

TESTIMONY

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BEFORE THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND

TRANSPORTATION

HEARING

“THE FUTURE OF PASSENGER RAIL: WHAT’S NEXT FOR

THE NORTHEAST CORRIDOR?”

WEDNESDAY, APRIL 17, 2013

2:30 P.M.

RUSSELL SENATE OFFICE BUILDING ROOM 253

Thank you very much for the opportunity to testify today, Mr. Chairman. I would like to begin by thanking you and your many colleagues on this Committee for all of your efforts, which have spanned decades, on behalf of Amtrak, the Northeast Corridor (NEC) and the cause of public transportation more generally. Your work here in the U.S. Senate has made a real difference in the travel experience of millions of people every year, and your contributions are enduring and distinctive. While we're here primarily to discuss the Northeast Corridor, we appreciate your visionary support for a multimodal transportation network that meets America's future needs, including a strong and healthy national intercity passenger rail network. And, of course, upon your upcoming retirement, we're going to miss your tireless support for the *Cardinal* Service that is so vital in connecting and creating economic opportunities for communities in West Virginia.

So with all that being said, I hope you'll pardon me for beginning with a quick review of the NEC, including some key data points and some information about its history and function.

Historical Overview:

Although portions of the Northeast Corridor routes were built some 180 years ago, the modern NEC dates from the High Speed Ground Transportation Act of 1965, an early form of a public-private partnership between the Federal government and the Pennsylvania Railroad (which at the time owned and operated the portion of the NEC from Washington to New York) that resulted in improved trip times and performance. Through the following decade, ownership of the NEC was gradually consolidated through the creation of the Penn Central Railroad and then transferred to public and Amtrak control between 1971 and 1976 as part of the recovery plan for the Penn Central bankruptcy.

At the time we took the NEC over in 1976, the railroad was in a deplorable state of disrepair and required major investment. To address this need, the Federal Railroad Administration (FRA), Congress and Amtrak worked closely together to establish, fund and carry out the Northeast Corridor Improvement Project, or "NECIP." This project, and its follow-on, the Northeast High Speed Rail Improvement Program, or "NHRIP", invested a total of about \$4 billion in the NEC between 1976 and 1998. Over time, the NEC was transformed from a rundown mid-century railroad into a modern, electrified, high speed line capable of handling twice the number of trains and suitable for our 125mph Northeast Regional services, as well as the 135-150mph *Acela* trains which entered service in 2000.

Current Operations:

As a result, in part, of these investments, Amtrak's system-wide ridership has risen by almost 50% since 2000, and we've set nine annual ridership records in the last ten years. The NEC has been a major driver of that growth, and our market share in the region has risen dramatically. In 2000, we carried about one passenger between New York and Washington for every two carried by the airlines; today, we carry three passengers for every single airline passenger. Similarly, we carried one passenger between New York and Boston in 2000 for every four who flew; today, we carry more people between these two cities than all of the airlines put together. This is not something that I would portray as a "win" for one mode or the other, but rather, a case of modal optimization: Amtrak is now providing efficient and effective service on a passenger corridor that's ideally suited to its operational characteristics, and the airlines can free up capacity to improve service on longer routes where there are currently fewer service choices, including international flights.

But we are only a part of the story – for today's NEC handles a lot more than just Amtrak services. This is a blessing to the communities that are served by the route, but it is also a very severe challenge to the infrastructure. While we have invested heavily in improving and sustaining the NEC, the fact is that much of the infrastructure – particularly major components such as the electrical system and the bridges – was built between 1900 and 1930, and some components are even older. This infrastructure is carrying a much greater load than its original designers ever anticipated, and the steady expansion of traffic over the last three decades has consumed the available capacity – for while the NEC carried about 1,199 daily trains in 1976, today it carries almost double that number. While approximately 150 Amtrak trains use the NEC every day, it also hosts more than 2,000 daily commuter trains, run by eight separate agencies. Some 70 daily freight trains also use our infrastructure. The NEC is among the most heavily used rail lines in the world, moving approximately 260 million passengers and 14 million car-miles of freight per year.

This is a good thing, because all of those services deliver tremendous value to the region, but it's also a challenge. Many segments of the Northeast Corridor are already at capacity, particularly during peak periods. And it's not easy to add more capacity. Furthermore, NEC rail ridership is projected to increase by over 50% by 2040. So while the operators are succeeding, we're running out of ways to cram more trains onto the infrastructure. Penn Station in New York, for example, is the busiest place in the system and is the best example of the challenges we face at various locations along the NEC. At rush

hour, trains move through the underwater tunnels between New Jersey and Manhattan on 120 second headways. This means that the slightest delay can trigger backups on the whole network. There is literally no spare infrastructure capacity, and the only way to acquire more is to add two more tracks to the NEC across the New Jersey Meadowlands and another set of tunnels under the Hudson River.

Addressing the NEC Capacity Challenge:

To address this issue of capacity into New York, we created the “Gateway Program” which is perhaps the single most important investment needed to unlock the capacity constraints on the Northeast Corridor and the many states it serves for the next generation. When implemented, the Gateway project will bring additional capacity to the spot where it’s most needed – the bottleneck between Newark and New York Penn Station. Today, that segment of the NEC is a double track line that serves Manhattan through a pair of underwater tunnels built in 1910. These are among the same tunnels that filled with over 13 million gallons of salt water during Super Storm Sandy, shutting down service on the Northeast Corridor for nearly a week, and underscoring the importance of adding critical redundancy to this central chokepoint on the corridor. Adding two new tracks and tunnels from Newark to serve an expanded Penn Station and the future Moynihan Station is essential to both reliably support the roughly 450 trains that use the current tunnels today and permit future growth across the entire corridor.

Across the NEC, Amtrak is working on creating plans like the Gateway program to address existing capacity and performance constraints. At Washington Union Station, and beginning next year in Baltimore and Philadelphia, we are advancing terminal master plans to expand our facilities for the growth ahead while simultaneously unlocking commercial development opportunities. Thanks to funding from the FRA and in cooperation with states all along the NEC, we’ve been advancing design and environmental review for major new pieces of infrastructure like the Baltimore and Potomac tunnels and Susquehanna Bridge replacements in Maryland. These will all be multi-billion dollar projects of regional significance, but they are the sorts of things that we must do if we are to create the capacity we need to accommodate the projected ridership growth.

In the meantime, we are using the funding we can obtain to advance discrete projects on the existing infrastructure that will deliver incremental trip time, capacity, and reliability improvements for both intercity and commuter services. The largest such project that’s currently ongoing is the “New Jersey High Speed Rail Improvement Program,” which will deliver upgrades to the track, electrical and

signal systems between Trenton and New Brunswick to increase capacity and reliability and allow higher train speeds. Perhaps most importantly, the project gives us a prototype for modernizing the entire south-end of the NEC from New York to Washington.

User Pay Model:

Measures like these – incremental steps designed to deliver specific improvements – have helped Amtrak restore and improve the NEC, and introduce important service developments such as *Acela*. But they have also brought on something I would call a “crisis of success.” We’ve rehabilitated a railroad corridor, and made it into something far more productive than its builders could have imagined. But our success has meant that we’ve used up the legacy capacity of the existing railroad while further depleting its infrastructure assets, leading us to a major coming investment crisis that, without a solution, will mean strangled growth and deteriorating service. We are going to need more than just Federal capital funding to address this crisis – we are going to need a new model, one that ensures equitable contributions by all users of the NEC to the upkeep and sustainment of our infrastructure. If we do not obtain one, the outlook for the system’s capacity and condition is grim.

The first step in this direction was provided by the 2008 Passenger Rail Investment and Improvement Act (PRIIA). Section 212 mandated the development through the Northeast Corridor Infrastructure and Operations Advisory Commission of a standardized cost allocation methodology designed to ensure that all users of the NEC pay a fair share of the infrastructure capital and operating costs. This is an important beginning to creating the sound financial foundation for the NEC infrastructure necessary to support its continued improvement and growth. But, ultimately achieving this goal will require the creation of a new, long-term and reliable partnership between the Federal government, Amtrak and the other NEC railroads, the states, and local communities along the route that ensures adequate investment.

Planning for Future Generations:

While infrastructure age and condition are major issues, over the longer term, the question of capacity is the greatest issue. The Northeast is a very productive and densely inhabited region, supporting 17% of the nation’s population on 2% of its land – and generating 20% of its GDP. About 80% of this population lives within 25 miles of the NEC. This population is expected to grow significantly in coming

years, and that growth will translate into increased demand for both Amtrak and commuter rail service – but the existing infrastructure cannot accommodate this demand.

Amtrak has created a vision and a strategy that will address this issue. Our recent report, titled *The Amtrak Vision for the Northeast Corridor* (NEC Vision), updates the work first published in 2010, and outlines a vision for a high-capacity, high-performance railroad featuring a major upgrade of the existing Northeast Corridor to accommodate increased and improved commuter, intercity, and freight service and augmented by new, dedicated high-speed trackage, on new and existing right of way, that will allow us to dramatically increase train frequencies, raise speeds and reduce trip times to world-class levels.

Our NEC Vision is now serving as one of the many inputs into FRA’s “NEC FUTURE” planning process. This important process will help determine the options for Corridor service and infrastructure development over the coming decades and we hope this Committee will continue to support FRA’s ongoing work in this area. In addition to this important planning work, we are taking near-term steps to help make this vision a reality, including working with the California High Speed Rail Authority to jointly pursue new high speed train sets. Through a recently released “request for information” (RFI), we are in the process of hearing from leading train manufacturers from around the world on what high speed rail equipment they could provide to both organizations and we hope to begin a procurement process this year for new trains to augment and then replace our *Acela* train sets.

To implement the strategies I have outlined, and in recognizing that the NEC consists of two distinct Amtrak businesses - train operations and infrastructure management - we’ve created business lines devoted to each of these. Our “Northeast Corridor Infrastructure Investment and Development” group is tasked with the management of the infrastructure, including creation and implementation of long term strategies, development of financing options, and the management of our relations with other NEC users.

NEC as part of a National Network:

Among the trains that use the NEC, I would note, are seven of Amtrak’s 15 long distance trains. While it’s easy to think of the NEC as the exclusive province of *Acela*, the Northeast Regionals, and the eight commuter services that use it, we shouldn’t forget that the long distance services deliver up to half a

million passengers a year onto the corridor. It also hosts no fewer than seven state-supported services, which provide direct service to off-corridor cities and towns such as Charlotte, North Carolina, Pittsburgh, Pennsylvania, and St. Albans, Vermont. The NEC is a key part of an integrated network that serves the United States from “coast to coast and border to border.” As such, it is both a regional and a national asset, and its future is both a regional and national responsibility.

The Investment Imperative:

These statistics tell you a lot about why the NEC is an asset of national significance, and why it will require an ambitious investment program to keep pace with the demands coming decades will make on it. While these costs may seem high, they would be dwarfed by the impacts of failing to invest in this asset. The whole of the investment required to implement our plan over a twenty year period, for example, is about half of the current annual cost of highway congestion in America – and the capacity improvements that come with the NextGen plan deliver the capacity equivalent of three lanes on I-95 in each direction.

This is an ambitious vision for a project of regional and national significance – and it is therefore going to have to be funded accordingly. The investment to realize these plans will have to come from a variety of sources, principally Federal, but states and cities in the region will also have to play a part. Private financing will need to play a role, too, but these contributions will only be truly possible once the public sector has committed to this project and such contributions won't come for free. A significant share of the funding will have to come from the Federal government, just as it has in our other major transportation modes. The first step toward a necessary federal commitment is already underway through the FRA's NEC FUTURE process. We are hopeful that this service development plan and comprehensive environmental impact statement for the entire NEC – the first since the 1970s – will provide the springboard needed to launch a new era of NEC improvement.

The upcoming reauthorization of Amtrak and passenger rail programs provides a unique opportunity to advance these initiatives, both for present and future generations. PRIIA's authorizations will expire in September of this year, creating an opportunity for Congress to make a definitive statement about plans and policy for high speed and intercity passenger rail service – on the Northeast Corridor and nationwide – in the coming years. We look forward to working with the Committee as we shape the

conversation about what that policy will be. We are in the process of developing Amtrak's principles for the reauthorization or PRIIA, and look forward to sharing them with you at the appropriate time

In the meantime, if there is one thing we are sure the reauthorization must accomplish, it is coming up with an increased and more reliable source of capital investment. This is especially true for the Northeast Corridor. In recent years, Amtrak has spent an average of about \$259 million annually in NEC infrastructure spending from Federal, state and local sources from FY 09 through FY 13, excluding stimulus. Even though Recovery Act funding provided more than \$600 million worth of investment in the NEC, at current annual levels, we can afford to fund only normalized replacement of assets. This level of funding is not sufficient to address the backlog of deferred maintenance needs, or to build capacity for further growth. Our current estimate is that we will need something in the vicinity of \$2 billion annually to address state of good repair needs and accommodate growth for all the users.

While I am confident in our collective ability to address the full range of environmental impacts, design needs, and technical challenges of modernizing this railroad for the 21st century, what does not currently exist is a reliable funding mechanism to make this all happen. Federal funding and financing, the life-blood of all of the world's major high speed rail systems, must come in a steady, predictable, and reliable manner that will allow us to execute projects costing multiple billions of dollars over a period of many years. The existing appropriations process is barely adequate for the purposes of keeping Amtrak operating and our infrastructure in a state of basic maintenance; it cannot sustain a program of this magnitude. Consequently, I believe that if we are to succeed in realizing our vision, Congress must act to create a funding program that will support multi-year, multi-billion dollar projects, and that will require and incent local and regional contributions.

In this day and age, as we look to recapitalize our aging infrastructure and deploy new capacity strategically across constrained networks nationwide, intercity passenger rail stands apart as the fastest-growing transport mode¹. To support this continued growth, Amtrak is ready to embrace innovations, build new partnerships and pursue private-sector opportunities, but none of this will replace the need for the Federal government to commit to the NEC. Today, we have pushed the current infrastructure about as far as it can go, but the end of demand and growth is nowhere in sight. A new model for investment and development is needed, and I hope in the coming year that the Committee will consider this need

¹ Puentes, Robert, Adie Tomer and Joseph Kane. *A New Alignment: Strengthening America's Commitment to Passenger Rail*. Washington, D.C.: Brookings, 2013.

carefully – because however costly these investments may appear, the cost of failing to act will ultimately be far higher, as the mobility and economic success we and the entire Northeast have enjoyed in recent years will be relentlessly eroded under the conditions of a deteriorated and capacity-constrained railroad.