

Testimony of

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**Amtrak: Now and Into the Future**

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Rail Passengers Association

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## INTRODUCTION

Good morning, and thank you Chairman Lipinski, Ranking Member Crawford, and all of the members of this subcommittee for inviting me to share our views on the present and future of Amtrak. I appreciate this subcommittee taking leadership of the national conversation about the Amtrak's future, which is critical to tens of millions of people and hundreds of towns across America.

My name is Jim Mathews, and I am the President and CEO of the Rail Passengers Association, the oldest and largest national organization serving as a voice for the more than 40 million rail passengers in the U.S. Our mission is to improve and expand conventional intercity and regional passenger train services, support higher speed rail initiatives, increase connectivity among all forms of transportation and ensure safety for our country's trains and passengers. All of this makes communities safer, more accessible and more productive, improving the lives of everyone who lives, works and plays in towns all across America. It is my pleasure to testify before you today on behalf of our 28,000 members from all across the U.S.

Today, I will speak about the state of the American passenger in 2019. That passenger faces unprecedented challenges at a network level, but also sees the promising early stages of a passenger rail renaissance—the first since the ascendancy of the federal highway program more than a half-century ago. I will also lay out what our coalition believes are fundamental elements for the creation of an equitable passenger rail network, where growth does not require one American getting better service at the expense of another American's train. With strong Congressional leadership and a long-term policy and financial commitment, we believe Amtrak is capable of fulfilling its legislative mandate to be America's Railroad.

## THE STATE OF THE U.S. PASSENGER

It is clear that in the U.S. today we have arrived at a unique moment in passenger rail. Passenger trains generally—and Amtrak specifically—are enjoying some of their strongest support in decades, reflecting the reality that much of the American public is demanding more and better trains. Amtrak carried over 32 million customer trips this year, seeing ridership increases across the Northeast Corridor and state-supported business lines. With steady increases in federal appropriations in FY2018 and FY2019, Congress is demonstrating a willingness to make sensible investments in a multimodal transportation system in the U.S. that serves people, not cars.

There is more work being done at the state level and the private sector as well, with great strides in bringing next-generation passenger service in our nation's three most populous states: the Miami – Orlando *Brightline* service being operated and developed by Virgin Trains USA in Florida;

the Houston – Dallas high-speed rail line under development by Texas Central; and the San Francisco – Los Angeles corridor currently being constructed by the California High-Speed Rail Authority.

For the first time in a long time, Amtrak leaders are talking about truly growing service, adding to the offering, and buying new equipment for the long-distance services. We've talked with Amtrak leadership about exciting growth plans on select short-distance corridors, including expanding the *Heartland Flyer*, the Front Range Corridor, and bringing passenger rail back to the Gulf Coast. CEO Richard Anderson has proven his commitment to improving the safety culture at the railroad, as well as looking for ways to satisfy the tastes and demands of a new generation of fare-paying riders with improved rolling stock and new on-board amenities.

However, fundamental problems remain, problems that threaten the viability of passenger rail service across much of our nation. Growing delays on host railroad-owned corridors, aging infrastructure and equipment, and a distressing shift in the understanding of Amtrak's core mission within the railroad's own executives will—if left unaddressed—lead to a future where the benefits of rail travel are reserved for a few well-off megaregions, with the rest of the country becoming more and more disconnected from a rapidly transforming 21<sup>st</sup> century economy.

I will briefly describe the scope of these problems before outlining some possible solutions that we hope will be included in the final surface transportation reauthorization—including an explicit recommitment to Amtrak's founding purpose.

#### HOST RAILROAD DELAYS THREATEN NATIONAL NETWORK VIABILITY

The most common problem for Amtrak passengers outside of the Northeast Corridor (NEC) is delays stemming from freight train interference. Roughly 54 percent of all long-distance trains are delayed, which translates to two-thirds of the passengers on these interstate corridors arriving at their destination late. While the *average* delay for these long-distance passengers is 49 minutes, it is often much longer, with one in every five long-distance trips resulting in delays of two hours or more. This has had an unmistakable impact on ridership across these long, interstate corridors, which have seen ridership decline from peak of 4.8 million in 2013 to 4.5 million in the previous fiscal year.

State corridor trains are hurt too, such as the route between Chicago and Carbondale IL, where host railroad performance delivers passenger trains on time for only 35% of trips. Across the entire network, delays caused by freight trains totaled nearly 1.2 million minutes of delay to Amtrak trains in FY 2018—that's more than two years of lost time.

But numbers aren't the only way to tell this story. Many irreplaceable personal moments have been disrupted by freight-interference delays, with crucial medical transports affected, weddings and funerals missed, and rare home visits by deployed service-members cut short or even cancelled altogether. Each of these hundreds of stories—and we supplied more than 1,300 such stories to STB in October of 2014—add up to more than mere temporary inconvenience, and in many cases, impose real dollar costs on vulnerable travelers.

- There's the story of Kristy Roberson of Beckley, WV, who rode the Cardinal to see her grandson's baseball game. Kristy's grandson asked her to walk on to the field with him as part of introductions, but hours stuck behind a CSX train meant she missed the start of that game, and never got to share that moment with her grandson.
- There's the story of Philip Fraulino from Silver Spring, MD, whose daily commute home has grown longer because of delays to his MARC train that uses CSX tracks.
- There was Jane Dwingell of Burlington, VT, who was delayed 12 hours on the Lake Shore Limited, causing her to miss her connection to the Southwest Chief. This in turn caused her to miss a full day of a professional conference she was attending in San Diego.
- There's the story of Michael Zhakharov of Rockville, MD, who uses the train to access cycling trails in Appalachian region and is regularly is delayed behind CSX trains when riding the Capitol Limited. Michael has grown used to these delays, but he was traveling with an active-duty Naval officer heading to Newport News, who and missed his connection and thus his reporting time by being delayed overnight in Washington, DC.
- There's the story of Richard Lidbom of Greensboro, NC, who experienced a cascading series of delays beginning on the Crescent that cost him and his wife 32 hours of their vacation and a \$500 non-refundable reservation.
- There's the story told by Allen Brougham, not about his own travails, but on behalf of the Amish families he sees on nearly every long-distance train he rides. When he talks to these Amish families, they tell him the train is the only connection they have to their family and to medical services, and he is concerned what the delays mean to them.

Yet here we are, five years later, and we're still dealing with the same problems. And perhaps the largest untold story from these chronic delays are the novice passengers who give up on train service after being trapped for hours on a siding. We've heard from dozens of our members who had first-time passengers tell them "never again." If the U.S. is to have a healthy, functioning passenger rail network, we must enforce a basic standard of service.

Unfortunately, many host railroads have demonstrated repeatedly that when there is insufficient enforcement of their statutory obligation to grant preferential dispatching to Amtrak trains, they will default to treating passengers as simply another form of freight. Without some kind of action, this will happen again—and is already happening.

Our organization was dismayed—but not shocked—to read an August 2017 Journal & Courier story that provided hard evidence of Amtrak passengers being illegally delayed in favor of freight. In an email obtained by the Journal & Courier, a CSX supervisor wrote: "Give high priority to (freight trains) Q031/Q032. If we are meeting with Amtrak make the delay on Amtrak first. If Amtrak is running down one of these trains go ahead and get to the point Amtrak is seeing the (end of the freight train) before we get them around." Based upon the direct experience of our members, we believe this to be a common dispatching practice.

#### PASSENGERS AT THE MERCY OF AGING FLEET

Worse yet, passengers are having to deal with these record delays while trapped on trains that are woefully out of date. Amtrak's fleet averages nearly 33 years of age and its diesel locomotives average nearly 21 years of age. The picture on the National Network is even more stark: as of last year, the railroad's 461 Amfleet I's ranged from 41 to 44 years old, with the 145 Amfleet II's averaging 38 years of age.

What does that mean in practice? Many of our members describe the experience as akin to traveling on a rolling museum. It is common practice for our members to assemble their own "travel kits" for National Network travel; something has gone seriously wrong when citizens of the richest nation on earth are forced to bring shims and duct tape to jury-rig repairs to their interstate transportation systems.

We are pleased with the initial steps Amtrak and its state partners have taken to procure new equipment (and, as an intermediary step, refresh existing equipment), including:

- 125 new CAF sleeping cars, Baggage-Dormitory car, baggage cars, and Dining cars;
- 137 Siemens railcars and 63 Siemens Charger diesel locomotives ordered by Midwest and California state partners;
- 28 Alstom Avelia high speed trainsets for the NEC;
- 75 new Siemens Charger diesel locomotives, with options for up to 100 additional units;
- 2019 Request for Proposals (RFP) for up to 75 new Amfleet I replacement trainsets for the Northeast and Mid-Atlantic;
- Completed refresh of equipment has for Amfleet I coaches and business class, and planned refresh of Amfleet II long-distance coaches and Horizon cars.

However, these steps just aren't enough when compared with the actual fleet needs. It would take 929 new cars to replace all cars over 37 years of age in Amtrak's fleet—and an even greater number to retain existing capacity given the fleetwide transition from bi-level railcars to single-level railcars dictated by domestic manufacturing capabilities.

Amtrak has taken the first steps in the critical re-fleeting process, but the railroad's ability to move ahead requires a strong federal partner. By Amtrak's estimate, the outstanding fleet acquisitions alone will approach an estimated \$3.5 billion through FY 2024—which doesn't even address the needs of the Amfleet II and Superliner fleets. If Americans want to keep a national network, we must be willing to pay the true cost of maintaining it.

#### CLOCK TICKING ON AGING AMTRAK INFRASTRUCTURE

Thirdly, there are the significant capital investment needs of Amtrak-owned infrastructure, which exists mostly along the Northeast Corridor (NEC). While the NEC accounts for roughly a third of Amtrak's ridership, it accounts for the vast majority of the railroad's state of good repair backlog (SOGR)—around \$40 billion out of \$45.2 billion in total. That figure includes several time-sensitive projects critical to the daily operations of the entire corridor, such as the Hudson River rail tunnels and Portal Bridge Replacement.

This Committee will be well aware of these problems, particularly given the extent to which commuters throughout the region depend upon the NEC—fewer than 7% of the 260 million annual trips taken on the NEC happen aboard Amtrak trains, which translates to 780,000 commuter passengers per day.

Given all this, it's understandable that Amtrak has directed a significant percentage of its near-term planning resources to the infrastructure it owns along the NEC. Many of our members depend each and every day on the commuter services that operate along this corridor. Additionally, the NEC carries not only passengers from the Northeast and Mid-Atlantic, but from across the country as well, serving as a terminus for the operations of seven long-distance trains.

But it would be a mistake to let the NEC's infrastructure crisis narrow the scope of our ambition in the upcoming rail reauthorization. Indeed, as we've seen in other transportation programs, maintaining the national character of America's passenger rail system is essential to its success.

#### RECOMMITTING TO AMTRAK'S FOUNDING PRINCIPLES

To that end, and while I have great respect for the quality of Mr. Anderson's leadership, I am forced to disagree with him on one of the guiding principles of his tenure at Amtrak: the notion

that Amtrak's highest calling is to maximize profit, and that the railroad should operate purely as a business.

Mr. Anderson, to his credit, acknowledges and recognizes that the law supports a National Network, declaring that "we follow the law at Amtrak," and that "Congress has told us clearly that that's an important part of our mission." Which is why I would like to draw his attention, and the attention of this Committee, to Section 301 of the Rail Passengers Service Act. This section, still in effect today, was amended to modify the term "a for profit corporation" by inserting the term "operated and managed as" (Amtrak Improvement Act of 1978). This wording was deliberate, as indicated by the report language accompanying the bill (H.R. Rep. No. 1182, 95<sup>th</sup> Congress, Second Session, 15):

*"Section 9 amends section 301 of the RPSA...to conform the law to reality, providing that Amtrak shall be 'operated and managed as' a for-profit corporation. This amendment recognizes that Amtrak is **not** a for-profit corporation."* [Emphasis added.]

If Amtrak were a true private corporation, then the idea of eliminating all but a few of the "experiential" long-distance trains and focusing entirely on urban corridors in response to demand indicators would make perfect sense. It's why in the 1970s America almost lost all long-distance service: with consumer "demand indicators" suppressed by government subsidies of competing modes, the largely unsubsidized private railroads responded by dropping passenger service.

However, the American people, acting through their elected representatives, decided there was more value to this kind of service than what was profitable to the individual railroads. The people created Amtrak, with the help of our Association. Amtrak exists, and collects public funds, expressly to provide service to places that need it and where the private sector cannot profitably provide it—where the "demand indicators" aren't enough to satisfy private shareholders.

Amtrak is one of the ways the U.S. government acts to support the common good, the "general welfare." Every Amtrak long-distance route creates a return on equity for the communities that have invested in it over the past few decades. And thanks to rigorous economic modeling this Association has developed over the past year, we have been able to quantify that return in a way that hasn't been done previously:

- **We found the *Empire Builder* is worth \$327 million every year to the economies of the states it serves,** and by extension the entire U.S. economy. American taxpayers pay roughly \$57 million every year to run it. That is a bargain. For small communities along the route, it's a lifeline. Just to take one instance, Cut Bank, Montana, and its roughly

3,000 citizens derive nearly \$400,000 worth of economic benefit from the existence of the train.

- In response to an Amtrak proposal to discontinue train service along a segment of the Southwest Chief corridor, we took a closer look at the service and found that **the Chief brings \$180 million in annual economic benefits to New Mexico, Colorado and Kansas.**
- A study done by Transportation for America and the Southern Rail commission found that **restoring passenger rail between Mobile and New Orleans would produce \$216 million in annual economic benefits for Mississippi, Louisiana and Alabama**, despite costing the three states only about \$7 million each year.

It's not about whether a route makes money—it's about who makes money from a particular route. Trains make money by acting as economic engines in the communities they serve. Normal, Illinois, Meridian, Mississippi, Denver, Colorado, and many other communities large and small have seen returns on their rail investment many times over—in jobs, in new retail, in mobility, in tourism and in real-estate development. That's where the "profit" goes: to the communities served, and often to the tune of billions of dollars, even though it's not necessarily to Amtrak as the operator.

#### PROVIDING SERVICE TO AMERICA'S MAIN STREETS

This is why Amtrak's National Network, with its 15 long-distance routes connecting a series of state-supported services, is such an essential transportation service to the 40 percent of the nation's small and rural communities that it serves, establishing a vital link between Small Town and Big City America. 62 million people live in this so-called "flyover country," a quarter of whom are veterans, another quarter are senior citizens over the age 65. With few alternatives, driving plays an outsized role, and it does so at a cost: despite making up only 19% of the population, accidents on rural road networks account for 49% of the total number of traffic fatalities nationwide.

Intercity rail plays an important role in these communities; almost one-fifth of Amtrak's passengers travel to or from a rural station with no access to air service. As the term "flyover country" suggests, private-sector airlines have long ago moved away from these communities, if they ever served them to begin with. While this may have been the right business decision, it has come at a cost to the residents of these communities. For some rural, elderly and disabled passengers, Amtrak is the only plausible or affordable choice.

Just consider Fargo to Minneapolis, a \$37 Amtrak coach fare compared with a \$403 flight. Or Cut Bank, Montana, to Spokane? Yes, it's a three-hour flight versus an eight-hour train ride, but that doesn't include the 88-mile drive from Cut Bank to Glacier's airport. And the fares are not even

close: \$64 for Amtrak, \$252 to drive and then fly. And that's assuming Grandma can even drive in the snowy dark winter.

The argument that there is not enough demand in these towns falls away quickly when you look more closely. Just consider the comparison between simply measuring the total ridership and looking at the number of riders per departure—i.e., if the train only runs three days a week, normalize the ridership figure to account for the four days that it doesn't run. The map included is one I use a lot to tell that story when I present to elected and appointed officials. The picture is indeed worth a thousand words and clearly shows a National Network that is well-used and vital to communities across the country.

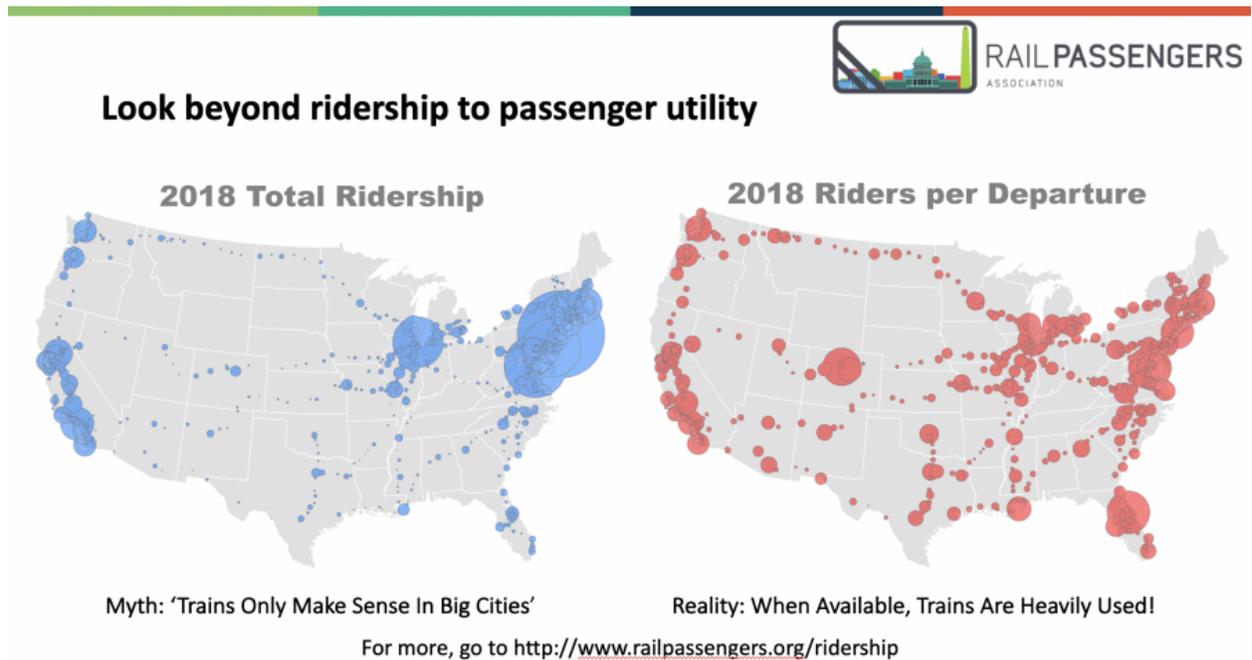


FIGURE 1

And just as few passengers take the Acela from Washington, DC, all the way to Boston, so too do long-distance trains serve a number of intermediary corridors. The *Empire Builder* doesn't exist solely to take people from Seattle to Chicago; only ten percent of the half million people it carries each year do. Overwhelmingly, passengers ride between intermediate stations. Some people argue that since only one-in-ten people take a train from end-to-end, you can provide the same level of public utility at a lower price by eliminating the middle segment. This is equivalent to thinking that since only one-in-ten people ride an elevator from the ground floor to the top floor, you can move people around a building more cost-effectively by eliminating the elevator shaft for the middle floors. These are more than just long-distance trains—they are interstate transit networks.

# Load analysis: Empire Builder - CHI-SEA only

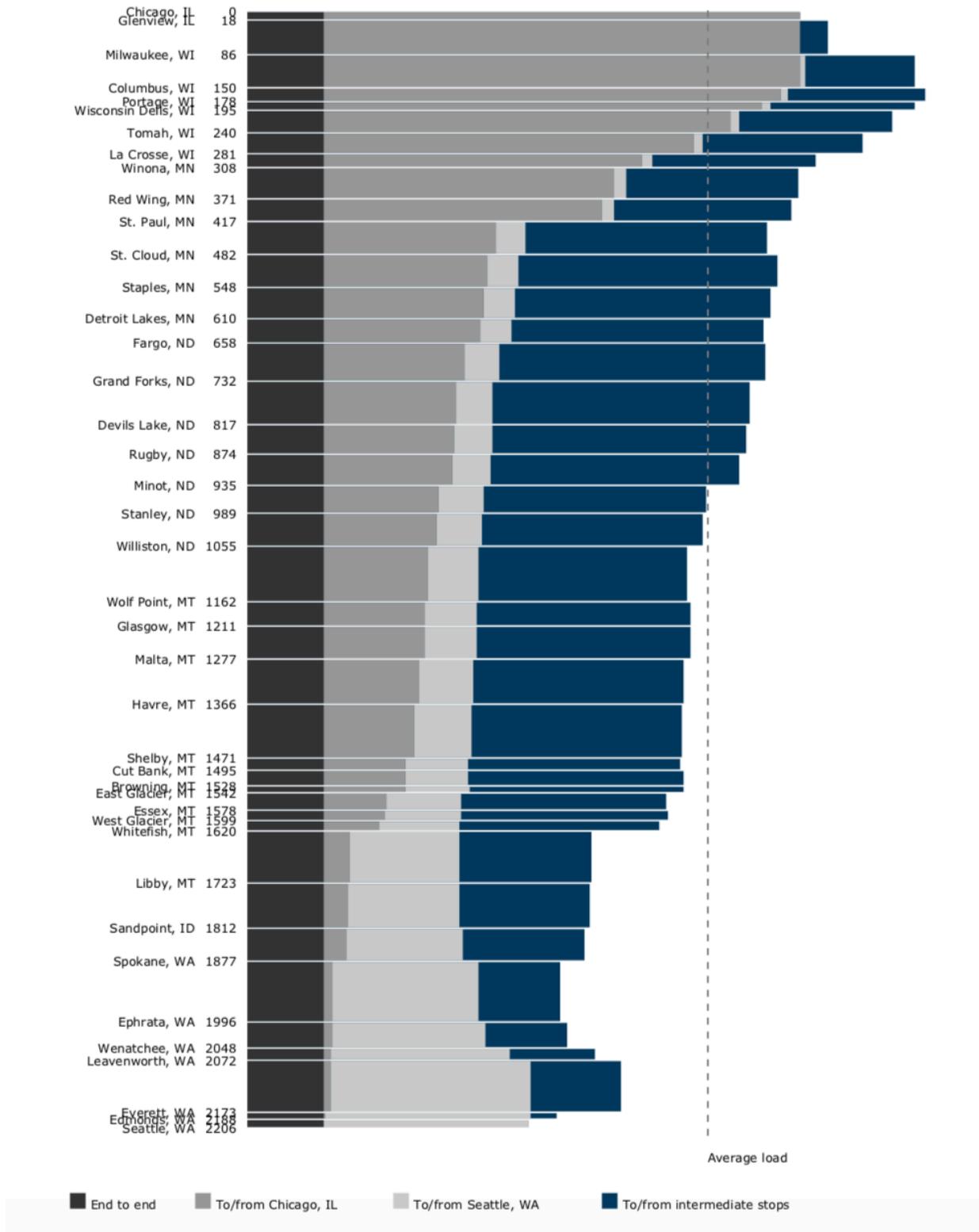


FIGURE 2

The Northeast Corridor is, without question, an outstanding market for Amtrak and other forms of public transportation. It is important to note that, with just 2% of the U.S. land area and 17% of the nation's population, half of the wealthiest counties in America are located in the NEC region. It's also important to acknowledge that when we talk about eliminating corridors on the National Network—and the associated economic opportunities that come with access to interstate train service—we're talking about eliminating service for less affluent and less well-educated communities. When we say a single mother in Walnut Ridge, Arkansas deserves access to the same fundamental services as a banker on Wall Street, we're not making an economic assertion—we're making a statement about our country's core values.

Consider the *City of New Orleans*, which stretches from Chicago, IL, to New Orleans, LA. Just 2 of the 19 stations served by the "City of New Orleans" route enjoy a Median Household Income just slightly above the national average, while the entire route serves working class cities and towns with relatively modest incomes. If you eliminated this train, service to 11 of the 19 stations would be eliminated. All 11 stations serve communities where the Median Household Income falls well below the national average of \$53,889. I've included a full breakdown of median income of communities along three Amtrak routes from our September 2017 report ["Dismantling a National Transportation Network"](#) (which we produced in response to the Trump Administration's proposal to eliminate all National Network rail service) in an appendix to this statement.

We taxpayers support Amtrak's National Network in part because we want these towns to thrive and their citizens to have access to jobs and mobility. We all need the economy to grow and be strong. We all have an interest in preventing towns in America's heartland from decaying and drying up—because paying for the consequences of that is often much more expensive than just paying to keep them linked to the rest of the country. If we have the foresight to invest in middle America, the whole nation would reap the benefits.

## BLUEPRINT FOR A BETTER PASSENGER RAIL NETWORK

### 1. ENSHRINING NATIONAL NETWORK SERVICE

Rail Passengers does support meaningful change for the U.S. rail network. By all means, grow, adapt, evolve and position for a stronger more self-sustaining future. It is time for Amtrak to embrace the new century. But it's important that no community served today should see their service degraded, and Rural America should not be shortchanged by investments in metropolitan regions. Amtrak has a mission beyond the balance sheet, a fact enshrined in law. As we have said repeatedly, Amtrak is a taxpayer-supported enterprise, whose core mission is to provide mobility and access to communities that need it and where private industry cannot profitably provide it.

That doesn't mean the nature of that service can't change, but no community should see its train service taken away so that another city can get a second daily frequency. We believe a prudently run network and a truly National Network are not only compatible, but complementary.

We thank the Congress for the leadership it has shown on this issue and were heartened by a July 2018 vote on the floor of the U.S. Senate, where an important amendment to the FY 2018 T-HUD funding bill passed by a vote of 95-4. That amendment stated:

"it is the sense of Congress that 1) long-distance passenger rail routes provide much-needed transportation access for 4,700,000 riders in 325 communities in 40 States and are particularly important in rural areas; and 2) long-distance passenger rail routes and services should be sustained to ensure connectivity throughout the National Network."

It is time to protect these communities, by statute, from the consequences of devastating decisions by unelected officials acting under color of business logic.

## 2. PREDICTABLE, DEDICATED FUNDING

Passenger rail needs predictable dedicated funding, and a lot more of it. For a long time, the savvy policy stance for transportation wonks was "more money isn't coming for passenger trains, so don't bother asking." While it's never enjoyable to be the bearer of bad news, I feel obligated to tell the truth: if our country does not find a way to dramatically increase public investment in rail, then the opportunity to build a functional passenger rail network in the U.S. that carries a meaningful amount of Americans will never become reality—and the benefits to our environment, our health, and our neighborhoods that come with these systems will also fail to materialize.

Neither can we afford any longer to direct Amtrak to play a greater role in the U.S. transportation network, while providing an annual budget that merely allows it to limp along.

Since 2008, Congress has sustained highway spending by transferring \$143 billion in general revenues to the HTF, including \$70 billion in 2016 as a result of the FAST Act. This amounts to a debt-financed lifeline for a status quo that has been broken for a long time. The time to move decisively in support of passenger trains is now.

Rail Passengers is calling for a significant increase in dedicated passenger rail investment to address decades of stagnant funding. Learning from the experience of the High-Speed and Intercity Passenger Rail Program, Rail Passengers has outlined a steady increase across funding categories, which will enable the Federal Railroad Administration to slowly build up its grantmaking capacity. We've outlined a 10% year-over-year increase in funding (using FY2019

enacted levels as a baseline) for the Northeast Corridor, and a 5% year-over-year increase for the National Network.

We’ve outlined a more aggressive increase in funding for the Consolidated Rail Infrastructure & Safety Grants, Federal State Partnership for State of Good Repair, and Restoration & Enhancement Grants. We based our funding requests upon a survey of submissions to the HSIPR and TIGER grant programs, which we believe demonstrates the scope of pent-up demand at the state level. Additionally:

- Based upon the disappointing pace of review and the projects selected by the Federal Railroad Administration, we hope to work with Congressional authorizers to provide additional guidance and streamlining to the competitive grant programs created by the FAST Act to ensure that passenger rail projects of regional and national significance are given priority.
- Rail Passengers is ready to work with Congress to identify pay-fors, including intercity Railroad Passenger Tax assessed at point of sale; per Barrel Tax on crude oil; E-Commerce Transportation Tax for online sales; General Sales Tax, similar to those established by the Commonwealth of Virginia to fund rail infrastructure and operations; or a broadly-based Station Area Value Capture Tax program for NEC and National Network-served train stations.
- We are calling for a dedicated set-aside within CRISI for rail transit and commuter agencies to meet the ongoing costs of operations and maintenance of Positive Train Control, which these agencies project at \$130 million per year.
- To the extent that non-road user revenue is directed to the transportation, states should be able to flex these funds to non-highway projects. Granting local officials discretion in modal allocation of general revenue funds will allow states to direct resources to the highest impact projects.
- Intercity rail connects with and supports transit rail systems across the U.S. States and municipalities should be able to flex transit funds to intercity rail projects that support local transit systems.

	<i>Passenger Rail Funding (in millions)</i>				
	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Program</b>					
<i>Amtrak - National Network</i>	\$1,280.6	\$1,344.6	\$1,411.8	\$1,482.4	\$1,556.6
<i>Amtrak - NEC</i>	\$715.0	\$786.5	\$865.2	\$951.7	\$1,046.8
<i>Consolidated Rail Infrastructure &amp; Safety Grants</i>	\$1,968.0	\$2,187.0	\$2,430.0	\$2,700.0	\$3,000.0

<i>Federal State Partnership for State of Good Repair</i>	\$1,312.2	\$1,458.0	\$1,620.0	\$1,800.0	\$2,000.0
<i>Restoration &amp; Enhancement Grants</i>	\$262.4	\$291.6	\$324.0	\$360.0	\$400.0
<b>Total</b>	<b>\$5,538.2</b>	<b>\$6,067.7</b>	<b>\$6,651.0</b>	<b>\$7,294.1</b>	<b>\$8,003.4</b>

### 3. MORE TRAINS, BETTER TRAINS

Millions of Americans believe in the vision of an Amtrak worthy of a 21<sup>st</sup> Century America. Towards that end, we believe Congress should fund an aggressive new vision for growth, with more frequencies in dense corridors, new rolling stock, and modern safety measures. Amtrak’s new emphasis on 400- to 500-mile corridors is a good idea, positioning Amtrak to fill a unique role that other travel modes can’t fill. By 2045, 89% of Americans are expected to live in urban areas. At the same time, during the next 20 years Baby Boomers are expected to grow the senior population by 30 million people—a demographic that often faces travel challenges from vision, hearing and mobility constraints. Corridors can’t supplant Amtrak’s congressional mandate to serve all Americans, but Rail Passengers also believes that the mandate shouldn’t stifle Amtrak from thinking about a robust future, which may look different from today.

Fully and enthusiastically embrace a customer-centric view of passenger service, ensuring that trains’ basic services—like toilets and air-conditioning—are reliable and sound while improving the experience for each and every traveler. It is long past time to replace the rolling museum that is today’s Amtrak with modern equipment with lower operating and maintenance costs, which will result in a better deal for the taxpayer as well as the passenger.

Eliminate the folly of thrice-weekly service and insist upon daily as the minimum threshold for service. Trains that come only three times per week do not provide a meaningful level of service for modern American travelers and guarantee poor financial performance. Amtrak must start laying the groundwork for a rapid return to a Daily Sunset and a Daily Cardinal service.

### 4. SUPPORTING AMTRAK’S SAFETY INITIATIVES

This Association was forced to confront the tragedy that arises from the failure of rail safety systems during the 2017 Amtrak Train 501 derailment in Washington State, when we lost two of our members—one of whom served on our board of directors.

So it is with great feeling that I commend Amtrak for getting out ahead of the rest of the rail industry in the installation of Positive Train Control systems across its network, ahead of

schedule. I've also been heartened by the introduction of Amtrak's enhanced Safety Management System—a proactive, data-driven safety program used in many complex industries including aviation—designed to assist in targeted risk assessments and mitigation strategy. Congress should recognize Amtrak's leadership role when formulating new safety regulations and providing funding for maintenance of PTC systems.

Moving forward, it is also important for Congress and Amtrak to not let the desire to extend PTC coverage extend beyond what is currently required by statute or become an obstacle to maintaining existing trains and introducing new services. The simple truth is that you're 17 times more likely to die traveling the same distance in a car than on an Amtrak train. Reducing access to passenger rail only makes travelers less safe.

We also are concerned over how staffing reductions might affect the ability of Amtrak's on-board personnel to assist passengers—many of whom are aged or infirm—in a timely and efficient fashion in the unlikely event of a safety incident.

#### 5. ADDRESSING EQUIPMENT SHORTFALLS

Reauthorizers must work with States and Amtrak to establish a stable funding mechanism that allows for critical investments in equipment to meet public demand for reliable, energy-efficient equipment with modern amenities.

The Amtrak Five Year Equipment Asset Line Plan (March 2019) has fleshed out a fleet renewal plan that identifies a schedule for replacing and expanding its fleet. In its FY2020 General and Legislative Annual Report, Amtrak identifies \$907.2 million for National Network equipment and another \$145 million for new diesel locomotives. Authorizers should give these requests due consideration when authorizing funding levels. In particular, Amtrak outlined a need for roughly \$450 million to refurbish Superliner Is and another \$1.5 billion to procure a replacement fleet for the Superliners. The railroad also needs to find ways to invest in the rolling stock needed to grow in the short corridors which we all agree look so promising.

Rail Passengers believes that accelerating the delivery of Amtrak's fleet plan would be good for America's passengers, for job growth, and for the rail industry.

In the U.S. aviation industry, maintaining the "U.S. industrial base" in critical aviation equipment is an overriding concern for policymakers. The same concepts apply to passenger rail. A steady stream of orders and solid prospects gives the entire private-sector supply chain confidence to invest. These companies hire craftsmen. They build plants. They do research and development aimed at continuous improvement, to develop modular upgrades that can be injected into the fleet. And the unit cost for coaches will be driven lower, by volume, by economies of scale, and by the need to remain competitive.

## 6. REPAIRING THE HOST RAILROAD RELATIONSHIP

One of the fundamental peculiarities of the U.S. passenger rail system—its reliance on freight railroad-owned tracks to operate a blended system—will also be a fundamental obstacle to the growth of passenger services. When asked what it would take to run one round-trip passenger train a day the 549 miles between New Orleans, Louisiana and Mobile, Alabama, CSX told the three states involved in the Gulf Coast Rail restoration project that it would cost \$2 billion. That is the equivalent of the value of CSX's total annual capital expenditure program...or what it cost NASA to put a rover on the surface of Mars some 139 million miles from Earth. It is also a fairly unsubtle message to the states: "we don't want your business."

With that dynamic in mind, the U.S. should pursue a policy of passenger and freight separation wherever the potential ridership population allows for it. There are plenty of policies that authorizers could bring to bear in pursuit of that goal, which we attempt to outline in our reauthorization blueprint:

- The creation a federal grant program to allow states and municipalities to purchase abandoned and underutilized corridors from freight railroads;
- Authorize states, railroads, and all relevant operating authorities to engage in the advance acquisition of railroad ROWs;
- Amend the FTA Fixed Guideway Capital Investment Grants authorizing language allowing non-federal expenditures to acquire property, prior to the award of a grant, to be included in the non-federal share of total project costs;
- Authorize a tax credit program that incentives private sector donation of underutilized and abandoned ROWs.

Realistically, however, funding constraints will limit the ability of transportation agencies to establish dedicated rights of way for passenger rail. Policymakers must engage in an open conversation with host railroads and regulators about better, less-contentious approaches to shared-use corridors that promote investment in more network fluidity and a better passenger experience. The current financial relationship between Amtrak, the host railroads, and the states has failed to deliver the frequency and dependability needed to attract large numbers of travelers. Commercial and political success require that interested parties be incentivized to develop practical solutions.

To that end, Rail Passengers is calling on Congress to establish a charter for a Shared-Use Corridor Advisory Committee (S-CAC). This committee will develop new regulatory standards through a collaborative process, with all segments of the rail community – including stakeholders – working together to fashion mutually satisfactory solutions on shared-use operations. This committee

would seek agreement on the facts and data underlying any real or perceived shared-used operations problems; identify cost effective solutions based on the agreed-upon facts; and identify regulatory options where necessary to implement those solutions.

A blueprint already exists in the Regional Rail Studies performed under the auspices of the FRA. The Southwest Regional Rail Study was released September 2014. The Southeast and Midwest Regional Rail studies, though completed, have yet to be released by the FRA. I was fortunate enough to be able to participate in these stakeholder workshops and can vouch for the quality of the work they produced. Congressional authorizers would be well advised to assist in disseminating the final versions of these studies to the public, and incorporate the lessons learned to better facilitate corridor development.

Rail Passengers is also asking Congress to grant Amtrak a Private Right of Action to enforce dispatching preference, as described in Amtrak's FY2019 General and Legislative Grant Request. In the absence of effective oversight, host railroads have failed to live up to contractual agreements establishing minimum OTP. A private right of action would allow Amtrak to engage the Surface Transportation Board (STB) in a remedial process with host railroads who engage in unlawful dispatching practices. The STB is the rightful venue for these disputes because passengers, like captive shippers, have no corrective market power over freight railroads' behavior. Amtrak, like captive shippers, can't simply shop around for another railroad with better OTP.

## 7. PROTECTING STAKEHOLDER EQUITY

As a result of several policy changes at the federal level—most notably the creation of the Sec. 209 program in PRIIA—states and local agencies have been asked to play a greater role in financing passenger rail services over the past decade. Questions have been raised over the intervening years about what protections exist to ensure local investment is not stranded by network planning over which these communities have little say.

Congress recognizes this imbalance and is taking steps to correct it, with House Appropriators using the report language accompanying the Fiscal 2020 Transportation-HUD bill to encourage greater communication between Amtrak and local stakeholders:

*"Amtrak has made changes to policies and procedures relating to charter trains, private cars, station agents, call centers, food and beverage service, and law enforcement, all of which have impacts on its ridership, employees, and communities. **Therefore, the Committee directs Amtrak to increase engagement with customers, employees, stakeholders, and the public on proposals to change operations and services, including***

***providing an opportunity to comment on policies prior to finalizing decisions.” [Emphasis added]***

Appropriators further directed Amtrak to “conduct comprehensive outreach and consultation” with a whole range of stakeholders, including “passenger rail organizations,” noting that Amtrak “must engage in an open and transparent process” which takes into account anyone who might be affected by changes, for good or ill.

We are grateful for the work that this Congress has already carried out and would ask this subcommittee to continue to advance these goals in the upcoming reauthorization, working to ensure stakeholders have access to a fair and equitable process in determining any and all planning decisions that affect the national rail network and the communities served.

#### 8. INVEST IN SUSTAINABLE SERVICE LEVELS

Rail Passengers understands the constraints under which Amtrak operates—both legal and fiscal—and we want very much to be good partners in fighting for the best passenger-rail service possible. But our members also insist that a basic level of service, at stations and on-board, must be protected for these services to maintain their long-term viability. It is simply unsustainable to ask passengers to pay thousands of dollars in train fare and serve them meals from the freezer aisle—even if it’s the freezer aisle at Whole Foods. And the death by a thousand cuts that flow out of this degradation to service isn’t any better than a sudden decision to eliminate a corridor.

When analyzed in terms of its effect on ticket revenue—not as a stand-alone profit center—food and beverage service on most trains, if not all, generates more in revenue than it costs to provide. In other words, food and beverage (F&B) service is incrementally profitable. We believe it satisfies the two requirements that the U.S. DOT Inspector General set forth in its report: that food & beverage service be provided “at no net cost to the taxpayer” and have “a positive effective on net cash flow.”

We have also publicly shared our disappointment in the new contemporary food and beverage service as it was executed on the Lake Shore and Capitol Limited lines. Among the issues we raised:

- The need for more hot choices;
- Consideration for dietary needs such as kosher requirements, vegetarian, low-sodium/healthy, and common allergies;
- Better presentation (no more dinner-in-a-box!);
- Better provisioning (diners should not run out of food in the first few hours of an overnight journey);

- Continue to allow Coach passengers to buy meals in the diner if they choose;

Amtrak tried to address some of the issues we've raised, notably the addition of more hot items, but food continues to run short during service and special dietary needs remain a challenge. Moreover, Amtrak remains many months away from the ability to allow coach passengers to buy a meal – for any price – while traveling on a long-distance train. This alone is a significant degradation in passenger service, especially for those traveling more than six or seven hours.

#### 9. INCREASED TRANSPARENCY IN THE RAIL SECTOR

Rail Passengers strongly believes that the continuing debate concerning the future shape of Amtrak's National Network has been distorted by an overreliance on fully allocated costs rather than avoidable costs, as required by statute.

For more than 13 years, Congress, federal agencies, and states have called for more accurate, precise and transparent reporting of Amtrak's component routes. Numerous arms of government including the Federal Railroad Administration, the USDOT Office of Inspector General (OIG) and the General Accounting Office have all found Amtrak's route accounting system deficient and not compliant with federal statute requiring disclosure of avoidable costs. Rail Passengers believes that reauthorizers should direct Amtrak to publicly report the financial performance of each individual route employing the avoidable cost methodology.

The U.S. DOT for decades has already developed and refined a working model to a high level of maturity for addressing precisely the kind of transparency in another travel mode: airlines. The type of information gathered in Form 41 financial filings and T100 market data filings is ideal for developing an informed picture of the state of America's air-transportation enterprise.

Existing FRA datasets do a reasonably good job of capturing commodity shipments, for example, but lack the depth and consistency that a Form 41/T100 approach could produce. In rail operations, new metrics could be derived from better data collection and more complete fact gathering. These could, and should, inform public policy.

As just one small example, Rail Passengers believes that by gathering and publishing such data, FRA could beneficially help to set not only a minimum on-time performance standard, but a data-driven target for exceeding minimum standards that could offer significant financial incentives to host railroads that not only deliver superior OTP but reduced trip times and greater frequencies. This could perhaps take the form of bonus payments that rise on a scale calibrated to OTP achievements, incentivizing private investments in a rail network that can serve not only freight customers but passenger trains at the high service levels a robust national infrastructure demands.

A systematic, transparent and detailed data-collection regime that mirrors the statistics now gathered and reported in air travel could also lead to more nuanced regulatory approaches to addressing the multiple root causes of persistent delays. With more reliable information as to the costs and benefits of such investment, additional agreements could be more easily made creating an influx of public investment into the national rail system, easing more than just passenger bottlenecks.

## CONCLUSION

Rail Passengers is working for “A Connected America,” a concept our association developed that aims to put 80 percent of Americans within 25 miles of a rail station within 25 years. A Connected America is not only good for passengers but good for America’s cities and towns, an economic engine in the communities it serves. We believe passengers should be able to drive, bike, walk or take transit to those stations as they choose, whether traveling for work, school or leisure. They should have the choice of multiple frequencies each day in dense corridors. They should be able to take the train to airports to continue their journeys onward. In short, they expect a modern, frequent, reliable and safe service as part of a robust ecosystem of travel choices, from ride-sharing vehicles and bikes to cars, trains and jetliners. It’s what America deserves.

We stand ready to work with authorizers to create a collaborative process involving all of Amtrak’s important stakeholders: mayors, employees, and yes, passengers. We are excited to work with Congress and Amtrak to redraw the map of America’s passenger rail network for 2040 and beyond.

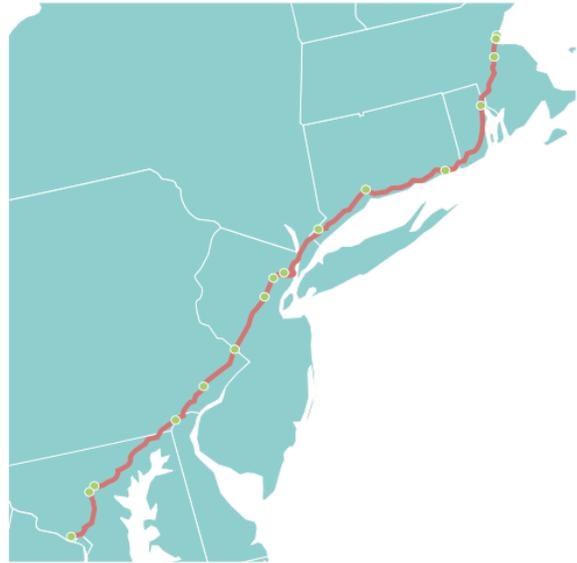
## APPENDIX

### Acela Express Route

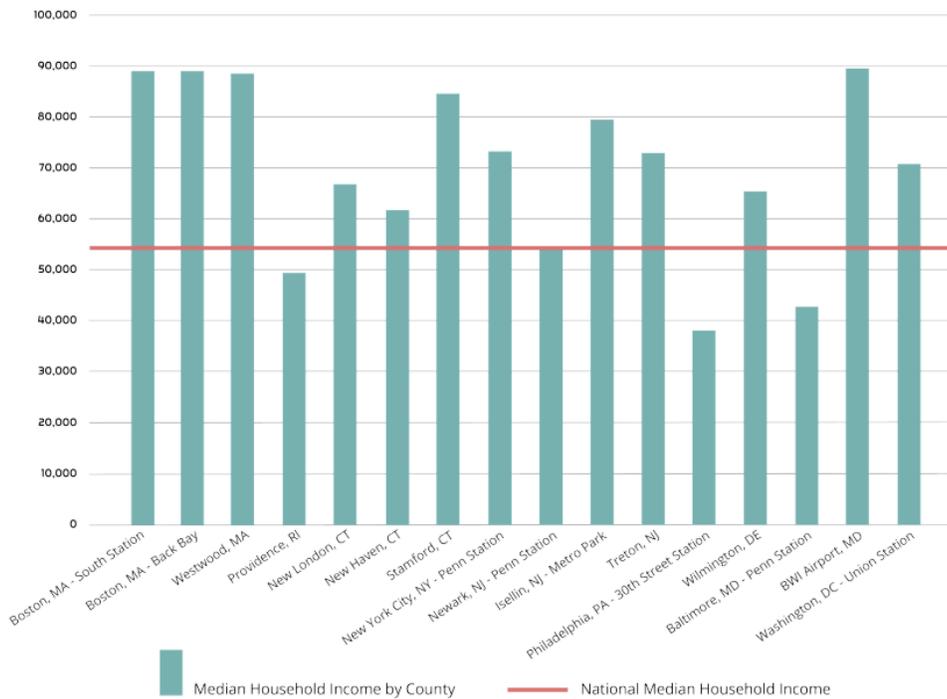
The Acela Express, Amtrak's premium service, is available only in the Northeast Corridor. The service runs from Washington, DC, to Boston, MA.

Most of the communities served by Acela trains enjoy a Median Household Income that is well above the national average.

Service along this route would be preserved and enhanced under the Trump budget proposal.



**Acela Express Stations  
Median Household Income**



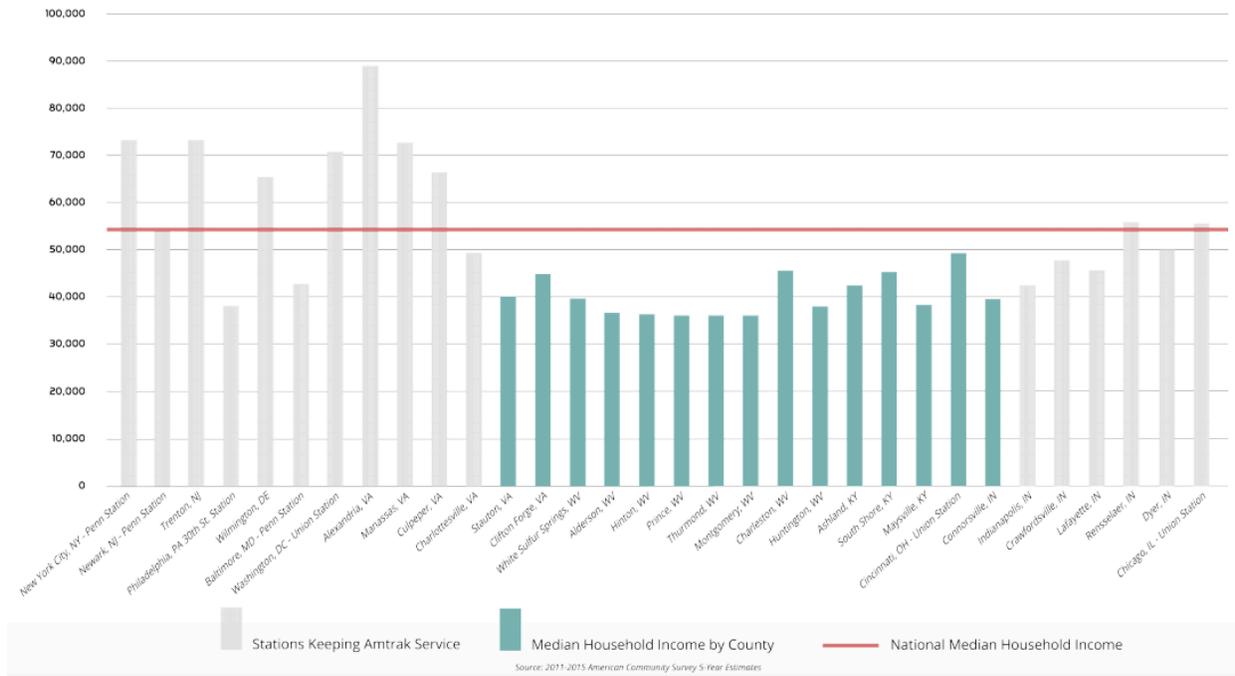
Source: 2011-2015 American Community Survey 5-Year Estimates

## “Cardinal” Route

The “Cardinal” route covers a mixture of prosperous suburban communities, mid-sized cities, and rural small towns. Together, these communities paint a recognizable picture of “average” American settings. Roughly half of these stations would continue to receive service under the Trump proposal; the other half would lose service. All of the communities that would lose access to passenger rail service have Median Household Incomes below the national average.



Cardinal Route  
Median Household Income



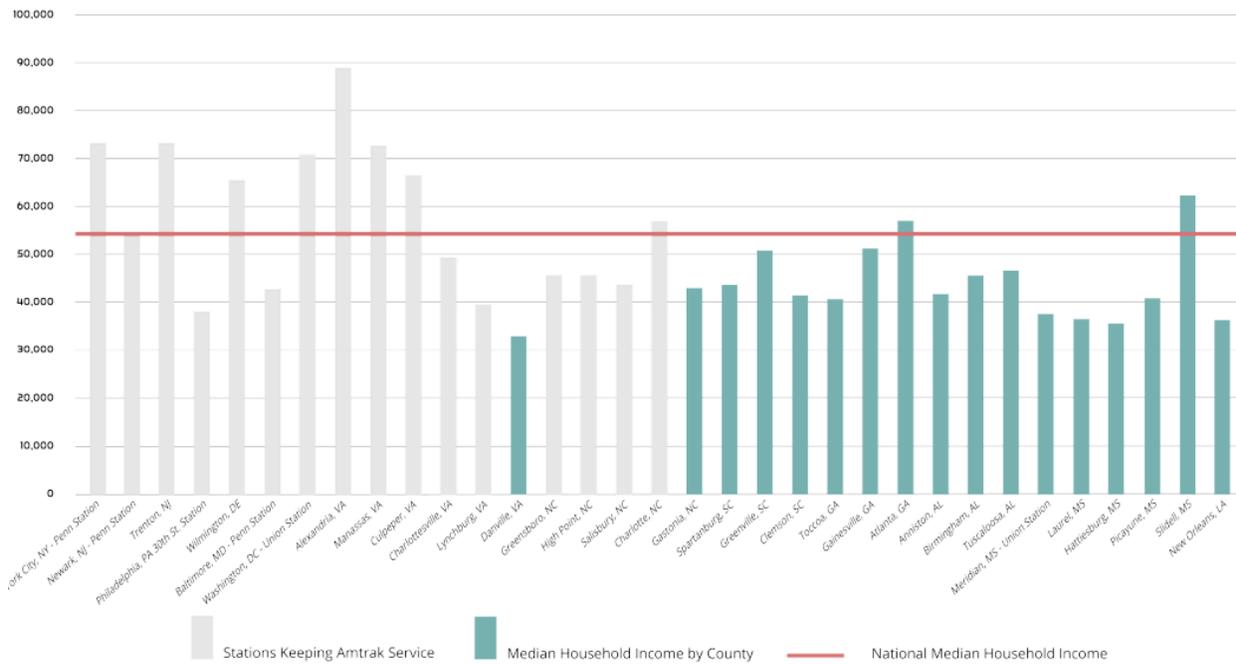
## "Crescent" Route

The "Crescent" route stretches from New York City to New Orleans. One-half of the stations served by the "Crescent" route are part of the Northeast Corridor or a state-supported corridor and service to these stations would be preserved.

The remaining 17 communities would lose service. In 15 of those 17 communities, the Median Household Income falls below the national average.



Crescent Route  
Median Household Income



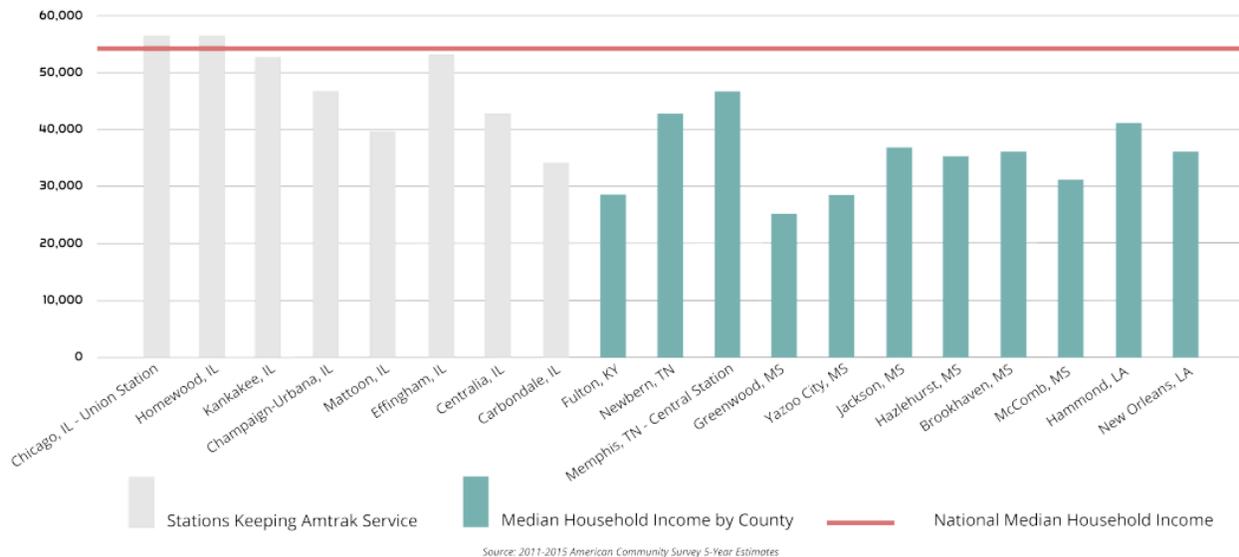
Source: 2011-2015 American Community Survey 5-Year Estimates

## “City of New Orleans” Route

The “City of New Orleans” route stretches from Chicago, IL, to New Orleans, LA. Although 2 of the 19 stations served by the “City of New Orleans” route enjoy a Median Household Income that is just slightly above the national average, the entire route serves working class cities and towns with relatively modest incomes. Under the Trump proposal, service to 11 of the 19 stations would be eliminated. All 11 stations serve communities where the Median Household Income falls well below the national average of \$53,889.<sup>11</sup>



City of New Orleans  
Median Household Income



<sup>11</sup> Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates.