democrats and Republicans in red states and blue all strongly support continued and improved Amtrak service.

Unfortunately, this comes at a time when inadequate Federal funding has allowed our Nation's passenger system to age and deteriorate. As Amtrak's annual budget requests have established, its aging fleet needs replacing and the system needs significant renovations to tracks, bridges, tunnels, and other infrastructure. Meanwhile, the rest of the world, China most notably, is investing heavily in modern and efficient passenger rail infrastructure, leaving American competitiveness and American workers further and further behind.

Earlier this year, the House Transportation and Infrastructure Committee reported out the Passenger Rail Reform and Investment Act of 2014. My union, as well as other rail labor unions, supported this measure and applauded the bipartisan nature of the proposal. The 4-year bill does many important things that will help strengthen our national passenger rail network. However, it does not provide Amtrak with the funding levels required to meet the needs of an aging system. Most of all, it does not establish a predictable, dedicated funding source so Amtrak and our communities can adequately plan for future investments.

The last passenger rail reauthorization, PRIIA, signed into law by President Bush in 2008 was bipartisan and provided realistic multiyear funding levels for Amtrak and resisted efforts to recklessly privatize the commuter industry. In fact, the privatization pilot projects that were included in PRIIA received virtually no private sector interest. Permitting private companies to seize routes is a recipe for ending Amtrak service across the country and would give investors the green light to profit from assets paid for and invested in for over decades by the American taxpayer and rail passengers.

The next passenger rail reauthorization bill should build on the framework established by PRIIA in 2008. It should include dedicated and adequate funding to upgrade and operate the Northeast Corridor and to operate the regional and long-distance trains that make up our national system.

I do want to emphasize that our union is not opposed to private enterprise. The bulk of our membership works for private freight railroads, and we have very good relationships with those companies. But it is important that any Federal funding also include an adequate level of protection for the rail workers involved and a level playing field so that all competitors in the industry will compete based on equal standards, equal requirements, and that includes employee protections and coverage under Federal laws, such

as the Federal Employers Liability Act, the Railroad Retirement Act, and others.

Passenger rail reauthorization is an opportunity to make needed investments in a critical segment of our transportation system. And I look forward to working with the members of this committee on the timely passage of a bill that establishes dedicated, long-term passenger rail funding, supports the jobs and rights of America's skilled and dedicated railroad employees, and rejects unwanted and ill-advised privatization proposals, and lays out a national rail policy that is integrated with America's multimodal transportation needs.

Thank you for the opportunity to appear today.

[The prepared statement of Mr. Previsich follows:]

PREPARED STATEMENT OF JOHN PREVISICH, PRESIDENT,
SMART—TRANSPORTATION DIVISION

Chairman Blumenthal, Ranking Member Blunt and members of the Senate Commerce Subcommittee on Surface Transportation, thank you for the opportunity to testify today on the future of passenger rail.

My name is John Previsich. I serve as the President of the Transportation Division of the Sheet Metal, Air, Rail, Transportation Workers. We were formerly the United Transportation Union before we completed our merger with the Sheet Metal Workers in 2011. We represent tens of thousands of men and women railroad, bus and airline workers across America.

This hearing could not be more aptly titled. Public investment in our Nation's passenger rail system is truly an investment in our Nation's future. Passenger rail is a critical part of our national transportation infrastructure, an important driver of our national and regional economies, and is a middle-class job creator. Amtrak is America's passenger railroad, rising up from the ashes of a cadre of bankrupt private service providers and charged with providing vital rail passenger service across America.

I can speak to this matter from personal experience. I have been involved on passenger rail properties from coast to coast that have leveraged various forms of public funding to provide excellent quality service to the communities through which they operate. In my home state of California I have watched Caltrain in the San Francisco Bay Area use a combination of local and Federal funding to revitalize the service and move from a low of 5,500 boarding's per day when operated by a private enterprise to the current figure of over 53,000 boarding's per day. In my home county of Santa Cruz, CA a planning process is already underway to identify transit corridors that will reduce the number of daily auto trips, decrease our use of fossil fuels and promote more affordable housing. All across America, communities are relying on transit funding to invest in strategic planning that will pay back the investment many times over through job creation, community stimulus, an increased tax base and better utilization of local resources.

The value of passenger rail to travelers has been increasingly shown at the fare box, and has been reinforced by polling that our union has commissioned throughout the country. In every state and district polled, voters overwhelming want increased funding for Amtrak and want more service. Fare box numbers back this up. Amtrak carried a record number of passengers in FY 2013, and has set ridership records in 10 of the last 11 years. Unfortunately, this comes at a time when bare-bones Federal appropriations have allowed the system to age and deteriorate. As Amtrak's annual budget requests have established, its aging fleet needs replacing and the system faces significant and disruptive renovations to tracks, bridges, tunnels, and other infrastructure in the coming years. Meanwhile the rest of the world—most notably China—is investing heavily in modern and efficient passenger rail infrastructure, leaving American competitiveness, and American workers, further and further behind.

It is with this backdrop that this committee and Congress as a whole must consider passenger rail reauthorization and lay out a long-term vision for Amtrak that includes a predictable dedicated source of funding.

Congress has a choice between those who believe that we should end the decades-long underinvestment in our passenger rail system, and those who would pursue misguided attempts to dismantle Amtrak and run a fire sale on its high-value as-

sets. I firmly believe that the latter would result in the destruction of passenger rail in this country and threaten the 20,000 existing Amtrak jobs.

The last passenger rail reauthorization—PRIIA, signed into law by President Bush in 2008—was an important milestone for passenger rail in this country. This bipartisan law provided realistic, multi-year funding levels for Amtrak, and resisted efforts to recklessly privatize. In fact, the privatization pilot projects that were included in PRIIA received virtually no private sector interest.

The next passenger rail reauthorization should build on the framework established by PRIIA, and at the same time advance needed reforms. First, Amtrak needs adequate funding to upgrade and operate the Northeast Corridor (NEC) and to operate the regional and long-distance trains that make up our national system. Too often Congress has failed to actually appropriate the funds authorized by PRIIA, making it difficult for Amtrak to complete major capital improvements and modernize its network and equipment. More importantly, the rewrite of PRIIA must recognize that the capital needs of the passenger rail system are enormous and can no longer be ignored or deferred.

The urgency of these capital needs was put front and center in October when Amtrak released an infrastructure report detailing that the four one hundred year old tunnels leading into and out of Manhattan were severely damaged during Superstorm Sandy. With extensive repairs needed, service along the NEC will be badly curtailed, negatively affecting hundreds of thousands of daily commuters and travelers.

It is critically important that Amtrak's proposed Gateway project is funded immediately. Gateway would build new tunnels that would provide the redundancy needed to repair existing tunnels without serious service disruptions, and also build capacity at the busiest commuter and passenger rail section in the country. It will also create hundreds of new jobs. For too long, this looming infrastructure crisis has been a political football. It is time for Congress to make the investments needed to keep the NEC and commuter lines that millions of people count on moving.

I also recognize that the investment needs of our passenger rail system must be met in partnership with individual states and, where appropriate, leveraged with private sector sources. However, states and the private sector will not be reliable investors into passenger rail without adequate Federal funding. The Federal role in investing in our rail passenger system must be strong, committed and well-defined in order to produce reliable regional partnerships.

PRIIA reauthorization must also reaffirm the national Amtrak system as part of America's interconnected transportation infrastructure and reject risky attempts to privatize Amtrak's NEC operations and long-distance routes. Fortunately, the ideologically-driven privatization agenda that has been pushed by some in recent years has not gained momentum. Permitting private companies to seize those routes is a recipe for ending Amtrak service across the country and would give investors the green light to extract profits from assets paid for over many decades by the American taxpayer and rail passengers. Further, Congress should not micromanage Amtrak and arbitrarily pick and choose which routes will survive.

I'll be clear on one point. Our union is not opposed to private enterprises. The bulk of our membership work for privately held freight railroads and we have good relationships with those companies.

But the facts are Amtrak has partnered with our private freight railroads, and has negotiated operating agreements with them for more than 40 years. Amtrak's employees, many of whom are federally certified, know and understand the complex operating rules that govern freight railroads, making Amtrak the right fit to operate this vital nation-wide service.

We know the history of passenger rail in America because we and our members have lived it.

Prior to the creation of Amtrak passenger rail service was provided by private railroads for more than one hundred years. Private railroads were unable to provide passenger rail service without sustaining significant financial losses for at least 40 years prior to Amtrak's founding. It was because private operators were unable to continue to provide that service without sustaining huge losses that Amtrak was created. Amtrak was created to save rail passenger service in America, but more importantly Amtrak was created to save our freight industry from economic ruin. America's railroads were losing \$1 billion a year providing passenger service just prior to the creation of Amtrak (\$10 billion) in today's dollars. Had Amtrak not been established America's rail system would have financially collapsed.

Congress must also reject previously offered proposals that would force Amtrak to contract out food and beverage service. In fact, some in Congress actually declared that Amtrak charges too much for cheeseburgers. Amtrak should be permitted to run its business, sell its services and concession items, and decide how

to staff the railroad's operations. Federal outsourcing mandates ignore the role of these front-line employees, who not only serve food and beverage but act as first responders during on-board incidents and emergencies. Those attempts are another example of the kind of congressional meddling that only interferes with Amtrak's ability to maintain a qualified workforce and meet customers' expectations.

As Congress seeks to update and expand passenger rail, the reauthorization must safeguard the rights, jobs and wages of front-line workers. For rail workers, labor protections provided for in PRIIA should be updated to ensure they apply to all rail workers when Federal funds are used to create new services, or to add or transfer infrastructure and equipment to a new entity. The PRIIA protections should also apply when rail lines are sold to states but are still used for interstate rail transportation. In addition, it must be ensured that rail workers performing traditional rail work are covered under the appropriate rail and labor statutes including the Railroad Retirement Act, the Railway Labor Act and Federal Employee Liability Act. Allowing employers, oftentimes foreign corporations, to circumvent U.S. labor laws or to undercut wages and benefits and then claim the private sector is more efficient or profitable is a game that must not be played if we are serious about having a first-class rail system and one that creates and sustains middle class jobs.

Additionally, Congress must resist attempts to cut workers' overtime pay or limit pension payments as a condition of receiving Federal funds. Overtime payments are an unavoidable aspect of a 24 hour a day transportation network. Capping overtime pay or excluding it from pension calculations would constitute an assault on the living standards and rights of rail workers while making no worthwhile improvement to passenger rail customer service or performance efficiency.

PRIIA's investment in passenger rail is an opportunity to boost U.S. manufacturing capacity and jobs. The next reauthorization must uphold strong Buy America laws and emphasize smart procurement policies. This will ensure that Federal investments are leveraged to achieve the greatest possible economic impact and job growth. Amtrak has already made strong efforts to increase the efficiency and productivity of its procurement process through the work of the Next Generation Corridor Equipment Pool Committee and a partnership with the California High-Speed Rail Authority. Amtrak has also adopted a U.S. employment plan as part of its bidding requirements for manufacturers seeking to win the procurement for the next fleet of NEC high-speed trains. This reauthorization must build upon these efforts to incentivize the use of American made products throughout the production process. Not only will this put more Americans to work faster, it will ensure that we have a robust manufacturing sector able to supply the products needed by the passenger rail industry for years to come.

Earlier this year the House Transportation and Infrastructure Committee reported out the Passenger Rail Reform and Investment Act (PRRIA) of 2014. My union, as well as the other rail labor unions supported this measure and applauded the bipartisan nature of the proposal. The four-year bill does many important things that will help strengthen our national passenger rail network and create more diverse and reliable options for the public. It also rejects the types of reckless privatization measures that I spoke of earlier. However, it does not provide Amtrak with the funding levels required to meet the needs of an aging system and the increasing demands of passengers. Most of all it does not establish a predictable dedicated funding source so Amtrak can adequately plan for future investments.

As Amtrak's annual budget requests and recent infrastructure reports have established, its aging fleet needs replacing and the system faces significant and disruptive renovations to tracks, bridges, tunnels, and other infrastructure in the coming years. The authorization levels set in the House bill—which would level out funding at current appropriations levels—do not provide the funds needed for these long term improvements. Until these funding levels are met, we cannot achieve the level of passenger service, reliability and job creation that our Nation needs and deserves.

Passenger rail reauthorization is an opportunity to make a much needed investments in a critical segment of our transportation system. I look forward to working with the members of this Committee on the timely passage of a bill that establishes dedicated long-term Amtrak funding, supports the jobs and rights of Amtrak's skilled and dedicated employees, rejects unwanted and ill-advised privatization proposals and lays out a national rail policy that is integrated with America's multimodal transportation system needs.

Thank you for the opportunity to appear here today.

Senator BLUMENTHAL. Thanks very much.
Mr. Chambers?

**STATEMENT OF RAY B. CHAMBERS, EXECUTIVE DIRECTOR,
ASSOCIATION OF INDEPENDENT PASSENGER RAIL
OPERATORS (AIPRO)**

Mr. CHAMBERS. Thank you. I am very pleased to be testifying on behalf of the relatively new Association of Independent Passenger Rail Operators, or AIPRO. Our five members operate passenger service in the United States and around the world. Internationally we carry more than a billion passengers each year. In the United States, Herzog and the other members are contracted by commuter authorities and carry approximately 80 million passengers each year on a quarter of a million trains. Our members compete vigorously against each other and against Amtrak to get that business. We submit that the commuter model represents the best practice for a growing, first-class network of high-performance passenger rail in America.

For the last 45 years, Amtrak has held a monopoly on intercity passenger service. Amtrak should be commended for its stewardship of maintaining a basic national passenger network against some very difficult odds. Yet, despite their best efforts, the underfunded Government structure operated by Amtrak is in serious difficulty, and I hope in the next Congress we can find together the ways and means to fix that.

The Northeast Corridor, by any accounting practices, operates at a loss if the underlying structure is included in the ledger. The NEC subsidizes the long-distance routes that also operate at a significant loss. For the 27 state-supported routes of fewer than 750 miles, Congress and Amtrak have pushed the entire operating subsidy over to the states. But it is these state-supported routes that are now showing the greatest growth, largely thanks to state investment. These routes represent about 50 percent of intercity ridership.

We believe it is time for Congress to enact a new legislative paradigm that will restructure intercity passenger service, that the time is ripe for such action. To accomplish this passenger reform, we must bring rail to the investment table with highways and transit. The next Congress should address passenger rail legislation not as a standalone bill but in the context of the highway/transit trust fund reauthorization.

As a little aside here, I have known Peter Rogoff for a very long time, and I think he and the administration have done a good job with their proposal. And I hope that some serious consideration will be given to the administration's funding proposals for passenger service.

In our view, Congress should establish a unified funding program that includes highway, transit, and rail.

We suggest Congress should establish a long-term vision for the future growth of urban and passenger rail.

Now, for the rest of this testimony, as requested by the letter from Chairman Rockefeller, I am going to focus on our area of primary interest, which is the need to build the state-supported corridors.

We believe that Congress should create a new approach to these corridors through reforms of the existing PRIIA law. These reforms should promote competition and private sector participation under

Government authority. The bipartisan 2008 law which, I agree, was a good step forward, was signed by President Bush, and it opened state-supported intercity routes to competition. Sadly, many of those provisions were ignored. The exception was section 209 that resulted in the states assuming full responsibility for operating subsidies, which in turn greatly raised the state costs. But nonetheless, the states are now looking at the competitive option to build their corridors in order to reduce costs and improve service. PRIIA reform should build on the 2008 bill in a way that is going to make these reform provisions workable. And that is the challenge you face.

Specifically, we think that there should be clear responsibility given to the states for the corridors. We think there should be access to a robust capital program of grants and innovative finance to help the states with the task that they have. We talked about the PRIIA pilot project. It did not work, but we think it could be streamlined and made to work with full protection of the type that you are talking about for employees in the event of a transfer.

We believe that the future of intercity passenger rail service should be based on commercial negotiations to the maximum possible extent. The hosting freight railroads have got to be treated as full partners. On a similar note, rail labor and construction labor are strong partners in the building and the operation of American railroads, and their legitimate interests must not be diminished in an effort to achieve a high-performance network. And our organization has been working very hard to achieve that goal.

We have specified, detailed recommendations for each of these proposals, and I ask your permission that once we get them together a little bit better, that we can include them in this record.

Senator BLUMENTHAL. Without objection.

Mr. CHAMBERS. Thank you.

Well, our focus today has been on the vision for the future and the importance of the state-supported routes, but I want to be clear. I hear all of you. We hear all of you. AIPRO is concerned that Amtrak has adequate funding. The long-distance routes are very important. We need new ways to develop the Northeast Corridor. The National Association of Railroad Passengers, NARP, is submitting testimony on Amtrak funding, as well as long-distance requirements, and we generally endorse the NARP approach and will be working with them to craft specific legislative recommendations, as well as we are going to be working with labor and the class I railroads and Amtrak to try to find the kind of solution I think we are all struggling to get to.

So we look forward to working with you in the next Congress in the effort to bring America a high-performance, integrated, urban and intercity passenger rail network that we can be proud of as Americans when we travel in Europe and Asia.

Thank you.

[The prepared statement of Mr. Chambers follows:]

PREPARED STATEMENT OF RAY B. CHAMBERS, EXECUTIVE DIRECTOR, ASSOCIATION OF INDEPENDENT PASSENGER RAIL OPERATORS (AIPRO)

I am pleased to testify on behalf of the Association of Independent Passenger Rail Operators (AIPRO). As I understand it this is not a legislative hearing on a specific

proposal, but rather a forum entitled “Passenger Rail: Investing in our Nation’s Future.”

Our five members, listed in an attachment, operate passenger service in the United States and around the world. Internationally these companies carry more than a billion passengers a year. In the United States the independent operators are contracted by commuter authorities to carry more than 80 million passengers on a quarter of a million trains. Our members compete vigorously against each other and Amtrak to get that business. Competition in the American commuter rail marketplace has allowed for rapid expansion and innovation of urban passenger rail service. We submit this commuter model represents the best practice for investing in Passenger Rail for America’s Future.

For the last nearly 45 years Amtrak has held a monopoly on intercity passenger service. Indeed when it was created there weren’t alternatives available, and Amtrak should be commended for its stewardship of maintaining a basic national passenger network against very difficult odds. Yet, despite their best effort, the underfunded government mandated structure operated by Amtrak is broken and our passenger system has almost become an embarrassment around the world.

The Northeast Corridor, by any standard accounting practice operates at a large loss when the underlying infrastructure is included on the ledger. The NEC reportedly subsidizes the long distance routes that also operate at a significant loss. For the 27 state-supported routes of fewer than 750 miles, Congress and Amtrak have pushed the entire operating subsidy to the states. It is these state-supported routes that are now showing the greatest growth thanks to state investment. They represent nearly 50 percent of intercity ridership while the NEC and long distance routes are stagnant. Clearly change is in order.

Some supporters of the current system in this country submit the only way to operate an interconnected national network is through a sole-sourced monopoly. Yet, pre-Amtrak multiple rail carriers regularly interfaced before being driven down by overregulation and bad economics. Domestically, the aviation industry allows for competing operators with clear rules for interconnectivity. In Europe competition has resulted in vastly increased ridership and equipment renewal. As a result recent European Union law requires competition for the operation of rail passenger service.

Thus, Congress should enact a new legislative paradigm that will restructure intercity passenger rail service through a clarification of Federal and state roles, a restructured base for capital financing, increased transparency and the introduction of competition.

The time is ripe for such action. The two basic Federal laws that impact passenger rail have expired. They are MAP-21 that authorized the highway/transit trust fund and the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) that authorized Amtrak and intercity passenger rail service. AIPRO recommends four primary objectives for the next passenger rail program:

1. Congress should address passenger rail legislation not as a stand-alone bill but in the context of the highway/transit trust fund reauthorization.
2. Congress should establish a long-term vision for the future growth of rail passenger service.
3. Congress should create a new approach to state-supported corridors.
4. Congress should establish a unified funding program that includes highway, transit and rail.

Our first recommendation is that the intercity rail passenger authorization should not be a stand-alone bill, but a Rail Title to next year’s MAP-21 reauthorization.

A question before Congress is whether PRIIA should move as a stand-alone bill as has been suggested in the House. Our view is that in the face of population and other demographic trends, enlargement of the rail mode can serve a major public interest. Thus when future Federal surface transportation investment is considered rail should be at the same table with highways and transit. Thus instead of a stand-alone rail bill, there should be a Senate Commerce Committee Rail Title as a part of next year’s MAP-21 reauthorization.

Our second recommendation is that Congress should adopt A New Vision for Passenger Rail Service

The new Rail Title should make a commitment to establish a High Performance urban and intercity passenger network over time. The Vision should call for infrastructure investment that will achieve a High Performance passenger network that will continuously improve with clean attractive equipment, travel times that rival auto travel in any given corridor and on time performance. The integrated network

should include high-speed trains, long distance and corridor trains commuter passenger service right down to the streetcar level. The Vision should clarify the Federal role in assuring safety and interconnectivity. The Vision should clearly define the state role in the operation of intercity routes.

Our third recommendation is that Congress should create A New Approach to State Supported Intercity Passenger Rail Service

AIPRO is concerned that Amtrak have an adequate funding authorization for its long distance services and for development of the Northeast Corridor. However, as requested in the invitation letter by Chairman Rockefeller we will focus on our area of primary interest, which is the future of the state, supported corridors. The National Association of Railroad Passengers (NARP) is submitting testimony on Amtrak funding as well as long distance and NEC requirements. We generally endorse the NARP approach and will be working with them to craft specific legislative recommendations.

The specific goal put forward by AIPRO is to improve the performance of intercity passenger rail corridors through competition and expanded capital investment. The bipartisan 2008 PRIIA law, signed by President Bush, did a good job of opening state-supported intercity passenger routes to competition. Unfortunately, key provisions of that law, which promote competition, were simply ignored. The exception was Section 209 that resulted in the states assuming full responsibility for operating subsidies. As a result the cost to states has gone up dramatically and many states are now looking at the competitive option to build their corridors. Rail Title PRIIA reform should build on the 2008 bill in a way that will make the reform provisions workable. We make the following recommendations for PRIIA reform:

States Should Be Given Clear Responsibility for the Corridors. The result of PRIIA section 209 is that 19 states have essentially taken on the responsibility for 100 percent of the operating subsidy in 27 corridors under 750 miles. Together with the primary stakeholders, states should be responsible for the governance of passenger operations in those corridors. The states together with key stakeholders, including host railroads, labor and selected operators should set standards and metrics for corridor service.

The Federal Railroad Administration should continue responsibility for safety and interconnectivity.

The States Should Have Access to a Robust Capital Program of Grants and Innovative Finance. The Federal shift of financial responsibility for intercity corridor service under 750 miles is a clear unfunded mandate on the states. In return, using the model of the highway program, the states should have access to grant funding to build state management and planning capability as well as construction of capital projects. This was the exact purpose of the PRIIA Section 301 program now on the books. Unfortunately, the High Speed Rail Stimulus program that spread \$11 billion all over the country bypassed the PRIIA mechanism. The PRIIA Section 301 program should be reauthorized and funded at a minimum of \$1 billion per year. In addition a special program of innovative finance based on RRIF loans should be authorized. As a part of this program Section 301 grants should be available to expand RRIF loan viability.

Sec. 301 Grants should continue to be tied to High Performance Passenger Reform including a requirement for competition. PRIIA 301 requires that any state receiving capital assistance would select the operator competitively. This was ignored because the Sec 301 program was ignored in favor of the Stimulus High Speed Rail grants that had no such provision. This mandate should be strengthened. Similarly, when a state selects an alternative carrier, PRIIA Sec. 217 provides a dispute resolution process at the Surface Transportation Board to give the states smooth access to Amtrak equipment facilities and services. Section 217 is essential to fair competition.

The PRIIA Alternative Pilot Program Should be Streamlined. The 2008 PRIIA contains a Pilot for Alternative Operations to Amtrak. It was far too complex with unrealistic timeframes and a lack of interest by FRA. Essentially it was designed to fail. Despite that, over 120 expressions of interest were submitted to FRA on how to make the program work. There is no role for the states in the statute. The states in combination should be encouraged to participate in the design of long distance corridors. Independent Operators, such as those represented by AIPRO, should explicitly be authorized to participate in the Pilot Program with approval of the host railroads. AIPRO is working on changes needed in order to make the Pilot Program viable.

The New Law Should Establish a Commission to advise on the creation of a Competitive Intercity Passenger Service. We believe such a panel would serve a strong public interest in refining issues that must be addressed if the Nation is to embark on a new paradigm that will result in a High Performance Passenger Rail Network of which Americans can be proud. Primary stakeholders should serve on the panel. State participants should be nominated by AASHTO, and there should be representatives of Labor, Host Railroads, Amtrak as well as Alternative Operators. The Commission should address issues such as rail funding, minimal standards to qualify as an intercity passenger rail operator and the critical issue of insurance and liability. The 2012 Senate Rail Title to the MAP-21 bill contained a useful provision on liability. It suggested guidelines that increased the liability cap by inflation but cut off any potential for third party liability above the cap. Taken together such efforts will drive down costs for operating rail passenger service to the benefit of all stakeholders, taxpayers and riders.

There are several additional principles that we would like to see established:

- The future of intercity passenger rail service should be based on commercial negotiations to the maximum possible extent. The goal of High Performance Passenger Service can only be achieved if the hosting freight railroads are treated as full partners in a market environment and have access to capital funding that will assure freight throughput is not diminished as passenger traffic increases. On a similar note labor is a strong partner in the building and operation of American railroads. The legitimate interests of railroad workers as we open the system to competition and of construction workers as we improve the system must not be diminished in the effort to achieve a High Performance urban and intercity passenger network.
- Except for a Federal subsidy for long distance routes and the right of forced access on host railroads, Amtrak should not enjoy any special statutory privileges unavailable to alternative passenger operators selected by state authorities. Amtrak should evolve into a true private sector operator that can compete fairly with the independent passenger rail operators represented by AIPRO.

Our fourth recommendation is that Congress should adopt a New Program for MAP-21 Sustainable Funding that includes creation of an Urban and Intercity High Performance Passenger Rail Network that we can look to with pride as we travel in Europe and Asia.

A primary objective of the MAP-21 reauthorization should be to permit greater parity between highway and rail modes in state infrastructure investment decisions. We understand this will take coordination between the Senate Commerce, Environment & Public Works as well as the Banking Committee. We urge Senate Commerce to take the lead.

For the last 50 years rail freight and passenger infrastructure investment has not been at the table along with highways, waterways and airports in any significant fashion. Yet, we have reached a point in time where solid rail construction projects will do more than many alternative transportation projects to rebuild America's transportation network and assure our future competitiveness. This is the time to bring it all together.

Specific goals for MAP-21 Reauthorization are:

MAP-21 Goal #1 Increase state/local flexibility in all existing trust fund programs to include public interest rail projects. This should include the Surface Transportation Program (STP).

MAP-21 Goal #2 Establish a National Multi-modal Freight Program.

MAP-21 Goal #3 Create a Unified Transportation Trust Fund that includes corridor capital funding available for the states for improving designated High Performance Passenger Rail Corridors.



Biography of Ray B. Chambers

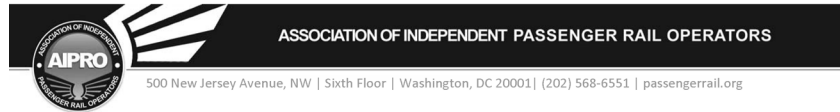
Ray Chambers has more than 40 years in development and implementation of transportation programs. He began his career as chief of staff to members of congress and then was an appointee in two presidential administrations where he served as a Deputy Assistant Secretary and Director of Legislative Affairs at Executive Branch Agencies.

At the US Department of Transportation he directed legislative efforts that reorganized the bankrupt Penn Central and Northeast railroads into a profitable system. In 1974 he opened a government affairs consulting firm that became Chambers, Conlon & Hartwell, LLC (CCH). In the 1980s he was instrumental in legislation that broke the Burlington Northern monopoly in the Powder River Basin of Wyoming and introduced his principal client Chicago Northwestern (now part of the Union Pacific system) as a competitor. Working with the shortline association in the 1990s, Mr. Chambers advocated for an innovative railroad loan program that was enacted into law by Congress as the Rail Rehabilitation and Improvement Financing (RRIF) Act. In 2005, the Congress expanded the \$3.5 billion loan program to \$35 billion with eligibility for all freight and passenger rail projects. In the late 1990's, Mr. Chambers led a successful effort to restructure the Romanian Railway system and put it on a commercial basis. He served as president of the National Railroad Construction and Maintenance Association (NRC) for 12 years. For 25 years he co-chaired a rail policy forum called the Cooperstown Conference.

After he retired as a partner of CCH, he launched a second career where he became transportation policy advisor to several companies and Executive Director of the newly formed Association of Independent Passenger Rail Operators (AIPRO). On behalf of AIPRO, Chambers is deeply involved in policy proposals to develop a national high performance intercity and urban passenger rail network through increased private involvement and competition.

Mr. Chambers holds a BA magna cum laude from the University of Redlands in California and masters in Government from Rutgers.

December 10, 2014



AIPRO is an association of 5 transportation companies who are significant players in the American and international passenger rail transportation marketplace. Around the world our members transport by rail more than a billion passengers each year. In the United States, these companies operate ten commuter railroads and over 250,000 trains per year carrying over 80 million annual riders to their jobs, school and other destinations.

AIPRO is dedicated to expanding passenger rail service in the United States as a necessity in meeting the demands of population growth, increasing travel and coming gridlock. Ultimately we envision a national high performance passenger rail network that will provide our children and grandchildren a viable third transportation option to highways and airports. The program should be developed in harmony with the three following principles:

- *The network should be built on the foundation of the existing urban, state supported intercity and long-distance routes.*
- *Under federal guidelines, not unlike the interstate highway program, the passenger rail network should be developed and operated through state and multi-state authority.*
- *There should be maximum private involvement and competition in the design, build, operation and maintenance of the emerging rail passenger network.*

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Senator BLUMENTHAL. Thanks, Mr. Chambers. I think you and Mr. Coscia and Mr. Rogoff and Mr. Previsich have all raised one of the key challenges here. In a way it is kind of the elephant in the room: not how to spend money but how to raise it. And the need for capital investment is clear to everyone. There is a consensus that we need to invest and we need to make the capital investment in our rails, our equipment, our training for workers, the spectrum of needs for a 21st century rail transportation strategy. The question is how to raise the money.

I have proposed a rail trust fund. I am grateful that the administration has included rail in its legislative proposal. We have other models like RRIF, which has proved to be cumbersome and inefficient. There is the TIFIA program. The Transportation Infrastructure, Finance, and Innovation Act may be a helpful model, as has been suggested.

But let me begin with you, Mr. Coscia. You are an attorney. You are a finance expert. You are a transportation expert. And perhaps you can address what you see as the ways to provide the financing maybe through a financing authority. My colleague, Senator Blunt, and I have made such a proposal. I am a supporter. What do you see as the best way to raise the capital from private as well as public sectors?

Mr. COSCIA. Thank you for that introduction to the question although I have to admit with some level of humility that given the lack of investment in passenger rail infrastructure for the past 40 years, I am not sure that my level of expertise really is sufficient.

But having said that, I will, first of all, applaud you for the efforts you have made because your proposals get to the heart of the issue, which is that absent some kind of a multiyear funding, contract authority obligation that allows someone to create an efficient financing structure that will permit capital to come into the system not in year 1 or year 2 but over an extended period of time, we are always going to sub-optimize investments because we will be managing the way those capital investments are made and the way we fund them will always be less than efficient because there will be a level of uncertainty relative to where the funding comes from in the out-years.

Having said that, our belief—and the reason why in my opening statement I focused on the operational success at Amtrak—is because we think we have proven that an operationally sustainable model is possible in passenger rail. We think there is demand for this product. We just have to be able to put the right product into place. And so the system allows for sort of redefining where the public sector and private sector come together, and we believe that some kind of a funding mechanism that combines Federal grants along with credit advancement from the Federal Government will create the right kind of system to allow the operating successes that we have seen in the system to turn into a stable, long-term funding source. We think anything that does not create a long-term funding source is not going to be effective. So our view is that the likely answer to this will be a hybrid of some kind of Federal grant program supported by contributions from our state stakeholders, but with a level of credit enhancement from the Federal Govern-

ment that will allow that transaction to be structured more efficiently.

Senator BLUMENTHAL. Perhaps some financing authority that makes use of the Federal Government's—

Mr. COSCIA. Guarantee capacity. Yes, that is correct.

Senator BLUMENTHAL. Thank you.

Mr. Rogoff and others on the panel, if you have anything to add on that point.

Mr. ROGOFF. Well, I will, first, point out obviously that the President has put forward a funding proposal and transitional revenues from pro-growth business tax reform and identified three specific tax proposals in our submissions to the Finance and Ways and Means Committees on how that money could be found.

We have also said that we are open to other alternatives and would welcome a dialogue with Congress on them.

I think importantly I want to echo something that Tony Coscia said. Uncertainty is going in the wrong direction. He pointed out that rail and especially passenger rail and the Amtrak system has always suffered from the uncertainty of future funding, and therefore, we have fallen increasingly behind in part because of the inability to plan and the inability to take on or, frankly, garner enough cash to take on some of these bigger projects that have to happen both in the Northeast Corridor and elsewhere.

Well, that is frankly what we are now seeing happening on the highway and transit side by the fact that we keep kicking down the road the need to get an authorization on highways and transit. One of the concerns that Secretary Foxx as a former mayor has been very articulate about is sort of the loss of vision and the unwillingness of both State DOT's, MPO's, cities and communities to really start planning those bigger projects when they are told that they should be grateful for just 9 more months of funding, which is one of the reasons why we think it is absolutely imperative with this deadline coming up at the end of May that we take this on in earnest. We need to do a comprehensive multiyear bill, pay for it, and not only provide some certainty for Amtrak, but of course our highway and transit planners and service providers across the country.

Senator BLUMENTHAL. Thank you.

My time has expired. So I am going to yield to Senator Blunt.

Senator BLUNT. Thank you, Chairman.

Mr. Chambers, would you explain a little further how the private sector competition model has worked and what has been successful and maybe where things have happened that did not work out and if that is the case, why they did not work as well as they might have?

Mr. CHAMBERS. Yes. We have a lot of examples of both successes and failures. One of the biggest failures was in Britain early on when they tried to go whole-hog by taking the entire rail network and putting it into complete privatization without sufficient resources and that failed. They fixed that problem.

Since that time, in England and in Germany and a lot of other places, they have begun to experiment with the competition model. It has become very prevalent, and in almost all circumstances—I can provide you some material for this, but in almost all circumstances, you will see that ridership is growing dramatically.

Equipment is being renewed, and it has been quite a good success to the point that the EU has now mandated that all European services, including those that are like Amtrak that are basically government-owned and subsidized, will have to yield to competition in a period of time.

In the United States, it has been a little bit different. It is absolutely correct that when Amtrak was created, there was no alternative. The first to jump into that, as you pointed out, Senator, and into competition was Herzog that bid in Florida on a line and won it to operate it. Since that time, several other actors have become involved which form my association, and now it has become kind of the standard in the commuter operations around the country that most of the new ones are going to the competitive model and it is very successful. One of the most recent ones is in California, the Caltrain operation, where Herzog was the victor in that competition.

And in all these cases my members have worked out, I think, very good relationships with the unions in the transition. That is the model.

Now, in the states, you have the 27 corridors——

Senator BLUNT. I am running out of time here in just a second.

Mr. CHAMBERS. I am saying that is basically the model, and I think that model can be applied to State authorities on the 27 corridors.

Senator BLUNT. Mr. Previsich, if I have time, I am going to come back to you and just let you talk a little more about your concern about recklessly moving toward competition I think was the term you used. And of course, the good thing about a term like that is nobody wants to recklessly move toward it. So it is hard to argue with that. But I would like to think about what you mean by that.

Mr. Coscia, the Missouri River Runner runs from St. Louis to Kansas City, and I have a concern there that I want you to look into for me. And if you can talk about it today, that would even be better. The concern is about who is going to pay for positive train control on that line. Your agency wrote the State of Missouri on November 14 saying that there would be potential discontinuance of this service unless the state agreed by December 1 to cover the cost of the positive train control. I have been told—and you can verify that or not—that this was the first formal communication between Amtrak and Missouri on this issue. And it seems like a pretty quick deadline to set.

Do you want to talk to me about that and what you think the state should do as opposed to the people that own the rail line and Amtrak is the operator?

Mr. COSCIA. Of course, Senator, I would.

I am very much aware of the issue. The letter that you are referencing I will admit I only became aware of probably earlier this morning, anticipating to some degree that we might be having this discussion, not surprisingly.

Let me speak to the larger issue first, and then I will get to the specific issue related to the letter.

The larger issue raises a concern that I think we all have, which is that positive train control is an important initiative, one that Amtrak embraced very early on and became a leader in the North-

east Corridor and other places where our system operates. And for obvious reasons, it is something that needs to be taken very seriously, and we take that obligation very seriously.

Having said that, the facts and circumstances surrounding the impact on the installation of positive train control around the terminal company operations that you are referring to in Missouri we believe is an obligation that falls to either Amtrak or the state users of that system. It is not something that we are comfortable with, and it is something we are addressing with the freights directly.

We think that positive train control is something that is an important part of the system, but it needs to be intelligently implemented. And certainly we believe that it should not be a deterrent to use of the system by either Amtrak or the states because of what we view as anomalies in the law that permitted the freight companies to seek an effort to avoid their responsibility for whatever financial contribution that needs to be made to install positive train control.

Having said that, I can certainly empathize with the State of Missouri and the users of that system for having this expense be something that is put toward them. We are working with the State of Missouri and we are working with our partners there to try to find a solution to the issue. The letter that you referred to—I will tell you that, no, that is not enough time to respond to a question like that. And it was my understanding that there might have been prior conversations, but be that as it may, I would agree with you that our partners are very important to us and this is a hurdle we both have to overcome together. And I will commit to you that we will make every effort to do exactly that.

Senator BLUNT. Do you have other states that have any obligations similar to that?

Mr. COSCIA. We do. We do.

Senator BLUNT. Have they got PTC in place?

Mr. COSCIA. The timeliness for that to happen has not quite gotten there, but it will shortly.

Senator BLUNT. Have you sent any similar letters to other states?

Mr. COSCIA. I will tell you I asked that exact same question not long ago, and I do not have the answer for you yet but I will find that out.

Senator BLUNT. I would like to know the answer to that.

Mr. COSCIA. Let me address, though, the sort of broader issue, which is that our State partners are absolutely critical to us. And I cannot sit here today and tell you that everything we have done with our State partners previously is something that we should be completely proud of. But I will tell you that the board and current leadership at Amtrak is very committed to recognizing that the only way we can build this national system that I spoke about in my opening comments where we are connecting cities is not for Amtrak to somehow think it can do this completely on its own. The states are our partners, as well as our partners in the private sector, they are incredibly important to that entire process, but we as a company have to prove to them that we are competent partners

and reliable partners to do that. And part of this is an effort to get to that point.

Senator BLUNT. I may have some more positive train control questions and others later if we have a second round. But thank you, Mr. Chairman.

Senator BLUMENTHAL. Thank you.

Senator Ayotte?

**STATEMENT OF HON. KELLY AYOTTE,
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator AYOTTE. I want to thank the Chairman and the Ranking Member and thank all of you for being here today.

Currently in New Hampshire, there is actually a study that is being conducted, part of which has been released but there is some additional review being done, to look at the possibility of using rail to connect Concord, New Hampshire, which is our capital, through Manchester, and Nashua, which is in the southern part of the state, to Boston. As you know, many people in New Hampshire do commute to Boston from areas of Nashua and Manchester to Boston and Concord.

So I wanted to talk to you about—some of the options that are being looked at such as a possible option of extending commuter rail from Boston to Nashua or Manchester and then Concord, as well, which would be more northern than Manchester, or extending Amtrak intercity rail service through Concord.

How do you link emerging corridors with more established lines such as the Northeast Corridor? And what are your thoughts on how that happens not only in New Hampshire but how do we better serve the transportation needs of our large commuter population?

Mr. COSCIA. As I mentioned, we embrace the idea of being able to extend our network to cover other city pairs. A large part of determining the viability of that is understanding the demand that truly exists for passenger rail.

Senator AYOTTE. And that is one of the reasons for the study and why the state has commissioned the study as well, to understand what the passenger volume would be and who would use it and how it would be used.

Mr. COSCIA. But I think the results of that study and whatever additional input we could provide to that process would be very helpful in informing what options are available to us, which lines can be extended and in what form. And then obviously that would have to be overlaid in terms of rights-of-ways that are available to serve those populations and who controls those rights-of-way. But that type of analysis is something that we are extremely interested in, and we very much welcome being a part of and, in fact, happy to join in that effort immediately if that is something that is helpful.

Senator AYOTTE. Thank you, I really appreciate that, and we will follow up on that.

As I understand it, the Northeast Corridor, a surplus that has been obtained from that corridor—I understand the needs that we have been talking about today in terms of maintaining the corridor, investments that need to be made. But as I understand it, the

House of Representatives is also looking at some measures that are going to sort of regionalize funding based on the viability of how many passengers are using it, population. What are your thoughts on it?

Mr. COSCIA. Well, there is no question that we have a very sort of mixed issue in the Northeast Corridor in the sense that it has become a very, very viable passenger rail system. And in Fiscal Year 2014, the net operating income from the Northeast Corridor was about a half a billion dollars, which to put that in some perspective, that number was zero probably less than a decade ago. So it shows you just how much additional profitability has been contributed by the Northeast Corridor. So on the one hand, it is a very good news story because it is a way of generating a significant amount of capital that could be used throughout the system.

Senator AYOTTE. But obviously, the challenge is there are other parts of the system that are not as strong.

Mr. COSCIA. Well, and the challenge actually becomes more complicated than that, Senator, in the sense that what we are doing is that we are the beneficiaries of all this demand in passenger rail. So there are enormous numbers of people who want to move between these cities. There has been a significant demographic change in who wants to use passenger rail. We are the benefit of all of it. But essentially what we are doing with our asset is we are using it much more than we ever did, and the asset is getting older. So what is happening is that as we are using it to a larger degree, as we are making more money from it, it is also deteriorating that much faster.

So to the extent we take that operating surplus and we do not use it to replenish the system, to rebuild it, we are basically allowing our asset to deteriorate. So that number will come down and it will come down very rapidly. So the challenge in taking money off the corridor and using it in other places is that we are just adding to the deficit of capital expenditures that are necessary to maintain that cash-flow in the first place.

So the challenge that we have at Amtrak is finding the right way to balance those different needs and yet creating a source of capital to reinvest in the system, which is why we are so supportive of a notion of creating a recurring, sustainable source of capital so that as we get better and we are held accountable for operating the system efficiently, we are able to have an external source of capital that will allow us to maintain it.

Mr. ROGOFF. Can I just add very quickly to that? The key word that Tony used in terms of the profitability of the Northeast Corridor is the "operating profits" because it really—it is operating net revenues. But even with that additional investment and if they just turned it right back into the corridor, we would still be short of the necessary investments that we would need in the corridor over the long term.

I did want to quickly go back to your first question, though, because I think we can be helpful in other ways.

The MBTA in Boston has extended commuter rail service into other states, specifically Rhode Island. That was the subject of considerable work between the states, the Governor's office in Providence and others to bring together that funding partner. And it

was funded in part with funds not from the Federal Railroad Administration but from the Federal Transit Administration.

So I think the upshot of your study should really look at both options, see which one pencils out, and then kind of pivot in terms of where the greatest opportunity is. And the administration is certainly happy to help. We have dollars in the GROW AMERICA Act specifically for that kind of State-partnered corridor expansion. So we are interested in helping if we can.

Senator AYOTTE. Thank you. And I think one of our challenges here also as policymakers is how do we not only look at the long-term funding issues, which I appreciate that you have identified, but also which areas of this are most viable and where are we going to invest in terms of the long-term viability where we have the passenger base that is going to use it. I think that is an important question for us as well.

But I really appreciate your insight today on what we are looking at in New Hampshire, and we will follow up with you on that. Thank you.

Senator BLUMENTHAL. Thanks, Senator Ayotte.
Senator Booker?

**STATEMENT OF HON. CORY BOOKER,
U.S. SENATOR FROM NEW JERSEY**

Senator BOOKER. I want to thank the Chairman and the Ranking Member for having this hearing. It is very important.

I also want to thank the Chairman for really asking the pointed question that I did about the funding structures that we are going to need. And clearly, the response that was given about Federal grants, State contributions, credit enhancement is one way to go and something we should be exploring.

Before I ask just really one question, I want to take note and give my reverence and respect to a friend, Tony Coscia, who has been a longtime advisor of mine and really someone, especially for the state of New Jersey—we owe you a lot for your service to our region and our state. And I thank you for that.

I want to really focus in real quick. Clearly, as we have seen with the Portal Bridge and the most recent CBS expose on that and the urgency of infrastructure investment, the common sense analysis, that if we are about growing jobs as a country, the dollars invested in infrastructure, dollars invested in rail produce a tremendous benefit that anybody on Wall Street would salivate over, about a buck 70 for every dollar that is invested.

I think that we are, in New Jersey, really being choked by an inadequate infrastructure. Clearly, Amtrak is showing that this is a very, very high-demand region, and if you build it, people will use it and grow their economic activity.

I am really concerned about the Gateway Project. We have the busiest river crossing in the entire United States of America, and it is woefully inadequate for the economic, commuter, and overall needs of that region. And I see clearly that we had a pathway to get there that has failed because of the lack of action by the Governor of New Jersey, a decision not to go forward with that.

But I want to drill down on my concerns of the impact or at least what we see coming. The tunnels between New York and New Jer-

sey that service these thousands and thousands of commuters every day have now reached a peak point where they are having severe structural challenges. And I know Amtrak has noted that one or both of the tunnels is going to have to be closed down for repairs in the coming years. This is an immediate concern for everyone. It is going to cause a ripple effect that is going to affect tens of thousands or hundreds of thousands of people in that region.

And so, Mr. Rogoff, I want to know what role can the DOT play in averting what I think is going to be a major commuter crisis of monumental proportions in the region and what can Congress do to help.

Mr. ROGOFF. Well, Senator Booker, first, thank you for your leadership on this particular question. They really are more related I think than you know because under the full funding grant agreement that we were negotiating and working with New Jersey Transit, one of the requirements of New Jersey to pull down \$3 billion in Federal funds for the Arc Tunnel project would be that they also rebuild the Portal Bridge project because, frankly, you do not get the efficiency benefits of the new tunnels and the additional ridership if you do not fix Portal Bridge. It is really one system and one very congested and one very old system.

We have been in conversations through the FRA, and I will say we hope and expect to amp up those conversations considerably going forward because we are now at a point where the states are cooperating at least to the tune of coming forward with some money for design work. But we are at a point now where we really need to attack the bigger question about who is paying how much, when and how.

And the wake-up call that we recently got from Amtrak regarding the greater than known impact of Hurricane Sandy flooding on the existing tunnels and the degradation of the existing tunnels—that wake-up call I hope is not just being heard here in Washington but is also being heard in Trenton and Albany because we need to reform the partnership that we thought we had for the Arc Tunnel project between a Federal partnership that includes both states to make the Gateway Project happen.

We have done and took, I would say, extraordinary measures to make sure that at least the option for the Gateway Project remained open by transferring Sandy recovery money to the FRA to do the Hudson Yards Tunnel project so that that could be restored. But that really is not going to be put to its utility unless we get a real replacement. And time is running short. And the Portal Bridge project is a very good example of why we need to get on with this need to do a multiyear authorization with real money behind it that lets us do big projects. Amtrak has put—I am sorry. Go ahead.

Senator BOOKER. No. My time has expired. So I just want to say in conclusion I know we have been talking a lot on the specifics of what I think is going to be unimaginable nightmares for the Hudson River crossing that this is going to cause. We have got to start doing more to prevent what is going to, I think, be inevitable if these bridges have to go under the inevitable repairs that they must have. That is going to affect commuters.

And then in addition to that, to have such a profitable region choked by its infrastructure is utterly unacceptable. It is the height of irresponsibility. Nobody would run a business this way, a household this way. We are wounding ourselves as a Nation in one of the most profitable economic regions on the globe by how we are conducting ourselves right now, and we have to have more dialogue about how we are going to fix this problem.

Thank you.

Senator BLUMENTHAL. Thanks, Senator Booker.

Senator Klobuchar?

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you very much.

Thank you to all of you.

I first wanted to mention the important role that Amtrak has played in my state. It is critical to moving passengers. And this spring an important milestone was reached. Amtrak began running service to Union Depot, which as Mr. Rogoff is well aware of, has helped us with getting our light rail and everything that has been happening in Minnesota. We are really excited. This is a 21st century multimodal facility right in St. Paul and hooking up with Minneapolis. So I want to thank you all for that.

I had a question first that I know a few people have touched on, but we are, of course, seeing delays in Amtrak, Mr. Coscia, like we are seeing across the country. But what we are seeing with oil, of course, from North Dakota—we are happy that we are getting more energy out of North Dakota, both natural gas and oil. But it has created some severe rail congestion and affected the on-time performance of the Empire Builder to the point where the Empire Builder was arriving on time only 19.9 percent of the time. So only 20 percent of the time is it on time, and you can imagine how that hurts ridership.

Have we seen any improvement since last September when that figure was announced, and how is Amtrak working with Burlington Northern? Those are the tracks that the Empire Builder runs on.

Mr. COSCIA. Thank you, Senator. In fact, thank you for raising the question because I think this is a vital issue that we are dealing with at Amtrak.

There is clearly a confluence of issues that have come up between the mobility of people and the mobility of goods. I mean, we are sharing infrastructure between two vital things, moving people around the country and moving goods around the country. And I do not think it is an effective argument to argue that one is more or less important than the other. The reality is that the Nation needs to somehow find a way to work together and cooperate and optimize the system.

I would submit to you, Senator, that it is a work in progress for Amtrak working with the freight industry to try to find the point where we are doing all we can do to make those numbers better than they are. Those are unacceptable numbers, and it is at least step one that Amtrak and the class I freight railroads are going to need to work together to try to improve their operating performance. We see a lot of this around the Chicago hub. In fact, our

president, Joe Boardman, has convened a group of senior individuals to try to find solutions to that problem.

But in addition to that, there is undoubtedly going to be need for investment in the system that creates improvements in places where the infrastructure that exists is not adequate for the needs of the system overall. Some of that will fall to an obligation that we would encourage the freights to undertake and some of it will be an obligation that Amtrak will have to undertake.

But the bottom line is that those kinds of on-time performance levels are unacceptable and are a negative to the system overall, and the solution is something that is going to require a re-imagining of the relationship that exists in the United States between the freight railroads generally and the passenger rail industry. We need to, for a second, put aside Amtrak and put aside any of the individual players. There is an issue on multiple levels of delivering effective passenger rail in the United States. One of those issues is a better alignment between the passenger rail industry and the freight rail industry, and there is a lot of work that needs to be done on that issue.

Senator KLOBUCHAR. Very good. Thank you.

Mr. Rogoff, I want to thank you again for your leadership. We were so pleased to have you out there for the opening of the 11-mile line that finally connects downtown Minneapolis and downtown St. Paul. It was good to see you there. And could you talk about the importance of expanding transportation options?

And then also I wanted to ask you about the rail inspector program? And this came out of a GAO report in 2013 on rail safety challenges that found that the FRA inspectors only have the capacity to inspect less than 1 percent of all railroad activities. And do you think there are enough rail inspectors—this is, of course, different than light rail—to oversee the tens of thousands of railroad tracks in our country?

Mr. ROGOFF. Well, thanks for the question. A couple of things.

To your first point on transportation options, it was not a coincidence that when the President went out to announce the GROW AMERICA Act, he went to Union Depot in St. Paul. It was the coldest Anthony Foxx has ever been in his life. If you ask him, he will tell you about it.

[Laughter.]

Mr. ROGOFF. The Twin Cities, in part because of the leadership of several mayors and your leadership and others, have really figured out there is the mix of options. Even in a community where parking is, as urban centers go, relatively inexpensive, folks want to use light rail, and they are flocking to it and they are also now increasingly flocking to intercity rail. One of the things I said in my opening statement really had to do with population growth and how we are going to accommodate that growth. And that is why we feel it is imperative that rail be part of the solution.

Senator KLOBUCHAR. You can also add to that now our metropolitan area has the lowest unemployment rate of any metro area in the country.

Mr. ROGOFF. And they are not unrelated.

Senator KLOBUCHAR. And we are doing all of this with the rail, and I think it is interesting.

Mr. ROGOFF. And I think it even goes beyond that. It becomes somewhat of a magnet for people, a magnet for both jobs and technological workers because they know the rail is going to be there. And increasingly, we are now building rail on college campuses, and those graduates leave the campus and want to know where they are going to relocate and they want to know where the rail is.

On the rail inspector question, I would like to get back to you, consult with the Federal Railroad Administrator, and give you a more thorough answer, other than to say that one of the things that the Secretary has increasingly been moving us to is certainly we need additional resources for safety.

We are revisiting our budgets for that especially in the light of crude by rail. There are some additional dollars specifically for the safe movement of energy in the omnibus just filed last night. But we also need to move to a more risk-based inspection regime, and that is not just in rail but across all of our safety functions.

Senator KLOBUCHAR. I hope when you hear this only 20 percent on time—obviously, we do not have nearly the traffic of Connecticut where Senator Blumenthal is, but anyone that would have 80 percent of trains late, it is not just a safety issue. It feels like we are almost getting cut off.

Mr. ROGOFF. This is a very critical issue that quite frankly is getting demonstrably worse.

Senator KLOBUCHAR. Yes.

Mr. ROGOFF. I happen to have—this is actually Amtrak's document, but you may wish to put it in the record. I will invite Tony to put it in the record because it is his document. But it just compares the on-time performance by train for October of last year till October of this year, and on some of these trains, the numbers have really plummeted. We are talking upwards of 30–40 percent. And it is in part why we need the investments that are in GROW AMERICA and that is to de-conflict—if passenger rail is really going to be successful nationally, we need to make the investments to de-conflict, where possible, the freight rail operations which we also want to grow with the passenger rail operations.

Senator KLOBUCHAR. Thank you.

Senator BLUMENTHAL. We will take that document for the record, without objection, and call on Senator Nelson.

[The information referred to follows:]

ON-TIME PERFORMANCE
(Red numbers indicate not meeting standard)

	Endpoint OTP		All-Stations OTP		Change in Effective Speed
	Current Month	Quarter to Date	Current Month	Quarter to Date	Last Twelve Months Ending Oct. 2014 vs. FY08
	October 2014	Oct. 2014 - Oct. 2014	October 2014	Oct. 2014 - Oct. 2014	

Acela Express

PRIA Section 207 Standard	90.0%	90.0%	90.0%	90.0%	>=0
Acela Express	79.3%	79.3%	84.1%	84.1%	-1.8

All Other NEC Corridor Routes

PRIA Section 207 Standard	85.0%	85.0%	85.0%	85.0%	>=0
Keystone	90.5%	90.5%	96.5%	96.5%	-0.9
Northeast Regional	76.9%	76.9%	81.1%	81.1%	-0.7
Richmond/Newport News/Norfolk	75.5%	75.5%	73.4%	73.4%	-0.5
Lynchburg	77.4%	77.4%	72.3%	72.3%	NA
All Other Northeast Regional	77.3%	77.3%	86.0%	86.0%	-0.6

Non-NEC Corridor Routes

PRIA Section 207 Standard	80.0%	80.0%	80.0%	80.0%	>=0
Capitol Corridor	92.1%	92.1%	96.3%	96.3%	2.2
Carollian	52.4%	52.4%	48.2%	48.2%	0.4
Cascades	75.0%	75.0%	68.4%	68.4%	-1.5
Downeaster	24.0%	24.0%	62.6%	62.6%	-3.0
Empire Corridor	68.4%	68.4%	64.1%	64.1%	0.1
Adirondack	69.4%	69.4%	55.8%	55.8%	0.9
Elhan Allen Express	69.4%	69.4%	76.3%	76.3%	2.2
Maple Leaf	56.5%	56.5%	42.9%	42.9%	-0.6
New York - Albany**	77.3%	77.3%	90.6%	90.6%	0.0
New York - Niagara Falls	44.4%	44.4%	41.0%	41.0%	-1.1
Heartland Flyer	85.5%	85.5%	91.3%	91.3%	1.5
Hiawatha	86.9%	86.9%	94.5%	94.5%	-0.5
Hoosier State	63.9%	63.9%	73.2%	73.2%	0.2
Illinois	55.6%	55.6%	59.7%	59.7%	0.3
Carl Sandburg / Illinois Zephyr	68.7%	68.7%	60.6%	60.6%	-1.9
Illini / Saluki	17.7%	17.7%	29.3%	29.3%	0.3
Lincoln Service	58.1%	58.1%	66.7%	66.7%	0.9
Michigan	18.7%	18.7%	45.3%	45.3%	1.2
Blue Water	32.3%	32.3%	52.2%	52.2%	3.6
Pere Marquette	14.5%	14.5%	59.0%	59.0%	0.7
Wolverine	15.6%	15.6%	41.7%	41.7%	0.4
Missouri River Runner	72.6%	72.6%	74.4%	74.4%	7.1
Pacific Surfliner	72.5%	72.5%	83.6%	83.6%	-0.2
Pennsylvanian	69.4%	69.4%	69.7%	69.7%	0.8
Piedmont	63.9%	63.9%	84.9%	84.9%	1.4
San Joaquin	69.6%	69.6%	71.7%	71.7%	-0.7
Vermont	80.6%	80.6%	68.3%	68.3%	3.9

Long-Distance Routes

PRIA Section 207 Standard	80.0%	80.0%	80.0%	80.0%	>=0
Auto Train	93.5%	93.5%	91.9%	91.9%	-1.5
California Zephyr	53.2%	53.2%	36.5%	36.5%	1.8
Capitol Limited	0.0%	0.0%	22.5%	22.5%	-1.3
Cardinal	40.7%	40.7%	25.4%	25.4%	0.4
City of New Orleans	61.3%	61.3%	39.6%	39.6%	0.6
Coast Starlight	64.5%	64.5%	41.1%	41.1%	0.8
Crescent	61.3%	61.3%	59.0%	59.0%	-0.2
Empire Builder	25.2%	25.2%	21.4%	21.4%	-4.5
Lake Shore Ltd	22.1%	22.1%	21.3%	21.3%	-3.0
Palmetto	91.9%	91.9%	73.8%	73.8%	0.5
Silver Meteor	77.4%	77.4%	62.9%	62.9%	-0.8
Silver Star	69.4%	69.4%	58.9%	58.9%	0.4
Southwest Chief	51.6%	51.6%	33.2%	33.2%	-0.8
Sunset Limited	70.4%	70.4%	45.9%	45.9%	2.8
Texas Eagle	51.6%	51.6%	38.9%	38.9%	1.7

The numbers included in this document are preliminary and are for informational purposes only. Final data regarding compliance with PRIA section 207 standards are published quarterly in the official FRA report.

** Includes only trains that operate solely between New York and Albany.

Northeast Regional: Lynchburg includes all trains between Lynchburg and points on the NEC; Richmond/Newport News includes all trains between Richmond or Newport news and points on the NE
Change in Effective Speed is calculated as Last Twelve Months Effective Speed (ending October) minus FY08 Effective Speed

**STATEMENT OF HON. BILL NELSON,
U.S. SENATOR FROM FLORIDA**

Senator NELSON. Mr. Coscia, the Northeast Corridor has been very successful, 260 million passengers. You have an operating surplus of \$500 million. So what is the incentive to really get to high-speed rail?

Mr. COSCIA. Well, Senator, there is an enormous amount of incentive to get to high-speed rail. In fact, I will tell you that I feel as though every day that goes by that we do not find a way to make tangible progress on the Northeast Corridor—I feel as though we are allowing an opportunity to slip through our fingers and one which we may or may not get back.

I do not really see that there is a distinction between the Northeast Corridor and any other city pair around the country. It is just this is where we have made our initial stand, and this is where we have proved that the concept is viable. But to the extent that we do not invest in that system, that operating surplus will decline for certain because the kind of on-time performance statistics that we have on the Northeast Corridor will start to look a lot more like the kind of on-time performance statistics that we were just talking about relative to some of the long-distance lines.

The reality is that the viability of the Northeast Corridor is because there is an enormous amount of demand. We are selling a lot of product because there is a lot of demand for that product. But that demand will go away to the extent we cannot deliver a service that is commensurate with what the public needs. If we do not invest in rail to a point where it gets better and does not deteriorate, then you will see ridership start to decline.

We are a preferable mode. If you look at the numbers, the comparison between those who use aviation as a mode of transportation on the corridor and those who use rail, within the last 10 years they have essentially flipped. And that is something that is important because we are a more efficient mode for those kinds of distances, but in order for us to hold onto that kind of advantage, we are going to have to invest in the system and keep it viable.

So I think there is plenty of incentive for us to invest in the Northeast Corridor, to develop higher-speed programs not simply because of the Northeast Corridor because we think it is also a model that can be transported to other parts of the country. And in fact, we have had an enormous amount of success in developing systems around the Chicago hub, in the Northwest, and even the success you have seen in connecting cities in California.

Senator NELSON. What is the average speed on the Acela between Washington—and if you take all of the stops, what is the average speed between there and Penn Station?

Mr. COSCIA. The average speed in the southern half of the route is somewhere in the 120 mile an hour range. I would have to confirm that for you. But obviously, the system can achieve higher speeds, but in multiple places the rail infrastructure does not support that.

Senator NELSON. So overall the average speed is what?

Mr. COSCIA. It is about 110 to 120 miles an hour.

Senator NELSON. From Washington to New York.

Mr. COSCIA. From Washington to New York.

Senator NELSON. Including the stops.

Mr. COSCIA. Including the stops, it would be less than that. The operating speed is at that level. The time that it takes to get from Washington to New York is about 2 hours and 45 minutes.

Senator NELSON. OK.

Now, have I not ridden on some trains in Europe that go in excess of 200 miles an hour?

Mr. COSCIA. You have indeed.

Senator NELSON. Did I not ride on an experimental one outside of Shanghai that went up close to 300?

Mr. COSCIA. I think we both may have. Probably not the same train, but yes, I am sure you have.

Senator NELSON. So when can we start getting that kind of technology that is available today into the United States? And it would seem to me the Northeast Corridor is a good place to start. No. Let me amend that. The good place to start was between Tampa and Orlando right down the middle of the I-4 interstate corridor, but our Tea Party Governor would not accept the \$2.4 billion that we had on the table to build it 4 years ago. And it would be being completed now, and it would be the showcase for the entire country to do it. But since that is not the case, what is the case in the Northeast Corridor?

Mr. COSCIA. Well, Senator—and I will not comment on the last part of your question because it would require a lot of other discussions that we do not have time for.

Senator NELSON. No. I am just talking about a fact. I am talking about a fact.

Mr. COSCIA. But I will tell you that we are paying the price for under-investment in the system for the last 40 years. So the answer to your question is that I agree with you that we should be sprinting. We deserve to sprint. If anyone in the world should be sprinting, it should be this country, but we are not sprinting because we have to first learn how to walk correctly given the fact that we have put so little effort into it for the past 40 years.

So the proper response to your question is that we are working very, very hard at Amtrak to make the Northeast Corridor the model of what intercity passenger rail service should look like and could look like in this country in the hope of making the case to the American public generally that investment in intercity passenger rail is worth it, that it is worth it for us to put significant resources into it because we can connect cities that would ultimately have an enormous economic and quality-of-life benefit.

The truth is, Senator, at the end of the day, this is really not about the trains and whether they go fast or they go slow. It is about the people on the trains. And with every delay, we are wasting money, we are wasting time, and we are not going to get it back. So the reality is that this is not an argument about Amtrak. In fact, Amtrak needs to prove to the general public that it is capable of taking on this mission, but it is about passenger rail service. And unless we make the kind of investments that will upgrade the system on the Northeast Corridor to show that we can run at operating speeds in excess of 150 miles an hour, then we will never be able to actually create the kind of true high-speed network that you are referring to not because it is not possible, not because we do

not know how to build it, but because we sort of lack the will to install the system.

Senator NELSON. Well, what I want to work on is the will.

Senator Blunt, over 30 years ago when I was a young Congressman in the House just before you arrived, Congressman Don Fuqua, the Chairman of the Science and Technology Committee of the House, took us all to France, and we rode in the engineer's compartment on the high-speed rail from Paris to Lyon, 180 miles an hour. I remember that. It looked pretty fast. That was over 30 years ago, and here we are in America without high-speed rail.

Mr. Rogoff, let me say that there is one bright spot in Florida—and you were involved in this and we thank you—and that is a commuter rail system for the first time being done in the Orlando area called Sun Rail. We need to complete some more of that now to take it to the Orlando airport. I sure would appreciate you continuing to help. And that Sun Rail, the first time in the metropolitan area of Orlando that it has been established—hopefully they will get going over in the Tampa area, another dense urban area. Of course, they have had it thanks to the wisdom of Congressman Bill Lehman, Senator Blunt, that you and I had served with, who got that commuter rail system in Miami.

But we need that extension, and it is wildly popular—Sun Rail in the Orlando area. Started from scratch. For a couple of weeks, they let everybody go out and ride it for free. I mean, you could not get on it it was so packed.

Mr. ROGOFF. It is a system that holds great up-side potential especially with all the economic dynamism in and around Orlando. You have our commitment to continue to work with you on it. I know FTA is in regular dialogue with FDOT about it. And it was great to see phase one get off the ground, but we certainly know that there are more phases to come.

Senator BLUMENTHAL. Thanks very much. Thanks, Senator Nelson.

Senator BLUNT. Mr. Chairman, I would like to note for the record that since he has been in a spaceship, Mr. Nelson knows a lot more about speed than most of us do. So his speed comparisons are much greater than our speed comparisons.

Senator BLUMENTHAL. He is truly a world traveler.

[Laughter.]

Senator BLUNT. Intergalactic mode.

Senator BLUMENTHAL. But speaking of world travel, I am hoping that during the next session when I hope Senator Blunt will be Chairman of this subcommittee, but whoever is maybe will take us on another trip to Paris.

[Laughter.]

Senator BLUMENTHAL. I have just a couple of quick questions. You have been very patient and very, very helpful and informative, and I want to really thank the panel.

Mr. Coscia, Senator Booker rightly focused on the Northeast Corridor, specifically the Gateway Project. And you know, I am sure that my constituents in Connecticut are wondering why should I care about this tunnel under the Hudson. And of course, the tunnel under the Hudson is vital not only to Connecticut but to Delaware, Pennsylvania, every state that is served by that corridor. My un-

derstanding is that this project would allow for eventual doubling of passenger trains into Manhattan. It would add new tunnels under the Hudson River, replace the Portal Bridge east of Newark, New Jersey, and expand the station facilities in New York City.

The cost estimates range from \$14 billion to \$16 billion, which seems like a staggering amount until you consider what it costs to put men on the moon or what it costs to put satellites into orbit. And by no means am I suggesting that we should not continue with that space exploration effort, but in terms of getting people safely and reliably to destinations for pleasure or work or moving freight, I happen to believe it is well worth moving forward.

I would just ask you and any of the other panelists to comment on how its ramifications are so sweeping for our Nation and most especially for our economy, job creation, which are a priority for me.

Mr. COSCIA. Yes, Senator. Well, I would say at the risk of being redundant, your question gives me the perfect opportunity to make the point that I have been making in my testimony and in a number of the responses here, which is that the Nation needs a robust passenger rail system to connect cities not because we think it is an interesting idea, but because the future of the Nation's economy largely depends on it. The Northeast Corridor has given us this perfect opportunity to create a system that we can then spread throughout the country to city pairs not just in the Northeast of the United States, but throughout the country. But we are heavily dependent on the success of the Northeast Corridor as being able to sustain that system because it is the element that we will use to be able to generate the kind of system creation capacity that will allow us to go to other parts of the country as well, not to mention the fact that the Northeast Corridor obviously represents a vitally important part of the entire U.S. economy.

Now, the project that you speak of, which highlights the fact that every opportunity also has its points of failure, is that on the Northeast Corridor, which is currently the bulwark of the Nation's passenger rail system—once you get to the City of Newark, you go from a four-track system to a two-track system. You go over a bridge that crosses the Hackensack River that was built 120 years ago that is a swing bridge that is something that fails on a regular occurrence. It goes under tunnels that we built out of concrete and cast iron over 100 years ago, emerges into Penn Station which is clearly the busiest train station in North America and nowhere near able to meet the needs that it has, and then emerges from Penn Station again in rail infrastructure that was built many generations ago.

The reality is that is just purely unacceptable. That half a billion dollars in net operating income that I mentioned is coming from the Northeast Corridor is all at risk. But what is even at greater risk is shutting down that tunnel for even a day has a horrendous impact on New York's economy and the Nation's economy.

So my argument to you on all of this and my argument generally on all of this is that we believe that a national passenger rail system is heavily dependent on the success of the Northeast Corridor. And the Northeast Corridor will not be successful unless we do

something about this problem and we do something about it very quickly.

Senator BLUMENTHAL. Thank you very much.

Senator Blunt?

Senator BLUNT. Well, thank you, Chairman. Thanks, panel, for your patience. I may submit some questions in writing.

Let us talk about positive train control just a little bit longer. Mr. Coscia, is there any part of the Amtrak system that will meet the 2015 deadline? And if there is, what percentage of your system would be able to comply with that deadline?

Mr. COSCIA. Senator, I do not think I can give you that answer off the top of my head, but I would be happy to get you that information.

Senator BLUNT. You could give me the answer but you will not be fully—

Mr. COSCIA. I am not certain that I would be 100 percent accurate and I would not want to guess at that.

Senator BLUNT. All right.

Mr. Rogoff, since it is my belief that almost nobody will meet that deadline, what is the best way for your Department to deal with that? On a case-by-case basis or would you like some guidance from the Congress as to a reasonable date that then we would try to encourage that people meet that date?

Mr. ROGOFF. Well, I do not want to be cheeky, Senator Blunt, but what we would really like is the \$6.4 billion we put in our request for multiple years to help facilitate the installation of PTC.

But on your specific question on the deadline, we have come at this on a case-by-case basis. We do think that is the most reasonable. We do think that at least the Metrolink system out in California has a fighting chance of meeting the deadline, but we are working with everyone individually as it is. If GROW AMERICA were to be adopted and we were able to bring in \$6.4 billion over multiple years to help finance that investment, we think things will go a lot more quickly.

As you know well, there are other issues that we are working through, including issues with the FCC—on tower installation. But I think we are making some progress there now, and we feel good about the partnership allowing things to move more quickly. But financing is still a challenge.

And you are correct that a very small portion of the universe will comply with the deadline, but we think working with each railroad individually is the best way to move them forward.

Senator BLUNT. You know, I do have some problem with the railroads that have somehow worked to comply being under the law without maybe time to try it out, see how it is working. Those are the kind of things I want to follow up with you on.

Mr. ROGOFF. We would welcome the inquiries. That is precisely among the reasons why we would like to come at this from a somewhat—flexible on the installation, recognizing other things, flexible somewhat on the enforcement but keeping everyone's feet to the fire to move forward quickly. We think being able to do this on a case-by-case basis gets us to recognize those who have really made an effort and made the expense to move out rapidly and also recognize those that have perhaps dragged their feet and be able to rec-

ognize the distinctions between them rather than have sort of a one-size-fits-all legislative solution.

Senator BLUNT. We will continue to talk.

Again, Mr. Chairman, thank you for your leadership on these issues and for having the hearing today.

Senator BLUMENTHAL. Well, thank you, Senator Blunt, for your partnership and your leadership both here and in the great State of Missouri and throughout the Midwest.

And again, I want to thank our panel. Please convey my thanks to Secretary Foxx for his vision and leadership. And to all of you, I look forward to working with you as we continue this very important work. Thanks so much.

This hearing is adjourned and the record will be kept open for two weeks.

[Whereupon, at 4 p.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF JAMES P. REDEKER, COMMISSIONER, CONNECTICUT
DEPARTMENT OF TRANSPORTATION; CHAIR, NORTHEAST CORRIDOR INFRASTRUCTURE
AND OPERATIONS ADVISORY COMMISSION

The Northeast Corridor

The Northeast Corridor (NEC) is one of the great railroads of the world. Its 457-mile main line between Boston, Massachusetts and Washington, D.C. carries 710,000 commuter rail riders and 40,000 Amtrak riders each day on over 2,000 trains. It supports a workforce that contributes \$50 billion annually to the United States gross domestic product. It provides high capacity and reliable access to core employment centers that contain one out of every three jobs in the larger NEC Region, whose overall economy is the fifth largest in the world. The NEC plays an important role in supporting the broader transportation system. An unexpected loss of the NEC for one day alone could cost the Nation \$100 million in additional highway congestion, productivity losses, and other transportation impacts.

The NEC spans eight states and the District of Columbia, supports nine passenger rail operators—including four of the five largest commuter rail services in North America—serves four freight railroads, and has four separate infrastructure owners. Amtrak owns the railroad between Washington, DC and New Rochelle, NY, and between New Haven, CT and the Rhode Island-Massachusetts border. The New York Metropolitan Transportation Authority (NYMTA) and the Connecticut Department of Transportation (CDOT) own their states' respective portions between New Rochelle and New Haven. The Massachusetts Bay Transportation Authority (MBTA) owns the railroad from the Massachusetts-Rhode Island border to Boston South Station.

Portions of the NEC date back as far as the 1830s. A great number of critical assets date back to the period between the Civil War and the New Deal. As infrastructure deteriorates and service levels reach the NEC's practical capacity, we must choose to cope with declining reliability and limited economic growth, or to invest in the next generation of the railroad.

The NEC is at an historic turning point. The decades since stewardship of the NEC was placed in public hands have been marked by record-breaking commuter and intercity rail ridership growth—and insufficient capital investment. But unprecedented collaboration is underway to take responsibility for this vital asset and position the Northeast for a globally competitive economic future.

The Commission

I serve as Chair of the Northeast Corridor Infrastructure and Operations Advisory Commission (the Commission), established by Section 212 of the Passenger Rail Investment and Improvement Act of 2008 to create a new forum for collaborative planning and decision-making for the Northeast Corridor. The Commission is composed of one member from each of the NEC states (Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, and Maryland) and the District of Columbia; four members from Amtrak; and five members from the U.S. Department of Transportation (USDOT). The Commission also includes non-voting representatives from freight railroads, states with connecting corridors, and commuter authorities not directly represented by a Commission member.

The Commission has nearly completed its statutory mandate to develop a cost-sharing arrangement for NEC infrastructure used for commuter and intercity rail services. The draft agreement contains the required cost-sharing methods, policy recommendations to support them, and new practices to enhance collaboration on the Corridor.

Congress will consider authorizing laws for both surface transportation and intercity rail in the coming months. Federal policy should treat the Northeast Corridor as a single system. The success of the Corridor, and passenger rail in general, is possible only through a unified vision for the entire network.

The Commission is part of a regional partnership that has been years in the making and is growing stronger. Though far below even the bare minimum level of necessary investment, the Northeast states and commuter agencies have gone nearly dollar-for-dollar with Amtrak over the last ten years with approximately \$2.4 billion in NEC capital investment, paired with approximately \$2.6 billion from Amtrak and \$1 billion in Federal American Recovery and Reinvestment Act (ARRA) and High-Speed Intercity Passenger Rail (HSIPR) program grants.

Coordination is especially strong in planning for the future. In 2010, the Northeast states, commuter agencies, and Amtrak published the *Northeast Corridor Infrastructure Master Plan* that identified the level of investment required by 2030 to restore the Corridor to a state of good repair and accommodate modest forecasts of ridership growth. In 2013, the Commission convened the same group of stakeholders to publish a report entitled *Critical Infrastructure Needs on the Northeast Corridor* to highlight the highest priority infrastructure investment needs in the region.

Since then, Commission stakeholders have been at work on the first-ever *Northeast Corridor Five-Year Capital Plan*—due for publication in spring 2015—which will be a near-term action plan to address the investment needs identified in previous reports. Development of the *Northeast Corridor Five-Year Capital Plan* is analyzing how to feasibly ramp up investment levels over the next five years to reverse decades of deterioration and modernize our shared national asset for future economic growth.

However, funding availability will be the largest obstacle in implementing the *Northeast Corridor Five-Year Capital Plan*. Aggregate funding levels from traditional sources are far below those required to stabilize the infrastructure's condition and prepare it for the future. The *Northeast Corridor Five-Year Capital Plan* will identify these funding gaps and define how additional resources would build a stronger railroad.

Though the draft cost-sharing agreement lays out a framework for collaboration, it will not fully address the funding gaps facing the NEC. Once it transmits an adopted cost-sharing policy to Congress, the Commission looks forward to partnering with Congress to ensure the success of these new approaches to collaborative planning, funding, and financing of rail services and infrastructure improvements.

Railroad investments involve complex planning, engineering, contracting, and construction activities that take place over a number of years—processes that benefit from predictable and stable capital funding resources which is generally lacking due to the current reliance on annual budgeting and appropriations and one-time competitive grants.

Rail deserves the predictable and sustainable funding offered to other modes so it can reach its potential for the American public. A long-term Federal capital funding program is needed to advance intercity passenger rail service throughout the United States. Funding is needed for capital investments in new equipment and infrastructure improvements. These capital investments are needed for increased frequencies, speeds, and passenger amenities, as well as for improved schedule reliability in the face of heavy freight traffic.

In addition to Federal funding, we will also need to be creative in ways to stretch the Federal dollars by leveraging private sector funding for passenger rail infrastructure. However, it is worth noting that the risk-averse private sector desires a predictable, sustainable Federal funding partner prior to investment. All European Governments finance railways to provide services beyond those that a stand-alone commercial railway would offer, in terms of the geographic coverage of the network, the location of stations and the frequency and speed of services. They do this on the theoretical economic grounds that the long asset lives, lumpy investment patterns and large sunk costs that characterize rail prevent purely private provision of an optimally dimensioned rail system.

Such a program must include a mechanism to insure that funding can be reliably provided over multiple years. Like other major transportation infrastructure projects, passenger rail corridor improvements can take several years and new equipment can take up to three years from order date to delivery.

Many public and private sector stakeholders have long advocated for improvements to the policy framework and funding models that support the NEC. These initiatives have rarely translated into sustained focus and action. Now, confronted with aging infrastructure, rising demand, and constrained capacity, NEC service providers, Northeast state and local governments, and the Federal Government must continue to forge this new partnership to modernize the NEC and build a foundation for economic growth.

The Commission has made great strides in bringing the Corridor's key stakeholders to the table to develop a framework for greater collaboration. We look forward to working with Congress to build upon this progress and to develop a strong-

er federal-state partnership to address the Northeast Corridor's significant infrastructure challenges.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. JOHN THUNE TO
HON. ANTHONY R. COSCIA

Question. It is my understanding that as railroads develop PTC systems in response to the 2008 Passenger Railroad Investment and Improvement Act Congressional mandate, some freight lines will now require PTC only because a passenger rail system shares their tracks and therefore is asking the passenger rail systems, most notably Amtrak, to cover these costs. It is my understanding that you have now decided to pass these costs along to the states that support these passenger rail programs and that many states were unaware and unprepared for these additional expenses. Can you explain your planning and communications efforts?

Answer. For Amtrak and the states, the most critical PTC-related issue has been the installation of PTC on terminal railroad trackage in St. Louis and Kansas City. The cost allocation methodology stemming from Section 209 of PRIIA requires that allocated costs for PTC on state-supported routes must be borne by the states, although a portion of these costs will also be borne by Amtrak, as these terminals are used by our *Southwest Chief* and *Texas Eagle* services. In both cases, states would be required to bear both the initial installation cost and the annual maintenance costs for the system. Because the scale of the cost is significant enough to impact services supported by the states of Illinois and Missouri, Amtrak has been in close and continual communication with both state departments of transportation on this issue. While we don't have agreement yet with Missouri or Illinois on this, these states have been made aware of their exposure. We do not expect that either installation will be complete by the end of calendar year 2015.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. ROY BLUNT TO
HON. ANTHONY R. COSCIA

Question 1. I understand you have served as Chairman of the Amtrak Finance and Audit Committee since 2011. Both your financial reports and your audited financial results are due every year by February 15, as required by statute. These documents will be important in considering the Amtrak reauthorization. Have these reports been submitted, and if not could you please provide explanation?

Answer. Our Legislative and Grant Request (budget request) is required every year on February 15, with some deadline concessions for delayed appropriations, and this is a forward looking document. However, the financial reports and audits are a separate matter. We will not have our FY 2014 audit complete for several more months due to a delayed schedule from one-time audits that were finalized just a few months ago. On a normal schedule, our audits are finalized by the end of January. We expect to get back to the schedule for the FY 2015 final audit.

Question 2. State-supported routes like the St. Louis to Kansas City route, the River Runner, carried almost half of Amtrak riders last year. Some of these routes are the fastest growing segments for ridership. How are you working with the states to continue to improve ridership of these routes?

Answer. Amtrak has been working closely with the states to ensure that state-supported ridership continues to grow. To sustain our pattern of growth, we are working to address the single most important issue for travelers, on-time performance (OTP). OTP has fallen significantly in the past two years, and we have engaged the freight railroads to address those components of OTP for which they are responsible. We have also worked to improve those components for which we are responsible, particularly those that have historically hindered service in our Chicago hub. We have worked to address the issue of snow interference with locomotive traction motors, and snow and ice infiltration into cars; we have also pursued the more effective installation of heat-tape wrapping on cars, to avoid problems with freezing water; all of these have helped us to address this challenge.

We have worked closely with the states to promote specific state marketing initiatives aimed at boosting ridership and cost recovery. Collaborative marketing initiatives involving Amtrak and the states have aimed to boost both. To ensure that ridership does not drop off while we experience service disruptions during the improvement programs on the Chicago-Detroit and St. Louis routes, we have worked with the states to publicize the improvement program so that passengers can understand both the need for delay, and the improvements in OTP and trip time that can be expected once the work is done.

For our sales systems, Amtrak has recently embarked upon a modernization of all of our customer-facing sales systems, including *Amtrak.com*, mobile apps, and contact center and station sales systems (including Quik-Trak). Building on the momentum of our recently launched eTicketing system, these systems will extend the reach and improve the ease of purchasing Amtrak services across the system. Amtrak will be launching the first wave of these new systems starting in late spring of 2016.

In marketing, in addition to traditional advertising, Amtrak has many tools to support growing sales, including promotions, partner programs, and our loyalty program, Amtrak Guest Rewards. Amtrak also supports pricing and revenue management strategies for state routes with advance systems and *ad hoc* analyses for our state partners.

Amtrak.com today already supports customization and geo-targeting of state services messaging to target markets in support of those routes' unique needs, including by utilizing Amtrak marketing and communication channels such as home page banners and "deals" pages on *Amtrak.com*, Amtrak Guest Rewards member e-mail and website, non-member e-mail, and social media channels messaging (Facebook, Instagram, Amtrak blog, Twitter). State routes are also integrated into promotion of national, system-wide marketing partnerships and programs including: AAA, Student Advantage, Veteran's Advantage, Amtrak Vacations, Amtrak to Parks, and Amtrak Train Days. Amtrak aggressively promotes state routes at consumer trade shows regionally, nationally, and internationally and through travel industry partnerships at the local and regional level, including convention and visitors' bureaus, travel agencies and tour operators, state travel bureaus, and other strategic destination and sponsorship promotions.

Importantly, of course, Amtrak also supports our state partners with advertising. This can be part of a state-supported and directed program or through Amtrak's own integrated national advertising campaigns. These campaigns appear in print, on TV, online, in sports venues, and other channels. In 2015, Amtrak is developing a new national brand campaign to drive consideration for Amtrak travel across all services and within key segments such as millennials and students, families, and boomers. This campaign, which will launch mid-year, utilizes the tagline "See Where the Train Can Take You." The dual message of this tagline speaks to Amtrak's ability to transport its customers—both in the physical sense to a specific destination, as well as to transport them emotionally during their trip. We plan both television and digital platforms for release and expect state-supported services to benefit directly.

Amtrak's communications team also supports daily messaging through the media and directed communications to ensure that customers are aware of track work, service disruptions, and service development programs that could have an adverse impact on services. The goal is to ensure that our customers remain informed and ridership does not drop off while we experience service disruptions during the improvement programs on the Chicago-Detroit and St. Louis routes, for example, our communications team has worked with the states to publicize the improvement program so that passengers can understand both the need for delay, and the improvements in OTP and trip time that can be expected once the work is done.

Together, these programs are designed to drive awareness, consideration and trial for new customers, and to increase use by existing customers. These actions, coupled with both operational actions for improved reliability as well as on-going improvements to schedules, frequencies, and services, are designed to ensure the long-term sustained growth of our state-supported services.

Question 3. To follow up from my question in the hearing, is there any part of the Amtrak system that will meet the 2015 Positive Train Control deadline? If so what percentage of your system would be able to comply with that deadline?

Answer. Amtrak's PTC installation program has two components—installation on our infrastructure, and installation on our equipment. PTC systems are currently in service on the 156 mile Amtrak line between New Haven and Boston, and the 97 mile Amtrak-owned Michigan Line. PTC systems have been installed on the 245 mile segment between Washington, D.C. through New York Penn Station to New Rochelle, New York, and on the 104 mile line from Philadelphia to Harrisburg; these systems have not, however, been turned on, because of issues associated with radio frequency that have required installation of new radios in locomotives to ensure compatibility. That installation process is ongoing, and when it is complete later this year, Amtrak expects to have an operable PTC system on 602 route-miles of our system. Work is currently ongoing on the 135 mile segment of the Michigan Line between Kalamazoo and Dearborn that is owned by the state, but maintained by Amtrak. We hope to finish this line by the end of 2015, but our ability to turn on the PTC system there will depend on an agreement with the freight carrier to

turn over dispatching, and at this time that issue is unresolved. We expect to complete the installation of PTC systems on all Amtrak-owned locomotives that require it for NEC operations by the end of the year, and we expect to have the installation of freight-compatible PTC systems on our diesel fleet completed at the same point. We expect to have completed PTC installation on approximately 80 percent of the route-miles for which Amtrak is responsible by the end of the calendar year.

The exceptions to this will be our 62 mile Springfield Line, which is undergoing significant upgrading in partnership with the State of Connecticut, and the 86 mile segment of the Empire Corridor between Poughkeepsie and Schenectady, New York. In the former case, installation has not yet proceeded because of the scale of the ongoing construction work on the Springfield Line; in the latter case, design work is ongoing, but installation work will not be able to proceed without funding from the state.

