

Questions for the Record

U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

MINORITY

*“Nominations of Joel Matthew Szabat to be a Director of the Amtrak Board of Directors,
Anthony Rosario Coscia to be a Director of the Amtrak Board of Directors
Christopher Koos to be a Director of the Amtrak Board of Directors,
Alvin Brown to be a Member of the National Transportation Safety Board”*

10:00 AM, June 21, 2023

RANKING MEMBER TED CRUZ (R-TX)

1. The new high-speed trainsets intended to replace the current Acela trainsets cost \$2.5 billion and were supposed to enter service in 2021. After multiple compliance issues, the latest timeline is 2024. Will you commit to working with my staff to provide full and complete information on the Acela replacement procurement process, such as the alternative bids not selected?

Response: As discussed during the briefings Amtrak has been providing to your staff, deliveries of the new *Acela* trainsets were delayed by workforce and supply chain challenges the manufacturer attributed to the pandemic, and initiation of revenue service is dependent upon the manufacturer's completion of testing and modeling required to demonstrate that the new trainsets will perform safely and satisfactorily on the Northeast Corridor. Needless to say, we are eager to be able to place the new trainsets in service as soon as possible. Amtrak has already shared with your staff, on a confidential basis given the proprietary nature of the information, the alternative bids received during the *Acela* trainset procurement, and I will commit that Amtrak will continue to work closely with your staff to keep them apprised on the remaining progress of the procurement. We greatly appreciate your continued interest in this topic and share your desire to ensure that everything possible is being done both at Amtrak and with our vendor to provide full accountability in the delivery of the new Acela system. These efforts are important as we begin to invest in new rolling stock on a significant level for the first time in decades and are committed to developing best in class standards for managing these acquisition programs in the best interest of our stakeholders.

2. You mentioned riding some of Amtrak's long-distance services recently. When you ride on Amtrak do you pay the standard fare? Do Amtrak executives pay the standard fare when they ride on Amtrak?

Response: Amtrak executives and Board members can generally travel on Amtrak without charge. We expect them to ride our trains whenever possible to observe our operations and interact with employees. I have chosen to use these privileges only for Amtrak business travel.

3. California recently passed a law that imposes stringent pollution emission limits on locomotives. These limits are even more aggressive than current federal standards that are already deterring freight railroads from investing in new locomotives. If California or another state's environmental laws were to require Amtrak to incur additional expenses, do you believe it would be right for Amtrak to use federal taxpayer funds to cover those expenses?

Response: As a rail company, Amtrak already produces significantly reduced carbon emissions compared to other modes of transportation, particularly on the Northeast Corridor where our locomotives run on electric power. Amtrak does, of course, comply with all applicable federal and state laws and regulations. State-supported trains account for the vast

majority of our operations in California: these trains are primarily funded by California and nearly all of the locomotives they use were purchased by the state and are maintained at its expense.

4. Amtrak has repeatedly made known that the COVID-19 pandemic and government-imposed business shutdowns led to sharp decreases in Amtrak's ridership and revenues. Amtrak received billions in additional federal taxpayer funding to cover the shortfall. Nevertheless, nine of Amtrak's top executives received bonuses in excess of \$200,000 for fiscal year 2021. Responsibility for these bonuses rests with the Amtrak board.

- a. Will you commit to personally examine all bonus compensation packages to make sure they are based on appropriate metrics, including ridership and revenues on Amtrak's National Network?

Response: Yes. Our current incentive programs for management employees (including executives) were adopted by the Amtrak's Board and use metrics that reflect the performance of our National Network. The Board is also undertaking a thorough review of Amtrak's compensation policy. We are working with an independent consultant to ensure that it reflects market conditions and best practices of other companies, while recognizing that our executive compensation levels will continue to be considerably below comparable private companies such as freight railroads and airlines.

- b. Will you also commit to examining other aspects of Amtrak executive compensation, such as benefits, for appropriateness?

Response: Yes.

SENATOR SHELLEY MOORE CAPITO (R-WV)

Topic: Daily Cardinal Service

Chairman Coscia, I was pleased to see that Amtrak is applying for grants that would improve long distance service and reliability. The Cardinal line goes across West Virginia and is critical in connecting my state to Chicago, Washington, New York, and other major cities. Daily service is critical for my constituents and for visitors to my state, and I have long advocated for daily service on this route.

1. Can you tell me how this kind of development project is prioritized at Amtrak and how you have viewed Cardinal line service over the course of your tenure on the Amtrak board?

Response: In accord with Section 22214 of the Infrastructure Investment and Jobs Act (IIJA), the Federal Railroad Administration (FRA) is currently conducting a study, in which Amtrak is actively participating, of increasing Amtrak long-distance service, including providing daily service on the *Cardinal* and the *Sunset Limited*, Amtrak's other tri-weekly long-distance route. I look forward to reviewing FRA's report to Congress, which is due later this year.

As your question indicates, Amtrak also recently submitted applications for inclusion of daily service on the *Cardinal* and the *Sunset Limited* in FRA's Corridor ID program and for grants to initiate planning for daily service. Increasing Amtrak service in places where Amtrak service is limited, and in some cases non-existent, is one of our highest priorities. Amtrak's ability to increase long-distance service is dependent upon whether we receive sufficient federal funding to cover initial capital and increased operating costs for additional services; on the availability of equipment which is currently very constrained; and on obtaining access to host railroad lines for additional trains on reasonable terms.