



**Testimony of
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“Moving America: Stakeholder Perspectives on our Multimodal Transportation System”
Senate Committee on Commerce, Science and Transportation
Subcommittee on Surface Transportation and Merchant Marine Infrastructure,
Safety and Security**

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Chairman Fischer, Ranking Member Booker, members of the Subcommittee, and fellow witnesses, good afternoon. My name is Wick Moorman, and it is my privilege to be here today on behalf of Amtrak to discuss our integral role in America’s multimodal transportation system.

Introduction

As most of you know, in September of 2016, I joined Amtrak after a forty-two year career with Norfolk Southern Railway that culminated in my service as President, CEO and Chairman of the Board. I retired from those positions in 2015, with the idea of enjoying time with my family and had absolutely no intention of working full-time again. However, I was then approached by the Amtrak Board about the possibility of leading Amtrak. Having followed Amtrak since it was created in 1970, I have a deep appreciation for the company’s mission and ultimately was persuaded to serve as President and CEO, with the goal of building upon Amtrak’s progress of the past decade and leading the search to find a long-term CEO that can lead the company into the future.

I come to Amtrak at an important time in our history, as intercity passenger rail service has reemerged as a vital and growing part of our national transportation network in the new century. In recognition of this, Congress passed the FAST Act in December 2015, the first surface transportation bill to include a reauthorization of Amtrak and the first to bring the Federal government’s rail, highway and transit programs together into one legislative package. I’d like to thank the members of this Subcommittee for your leadership of that effort and applaud steps like today’s hearing that look at ways to further integrate federal policy and programs for the benefit of mobility, safety and efficiency.

The FAST Act recognizes the critical role Amtrak plays in our nation’s transportation network. I am pleased to report to you that Fiscal Year 2016 was a strong year for the company. With ticket revenues of \$2.2 billion and more than 31 million passengers, it was another record year. Additionally, we reduced the need for our Federal grant to fund operations, by covering 94 percent of our operating costs through ticket sales and other revenues – another first. This is an achievement matched by few, if any, other passenger railroads worldwide.

Corporate Reorganization

As strong as our FY16 performance was, I'm certain that we can get even better by first relentlessly improving our safety culture, modernizing and upgrading our products, and strengthening our operational efficiency and project delivery. The first step we took towards these goals was streamlining our organizational structure, creating a consolidated senior executive team to provide focused leadership and to work with our Board of Directors to drive long-term value. With this change, Amtrak is now organized like most freight railroads and major corporations, which is entirely appropriate because that is just what Amtrak is – a corporation.

Although we have a somewhat different history, in that the core of our business and mission was established by Congress, we are a business and that business is moving people by rail and serving our main stakeholders, the Federal government and the American taxpayer. Our business model is different than that of a typical, publicly held, for-profit company. But we have a lot in common with other businesses, from defense contractors to highway builders, who are in business to serve government and to support public purposes. Highway builders, for instance, design and build essential road infrastructure projects for our government and in support of the national economy, charging the public for these services at levels sufficient to generate adequate returns for their owners. Similarly, Amtrak receives funds from the Federal government to augment the more than \$2 billion in revenue we generate directly through ticket sales every year. In that way, we also provide infrastructure and services that produce public benefit and promote the nation's economy.

Federal funds are what allow us to meet the operational and capital needs of our 46-state national network of trains and our infrastructure that serve more than 500 communities, urban and rural, across America. We serve these communities and operate these routes because Congress, various Administrations, and the public generally have recognized the unique value that intercity passenger rail service can provide to these communities and the nation. Our job is to deliver the services and run the network that you, our principal stakeholders, believe is in the public interest and that provides sufficient value to warrant the investment. In doing so, my pledge to you is to operate Amtrak as safely, efficiently, and effectively as possible. From better project delivery to greater operational excellence, we are working on ways to deliver even greater value from your investments in our mission.

Let me also take a moment to answer a question I receive from a lot of people about whether the government needs to fund passenger rail service at all, and whether or not private entities or the freight railroads could just take over the operation of this network. I began my career with the Southern Railway, a Norfolk Southern predecessor that chose not to join Amtrak in 1971 and operated some of the last privately funded, regularly scheduled intercity service in the U.S. until 1979. Eventually, dwindling revenues and the cost of equipment improvements led the Southern to turn over operation of passenger service to Amtrak, just as every other private freight railroad has done. Having led Norfolk Southern, and as a student of the industry for many years, it is clear to me that the fundamentals of the rail passenger business remain the same today. If the nation wants a passenger network of any significant size and impact, like the one we operate today, it will take public support to make it happen, just as it does everywhere across the globe.

Passenger Rail Investment Opportunities – Northeast Corridor and National Network

With a new corporate structure in place and with a renewed focus on strengthening safety, operational excellence, and the quality of our product, we are well-positioned for future growth opportunities and for delivering more value to the American public. However, for us to truly seize the opportunities before us, we need to begin a new era of investment in the critical assets that are central to our operations – our infrastructure, fleet, and stations.

This brings me to the core message that I want to share with you today – now is the time to advance initiatives to provide funding and investment opportunities for our aging assets. The infrastructure challenges plaguing our National Highway System, ports, inland waterways, and transit systems are similar to some of the problems Amtrak is facing in these major areas:

- 1) **Northeast Corridor:** Amtrak’s Northeast Corridor is North America’s busiest railroad, with 363 miles of Amtrak-owned infrastructure and 2,200 daily high-speed, commuter, and freight trains operating on an underlying infrastructure built between 80-110 years ago. While the track and signal systems are reasonably sound, they need improvement, and many major bridges, tunnels and stations must be replaced and expanded to preserve current service levels and permit future growth.
- 2) **National Network:** Outside of the Northeast Corridor and across the National Network, Amtrak is a tenant operating over the 20,000 miles of freight and commuter railroads – including Mr. Rose’s railroad, BNSF. While the condition of the freight railroad infrastructure is generally very good, we still encounter capacity constraints that limit and delay both passenger and freight volumes.
- 3) **Rolling Stock and Stations:** Much of our current equipment has reached or exceeded the end of its useful life. In order to meet the current requirements and growing demands of our passengers, we must replace these assets. The depots that Amtrak inherited are old and in significant need of repair and modernization.

More than ever, our nation and the traveling public rely on Amtrak for mobility, but the future of Amtrak depends on whether we can renew the cars, locomotives, bridges, tunnels, stations, and other infrastructure that allow us to meet these growing demands. Amtrak already has begun to face this challenge. Enabled by the RRIF loan program championed by this Committee, and using our own ticket revenue, we are purchasing new electric locomotives and new trainsets for our second generation Acela Express. But we need the help of Congress, if we are to make a serious dent in the massive backlog of deferred investment in right-of-way infrastructure and rolling stock that constricts growth and reliability today. As Congress and the Administration develop and advance a multimodal transportation investment program to rebuild assets and spur job growth, it is imperative that significant funds for Amtrak and passenger rail capital investments be included in that package.

Our list of needs is long, but each item offers the country a chance to invest in long-term assets with big benefits to the travelling public and the national economy. A few specific examples include:

- Construction of the Portal North Bridge and new Hudson Tunnels, both parts of the larger Gateway Program that will ensure that 450 daily Amtrak and NJ Transit trains can continue to serve New York City from the south;
- Construction of a new Baltimore & Potomac Tunnel and replacement of the 110-year old Susquehanna Bridge in Maryland to improve reliability, expand service, and lower trip time;
- Construction of fleet of new or rebuilt diesel locomotives and passenger cars to support Amtrak's National Network;
- Construction of track, signaling, and other improvements to remove chokepoints on our host railroads or restore service in key underserved markets, such as along the Gulf Coast; and
- Expansion and improvement of Chicago and Washington Union Stations to improve accessibility, expand capacity, spur local development and enhance safety.

We applaud the growing consensus in Congress and in the Administration that the time is right for major infrastructure investments. We urge you to consider the many ways in which the Federal government can help bring this to fruition, from direct funding for projects to streamlining of the environmental review process and removal of red tape. In that regard, I want to thank this Committee for including the provisions in the FAST Act that help streamline environmental reviews and project delivery for railroad projects. I am also aware of the President's recent executive order directing agencies to streamline and expedite high priority infrastructure projects. These are important steps that can help reduce time and expense for both freight and passenger rail projects across this country, and we look forward to working with our partners to identify additional steps to further expedite these critical rail projects.

Additionally, public-private partnerships and innovative financing mechanisms should be part of this mix and will be good options for some projects. But if we are serious about maximizing the value of these investments and advancing them quickly, direct federal funding to entities such as Amtrak should also play a major part of a multi-pronged investment strategy to jumpstart the American economy. Rail infrastructure investments stimulate job growth in construction, manufacturing, and professional services. Rail cars, locomotives, steel, concrete, machinery, signals, and track are all sourced from across the nation. Investments in these sectors can help spur the rebirth of America's passenger rail manufacturing and supply sector which has largely been dormant and overtaken by international firms.

Amtrak stands ready to work with each of you and all of Congress to seize this opportunity to make smart investments and help make America's transportation network the greatest in the world for generations of Americans to come.

I look forward to your questions. Thank you.