

**TESTIMONY OF JAMES DERWINSKI  
CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR FOR  
METRA COMMUTER RAILROAD BEFORE THE  
SUBCOMMITTEE ON TRANSPORTATION AND HOUSING AND URBAN  
DEVELOPMENT AND RELATED AGENCIES  
OF THE  
HOUSE COMMITTEE ON APPROPRIATIONS ON  
FUNDING, CHALLENGES, AND OPPORTUNITIES: RAIL SERVICE AND  
INFRASTRUCTURE**

**APRIL 11, 2018**

**SUBMITTED BY**

**METRA COMMUTER RAILROAD  
547 WEST JACKSON BOULEVARD  
CHICAGO, ILLINOIS 60610  
312/322-2810 PHONE  
312/322-7094**

Metra Commuter Rail is the commuter rail operations for Chicago and the northeastern Illinois region. For more information, visit [metrarail.com](http://metrarail.com).

Good morning, Mr. Chairman and Members of the Subcommittee. I am Jim Derwinski, CEO/ Executive Director of Metra, Chicago's commuter rail agency, and I am pleased to have this opportunity to speak to you today. Metra's primary goal is the safe operation of nearly 700 trains that run daily throughout our system, carrying nearly 290,000 passengers. Our secondary goal is to sustain the legacy system that includes some capital components dating back to the late 1800s. It is in this context that I provide the Subcommittee a current update on Metra's operating and capital budget.

I want to thank the Committee and Congress for passage of the fiscal year (FY) 2018 omnibus appropriations bill. As a result of this legislation, Metra will receive an estimated additional \$15 million in federal formula funding and possibly more for critical safety programs like Positive Train Control (PTC). This additional funding comes at a critical time for Metra as it continues rebuilding and modernizing our old system.

But first, I would like to provide a little background on our system to add proper context to the discussion. 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 works 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.

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. The average age of our passenger cars is more than 29 years with the oldest cars dating back to the Eisenhower administration.

Since 1985, Metra has invested more than \$6 billion to rebuild, maintain and expand the region'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 \$176 million. 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.

Part of our problem is related to the budget challenges faced by the State of Illinois, which has not approved a new bond program for infrastructure since 2009. In addition, the state reduced by \$265 million the allotment Metra expected to receive from that 2009 program.

Adding to the pressure on our capital program is the federally mandated installation of PTC. Although Metra was fortunate enough to receive a \$20.2 million federal PTC grant, thanks to the works of Congressman Mike Quigley, Metra has paid for the rest out of our regular, already inadequate, capital sources. Metra has spent more than \$182 million on PTC to date. An estimated additional \$15 million to \$20 million will be required annually to operate this complex safety system. Despite the funding challenge, Metra is on track implement PTC in full compliance with the Congressional mandate.

The federal capital 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.

The Metra Board of Directors took on this daunting task in 2015 when it unveiled a modernization plan for the installation of PTC and the replacement and rehabilitation of aging locomotives and railcars. Under the plan, Metra planned to purchase 367 new cars and 52 new locomotives, replacing some of the oldest vehicles in Metra's fleet. Metra proposed to fund the plan with \$700 million in expected state and federal funding and \$400 million in borrowing to be repaid through a series of fare increases, plus another \$1.3 billion that it hoped to secure from a long awaited new state bond program. However, the needed additional funding never materialized.

Despite the lack of a new state capital program, Metra has used its existing resources and fares increased to continue to aggressively rehabilitate cars and locomotives. In the last three years, Metra has rehabilitated more than 115 cars (out of 848 total) and 25 locomotives (out of 150 total). Metra currently has a request for proposals to purchase at least 25 new cars, with an option to purchase up to additional ones if funding allows, and a separate one to purchase at least 12 new or 15 remanufactured locomotives. However, since our rolling stock needs are so great, a major new funding still needs to be identified.

Metra faced a \$45 million budget gap in 2018 primarily because its costs were rising and because the public subsidies that would normally help us cover those rising costs – sales taxes and a partial state match – have not kept pace or have been cut. This recent trend has been attributed to low gasoline prices, fewer vehicle sales, and growing online sales in which, the regional sales is not always collected. Additionally, the state has reduced its transit funding support due to ongoing state budget pressures.

To achieve a balanced budget in the face of such a serious decline in funding, Metra reduced expenses where could. This included costs and service reduction, deferral of capital spending; along with fare increases. However, fare increases, service reductions and cuts to our capital program can only go so far.

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, unlike bus operations, which use streets that are owned and maintained by the public. 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.

Our current situation is unsustainable and threatens the future viability of the important service Metra provides. Funding levels will need to change to ensure Metra can continue to provide the service its riders depend upon, or else that service will continue to deteriorate.

Metra thanks Congress for its continued support of public transportation and systems like ours. That support has provided the lion's share of funding for our capital needs over the last decade, and Metra will continue to depend on it while working with all our funding partners to secure additional assistance.

Any additional assistance will certainly help us to modernize our system. But if I may be allowed to express our greatest wish, it is that we receive enough funding from all sources to not only modernize but also grow our system. Whatever Congress can do to help make that wish come true, Metra and the people of northeastern Illinois will appreciate it.