

**TESTIMONY OF JAMES DERWINSKI
CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR FOR
METRA COMMUTER RAILROAD BEFORE THE
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, & TRANSPORTATION
ON
NEXT STEPS FOR POSITIVE TRAIN CONTROL IMPLEMENTATION**

JULY 31, 2019

SUBMITTED BY



**METRA COMMUTER RAILROAD
547 WEST JACKSON BOULEVARD
CHICAGO, ILLINOIS 60661
312/322-6575 PHONE**

Metra Commuter Rail is the commuter rail operator for Chicago and the Northeastern Illinois region. For more information, visit metrarail.com.

Good afternoon, Chairman Wicker, Ranking Member Cantwell, and Members of this esteemed committee—especially our home state Senator Duckworth. My name is Jim Derwinski and I am CEO/Executive Director of Metra, Chicago’s commuter rail agency. In addition, I am here representing the commuter rail industry as a member of the APTA Board of Directors and Commuter Rail CEO Committee, and as Chairman of the newly formed Commuter Rail Coalition. I am pleased to have this opportunity to speak to you today about Positive Train Control (PTC) implementation and next steps.

But first, I would like to provide a little background on the commuter rail industry and on our system. There are approximately 30 active or planned commuter rail systems in the United States that deliver over 490 million passenger trips annually and provides the safest form of surface transportation for commuters. In the metropolitan regions that we serve, our services support economic development, tax base growth, and many of us are now working directly with private employers to ensure new offices, factories, and facilities are accessible to our services. Commuter rail also allows for our customers to access more affordable housing opportunities, as they know they will still be able to get to work on-time and safely every day.

Broadly, commuter railroads face major funding challenges. Our systems receive a combination of funding from federal, state, and local government sources, though not all receive federal funds. Our industry has been working diligently to install and implement PTC, but the federal safety mandate has put great strain on our limited dollars for state of good repair and capital projects. Further, legacy commuter railroads, like Metra, face unique capital challenges as we work to maintain and upgrade aging track infrastructure and rolling stock.

Metra was created to run Chicago’s commuter rail system by the Illinois General Assembly in 1983. Our creation followed a tumultuous period in which the private railroads that had been operating the service experienced major financial problems and bankruptcies.

Over the years, Metra has grown to be the largest commuter railroad in the country based on track miles, and the fourth largest based on ridership. The Metra system has 11 separate lines with 242 stations and nearly 1,200 miles of track throughout the northeastern Illinois region. Metra owns and operates four of those lines, has trackage-rights or lease agreements to operate Metra trains over freight railroads on three lines, and has purchase of service agreements with two freight railroads, which operate commuter service on four other Metra lines.

Metra's primary business is to serve people traveling to downtown Chicago to work. Approximately half of all work trips made from suburban Chicago to downtown are on Metra. Our riders, whose trips average 22 miles in length, come from all parts of our region's 3,700 square miles. Additionally, riders and employers are also now supporting reverse commute services and we are excited by the potential to expand our service into the suburbs during peak commute times.

Metra is particularly proud that it has maintained an on-time performance of 93 percent or better in each year since 1984, the year after Metra was created. This has been achieved despite operating one of the oldest fleets in the country.

Metra's primary goal is the safe operation of nearly 700 trains that run daily throughout our system, carrying nearly 290,000 passengers. Our customers rely on us to get them to and from work, home, school, and medical offices every single day. PTC implementation will further enhance the safety of our network and furthers our commitment to safety. Our secondary goal is to sustain our legacy system that includes some capital components dating back to the late 1800s. It is with these goals in mind that I provide an update to this committee on our PTC implementation status, challenges we have faced, and potential next steps for both Congress and the industry.

On October 29, 2018, we submitted a Request for Alternate Schedule and Sequence to Federal Railroad Administration (FRA) demonstrating that all 2018 PTC regulatory requirements were achieved, and we were granted an alternate schedule on January 2, 2019. In our 2019 Quarterly PTC Report to the FRA, we reported that we have fully installed and equipped all radio towers and acquired all spectrum needed to operate PTC, trained 85% of our employees on PTC, and have begun Revenue Service Demonstration on 20% of our network, while the remainder of our network is undergoing field testing.¹ Our dedicated team is working hard to continue to equip our rolling stock with the required safety equipment and is completing required installation and safety work on our track segments. However, we have had to overcome several challenges as we have worked to implement PTC.

Chicago is one of the nation's largest rail hubs, as all seven Class I railroads, Amtrak, other commuter railroads, switching railroads, short line railroads and transit all converge in the city. Interoperability of PTC systems is a major challenge for not only Metra, but Chicago's entire rail network. PTC must work for any train on any track even though different railroads may have different PTC systems. While Metra owns some of its network, we rely on freight railroad hosts to meet the needs and demands of our customers. Further, we host ten railroads on our own infrastructure and are working diligently with both our tenants and hosts to ensure our systems are interoperable.

While implementing PTC, unforeseen challenges, including glitches and software errors, have forced us to modify our implementation schedule while a limited supplier network has further exacerbated these issues. False clears are an example of one of the glitches the industry has encountered.² A false clear is a miscommunication between a locomotive and a wayside signal. The wayside signal may tell a train to stop, but the onboard system will say that the track is clear

¹ Northeast Illinois Regional Commuter Railroad Corporation – Metra (NIRC) Q1 2019 PTC Progress Report. OMB Control No. 2130-0553. <https://www.regulations.gov/document?D=FRA-2010-0042-0037>.

² Association of American Railroads. *Expert Q&A: Complexities and Challenges of PTC*. Accessed July 26, 2019. <https://www.aar.org/article/complexities-challenges-ptc/>.

and to proceed. As PTC is a brand-new safety system that is being tested and implemented in real time, unforeseen glitches requiring the issuance of software patch solutions have presented themselves. Once a patch is issued, our internal team must then test the patch and ensure the issue the patch is addressing has been resolved. As a result, we have reported to the FRA that PTC software on the entire Metra fleet will be executed “just in time” for PTC system testing or revenue service demonstration in order to mitigate the delay effects of software updates and patches. Further, without a competitive supply network, we lack the opportunity to change vendors based on their performance. The available vendors currently lack market incentive to develop software patches to meet the needs and demands of railroads working under an intense statutory implementation deadline.

Despite the challenges of PTC interoperability and software, I am pleased to report that Metra will meet the December 31, 2020, PTC implementation deadline. Positive Train Control will increase safety on our system and for the nearly 290,000 daily passengers that rely on us to get them to and from work, safely. However, PTC implementation, and its expected costs to maintain, have increased the stress placed on our limited capital and state of good repair budgets. We believe Congress has an important role to play in developing shared “next steps” for PTC.

Since 1985, Metra has invested more than \$6 billion to rebuild, maintain and expand the Chicagoland’s passenger rail network. Operating funding is provided through system-generated revenues – primarily fares – and subsidized in large part through a regional sales tax. Capital funding is provided through a variety of federal programs and state and local funding sources and a small amount of fare revenue. Metra’s total budget for 2018 is \$994 million. That includes \$797 million for operations and \$197 million for capital.

Capital funding to maintain and improve our aging system remains a constant challenge. Metra’s capital program is mostly funded by federal formula funding (Sec. 5307 and 5337) totaling \$173.6 million for Fiscal Year (FY) 2019. However, our needs far exceed the level of funding available. In fact, the Regional Transportation Authority (RTA), our region’s transit funding and oversight agency, estimates that Metra needs to invest \$1.2 billion annually over the next decade to achieve and maintain a state of good repair.

While we must reinvest in our network to continue to safely and efficiently move our customers, complete PTC installation is expected to cost Metra between \$350 million to \$400 million, equal to the amount of federal formula funding Metra receives every 2½ years. Further, based on our own estimates and discussions with our freight railroad partners, PTC operation and maintenance costs are expected to be between 5-10% of the total installation cost per year. An additional \$15-\$20 million will be required annually to operate this complex safety system with no current federal financial assistance available.

I wanted to take this opportunity to thank Congress and the FRA for allowing commuter railroads, including Metra, to utilize the Consolidated Rail Infrastructure and Safety

Improvement (CRISI) grant program for PTC projects. However, this source of funding is not sustainable, and we strongly believe more needs to be done by Congress to financially help commuter agencies with the ongoing costs of PTC, especially those agencies that will meet their statutory PTC deadlines.

There is no doubt that the federal PTC mandate has added to the pressure on our capital and state of good repair needs and the expected PTC operations and maintenance costs will continue to add pressure for years to come. While the State of Illinois recently passed a much-needed state capital bill, which will help address some of our needs, we believe the federal government has a role to play in recognizing and supporting the unique challenges faced by commuter railroads resulting from the dual mandate of PTC implementation and safely maintaining aging capital-intensive infrastructure. Creating a new grant program specifically for commuter railroads would provide some relief to these public agencies struggling the most to address PTC operations and maintenance costs and associated capital costs.

The federal formula funding that Metra receives annually is the bedrock of our capital program. However, because our needs are great and state funding has been inconsistent, it has been nearly impossible to effectively budget and plan a capital renewal program. One area that Metra is struggling to meet demands is in its bridge infrastructure. Many of the bridges Metra operates over are aging and tend to be expensive pieces of infrastructure to maintain. Congress may help us remedy this situation by increasing Section 5307 Urban Area Formula Grants and Section 5337 State of Good Repair transit formula funding. Further, we believe Congress should also consider creating a dedicated funding stream for commuter railroads to ensure the numerous commuter rail systems across the country are no longer forced to rely on sporadic discretionary grants and can effectively plan for both safety and capital expenditures.

Metra, like other railroads, is a highly regulated, capital-intensive entity. It requires a substantial annual investment to maintain its own rights-of-way and track structure. Metra's capital assets are diverse and extensive: locomotives, passenger cars, track signal and communications equipment, yard and maintenance facilities, station buildings, platforms, parking lots and headquarters. Each day, the delivery of safe, reliable, efficient train service depends on these assets. Constant maintenance, rehabilitation and replacement, and significant funding, are required to keep Metra's facilities and equipment in working order.

Congress will soon have several upcoming opportunities to address the unique needs of commuter railroads as it debates reauthorizing the Fixing America's Surface Transportation (FAST) Act. Metra looks forward to working with Congress as it debates authorizing new surface transportation programs. Our current funding situation is unsustainable and threatens the future viability of the important service Metra, and commuter railroads across the country, provide.

Metra thanks Congress for its continued support of public transportation and systems like ours and appreciates the opportunity to update this committee on our PTC implementation status,

challenges, and future needs. Federal support has provided the majority of funding for our capital and safety needs over the last decade, and Metra will continue to depend on it while working with all our funding partners to secure additional assistance.

Thank you for inviting me to testify and I look forward to answering any questions you may have.