

# FUNDING A ROBUST FREIGHT AND PASSENGER RAIL NETWORK

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(116-57)

## HEARING

BEFORE THE

SUBCOMMITTEE ON RAILROADS, PIPELINES,  
AND HAZARDOUS MATERIALS

OF THE

COMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURE

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

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U.S. House of Representatives  
Washington, DC 20515

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FEBRUARY 28, 2020

**SUMMARY OF SUBJECT MATTER**

TO: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials  
FROM: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials  
RE: Subcommittee Hearing on “Funding a Robust Freight and Passenger Rail Network.”

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**PURPOSE**

The Subcommittee on Railroads, Pipelines, and Hazardous Materials will meet on Wednesday, March 4, 2020, at 10:00 a.m. in 2167 Rayburn House Office Building to hold a hearing titled, “Funding a Robust Freight and Passenger Rail Network.” The hearing will discuss the benefits of both freight and passenger rail, examine the current state of the network, and address the need for continued investment through federal programs. The Subcommittee will hear testimony from Amtrak, Village of Oak Lawn, NJ TRANSIT Corporation, Brotherhood of Maintenance of Way Employees Division—International Brotherhood of Teamsters, American Council of Engineering Companies of Illinois, and the Association of American Railroads.

**BACKGROUND**

*I. BACKGROUND*

*A. Intercity Passenger Rail*

The National Railroad Passenger Corporation, known as “Amtrak,” was created by the Rail Passenger Service Act of 1970.<sup>1</sup> Prior to Amtrak’s creation, privately-owned railroads provided passenger rail transportation, pursuant to their common carrier obligation that dated back to the late 1800s. As the federal government supported the growth of airports and invested heavily to develop the expansive interstate system, travel by aircraft and car grew in popularity while passenger rail mileage declined from 40 million in 1947 to less than 8 million just two decades later.<sup>2</sup>

In 1970, with several major railroads in or nearing bankruptcy, Congress relieved the private railroads from their obligation to provide passenger rail service by creating Amtrak as the Nation’s passenger rail provider. Amtrak was established under the corporation laws of the District of Columbia (DC) but would receive government funding. Railroads bought into Amtrak and the purchase price was satisfied either by cash or rolling stock; in exchange, the railroads received common non-voting stock. Amtrak began operating passenger service on May 1, 1971.

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<sup>1</sup>Public Law 91–518.

<sup>2</sup>Wilner, Frank. *Amtrak: Past, Present, Future*. Omaha, Simmons-Boardman Books, Inc., 2012. Page XIV.

Amtrak operates much of its service over tracks that are owned, maintained, and dispatched by the freight railroads. Due to the historical bargain in which freight railroads were relieved from their common carriage obligation for passenger rail service, Amtrak trains have a statutory “preference” over freight transportation in using a rail line, junction, or crossing, except in emergencies or unless the Surface Transportation Board (STB) orders otherwise.<sup>3</sup>

### *B. Commuter Rail*

Rail transportation modes split into transit rail (heavy rail, light rail, and streetcar) and commuter rail. Typically, transit rail passengers use these services for shorter trips and on closed rail systems; commuter rail services carry passengers for longer trips on the Federal Railroad Administration (FRA)-regulated general railroad system, connected to the broader interstate railroad network. As such, commuter rail is designed to provide a longer-distance, regional service that connects riders from suburban areas to city centers. Commuter rail typically operates with higher-speed, higher-capacity trains and less-frequent stops, and often operates on freight railroad right-of-way.

### *C. Freight Rail*

The U.S. freight railroad industry operates a 140,000-mile network across the country, delivering on average five million tons of goods every day. This industry is composed of varying sized railroads measured by their annual operating revenues into three different classes. The largest railroads include the seven Class 1s, which are the biggest railroads that collectively provide long-haul operations in 44 states and D.C.<sup>4</sup> The Class 1s transport nearly 69 percent of U.S. freight mileage.<sup>5</sup>

The 603 short line and regional railroads operate 38% of the nation’s rail network.<sup>6</sup> Short lines are often the only way rural America can connect to the rest of the national freight network—playing an important role in providing first-mile and last-mile service that extends the reach of the rail network to rural communities, manufacturers, farmers, and others.<sup>7</sup> These smaller railroads range in size from small operators handling just a few carloads a month, to others that cross state lines and approach the size of the large Class I railroads. The short line and regional railroads move about one-third of all U.S. freight, and operate in every state except Hawaii.

In 2018, the seven Class I freight railroads operating in the U.S. spent \$24.9 billion on infrastructure and equipment throughout the country.<sup>8</sup> In addition, states also make investments in the rail network such as those that fund port improvements, capacity preservation and expansion, and grade crossing improvement projects. For example, the state of Indiana developed the Local Trax Rail Overpass Program, in which \$125 million in state matching funds was made available to cities, towns, and counties interested in pursuing high-priority railroad grade separations, crossing closures, and other safety enhancements at railroad intersections with local roads.

## *II. RAIL INVESTMENT NEEDS: A SNAPSHOT*

Since Amtrak began operations in 1971, federal funds have fluctuated, forcing Amtrak to cut services and defer maintenance on equipment and infrastructure across its network. Moreover, under the Railroad Revitalization and Regulatory Reform Act of 1976, Congress gave Amtrak ownership of the Northeast Corridor (NEC) after the Penn Central Railroad went bankrupt.<sup>9</sup> The heavy usage of the NEC combined with the age of bridges and tunnels—many of which date back to the period between the Civil War and the New Deal—has led to major needs in maintenance and capital infrastructure improvements, in order to remove bottlenecks and increase capacity along the corridor. According to the revised Northeast Corridor Commission’s Capital Investment Plan for Fiscal Years 2020–2024, more than \$21 billion remains unfunded for major rail infrastructure projects along the NEC. Some

<sup>3</sup> 49 U.S.C. § 24308(c).

<sup>4</sup> The seven Class I railroads include Burlington Northern Santa Fe Railway (BNSF); Union Pacific Railroad (UP); Norfolk Southern Railway (NS); CSX Transportation; Canadian National Railway (CN); Canadian Pacific Railway (CP); and Kansas City Southern (KCS).

<sup>5</sup> Association of American Railroads <https://www.aar.org/railroad-101/>.

<sup>6</sup> American Short Line and Regional Railroad Association <https://www.aslrra.org/>.

<sup>7</sup> American Short Line and Regional Railroad Association [https://www.aslrra.org/web/About/Industry\\_Facts.aspx?hkey=bd7c0cd1-4a93-4230-a0c2-c03fab0135e2](https://www.aslrra.org/web/About/Industry_Facts/web/About/Industry_Facts.aspx?hkey=bd7c0cd1-4a93-4230-a0c2-c03fab0135e2).

<sup>8</sup> Association of American Railroads, “Overview of America’s Freight Railroads,” June 2019, Available at <https://www.aar.org/wp-content/uploads/2018/08/Overview-of-Americas-Freight-RRs.pdf>.

<sup>9</sup> Railroad Revitalization and Regulatory Reform Act of 1976, Public Law 94–210.

of these projects include: the Baltimore & Potomac Tunnel (\$4.59 billion project, with \$4.52 billion unfunded), which was built in 1873 and requires replacing the Civil-War era tunnel with a newer curve-moderated tunnel; replacement of the swing-span Portal North Bridge (\$1.78 billion project, with \$811 million unfunded) over the Hackensack River; and replacement of the Susquehanna River Bridge (\$1.88 billion project, with \$1.86 billion unfunded).<sup>10</sup>

In addition to the NEC major projects, much of Amtrak's fleet has aged and is in need of replacement. The average passenger railcar that Amtrak owns or leases is nearing 34 years of age, and the average locomotive or trainset unit is more than 20 years old.<sup>11</sup> Amtrak defines equipment as having a useful life of 30 years for locomotives and 40 years for railcars.<sup>12</sup> Aging equipment can negatively impact Amtrak's services, such as when old road diesel locomotives suffering from mechanical challenges cause train delays or when outdated railcars lacking amenities like Wi-Fi and changing tables degrade passenger satisfaction.<sup>13</sup> As these locomotives and railcars begin reaching the end of their useful life, Amtrak is planning major initiatives to modernize its rolling stock by replacing or refreshing locomotives and railcars currently in service. While Amtrak is experiencing additional rolling stock investment needs, Amtrak's FY 2021 grant request indicates an additional \$3.8 billion in federal funds is required for a series of upgrades.<sup>14</sup> This includes replacement of Amfleet I railcars used throughout the network; Amfleet II railcars used primarily on long-distance routes serving New York and some state corridors; Superliner railcars used on a host of long-distance routes; and new diesel locomotives that operate on long-distance routes. Amtrak indicates these upgrades will benefit train performance and customer experience, while also achieving higher speeds, greater fuel range, and reduced emissions by up to 90 percent.<sup>15</sup>

More than 500 stations (owned by states, cities, host railroads, and Amtrak) within Amtrak's network must be properly maintained. Amtrak is investing in projects that enhance the passenger experience, sustain the national passenger rail network, provide much-needed additional capacity, and improve reliability and safety.<sup>16</sup> In 2016, Amtrak received a \$2.5 billion Railroad Rehabilitation and Improvement Financing (RRIF) loan to purchase 28 new trains, make station improvements at Washington Union Station and Moynihan Station in New York City, and improve track capacity and ride quality in the NEC.<sup>17</sup> Amtrak's FY 2021 grant request indicates an additional \$4.3 billion in federal funds is needed for select station and facility improvements.<sup>18</sup> Additionally, the Americans with Disabilities Act (ADA) required that all stations in the intercity rail transportation system be made accessible to and usable by individuals with disabilities no later than 2010.<sup>19</sup> Amtrak has sole or shared financial responsibility to bring 387 stations into compliance with ADA requirements and estimates that it will cost over \$1 billion to complete this work.<sup>20</sup>

Commuter railroads are also in need of significant investments to maintain and upgrade infrastructure and rolling stock and to expand service. In September 2019,

<sup>10</sup>Northeast Corridor Capital Investment Plan, Fiscal Years 2020–2024, Northeast Corridor Commission, Available at [https://nec-commission.com/app/uploads/2019/12/NEC-Capital-Investment-Plan-20-24\\_Amended.pdf](https://nec-commission.com/app/uploads/2019/12/NEC-Capital-Investment-Plan-20-24_Amended.pdf)

<sup>11</sup>Amtrak Five-Year Asset Line Plans, Fiscal Years 2020–2025 (Base and Five-Year Strategic Plan), Available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Asset-Line-Plans-FY21-25.pdf>. Pages 17–18.

<sup>12</sup>Id. at 24.

<sup>13</sup>Id.

<sup>14</sup>Amtrak General and Legislative Annual Report and Fiscal Year 2021 Grant Request, Available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-General-Legislative-Annual-Report-FY2021-Grant-Request.pdf> Page 42.

<sup>15</sup>Amtrak Five-Year Asset Line Plans, Fiscal Years 2020–2025 (Base and Five-Year Strategic Plan), Available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Asset-Line-Plans-FY21-25.pdf> Pages 17–34.

<sup>16</sup>Amtrak Five-Year Asset Line Plans, Fiscal Years 2020–2025 (Base and Five-Year Strategic Plan), Available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Asset-Line-Plans-FY21-25.pdf> Page 67.

<sup>17</sup>Progressive Railroading, "Amtrak Receives \$2.5 Billion RRIF Loan for Alstom Trains, Northeast Corridor Upgrades," Available at <https://www.progressiverailroading.com/amtrak/news/Amtrak-receives-25-billion-RRIF-loan-for-Alstom-trains-Northeast-Corridor-upgrades--49275>.

<sup>18</sup>Amtrak General and Legislative Annual Report and Fiscal Year 2021 Grant Request, Available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-General-Legislative-Annual-Report-FY2021-Grant-Request.pdf>, Page 42.

<sup>19</sup>42 U.S.C. § 12162.

<sup>20</sup>Amtrak General and Legislative Annual Report and Fiscal Year 2021 Grant Request, Available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-General-Legislative-Annual-Report-FY2021-Grant-Request1.pdf> page 43.

the Subcommittee heard testimony from several commuter railroads about their investment needs, with one stating it has a \$444 million backlog<sup>21</sup> in unfunded maintenance and rehabilitation state-of-good-repair projects and another needing to invest more than \$1 billion annually over the next decade to achieve and maintain a state-of-good-repair.<sup>22</sup> Commuter railroads also continue working toward compliance with the positive train control (PTC) mandate from 2008. According to the FRA's 2019 fourth quarter reporting, of the 28 commuter railroads required to install PTC, six have fully implemented their systems and another 22 expect to complete implementation in 2020. The American Public Transportation Association estimates that commuter railroads will spend approximately \$160 million annually in operations and maintenance of these systems.<sup>23</sup>

### III. FUNDING AMTRAK

#### Appropriations

Like several other transportation modes in the U.S., Amtrak receives funding from the General Fund through the annual appropriations process. The chart below indicates Amtrak's funding levels authorized by the Fixing America's Surface Transportation Act (FAST Act) and the amounts appropriated by Congress:

	Northeast Corridor		National Network	
	Authorized	Appropriated	Authorized	Appropriated
FY 16	\$450,000,000	*	\$1,000,000,000	*
FY 17	\$474,000,000	\$328,000,000	\$1,026,000,000	\$1,167,000,000
FY 18	\$515,000,000	\$650,000,000	\$1,085,000,000	\$1,291,600,000
FY 19	\$557,000,000	\$650,000,000	\$1,143,000,000	\$1,291,600,000
FY 20	\$600,000,000	\$700,000,000	\$1,200,000,000	\$1,300,000,000

\* Amtrak received FY 16 appropriations in the format that existed prior to FAST Act enactment: \$288,500,000 in operating grants, and \$1,101,500,000 in capital and debt service grants.

#### State-Supported Routes, Section 209 of PRIIA

Prior to enactment of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA 2008), most of the expenses associated with state-supported routes were funded by the federal government through Amtrak. However, PRIIA Section 209 shifted that funding responsibility to the states and required Amtrak and its state partners to jointly develop a methodology to determine operating and capital costs of state-supported routes. The Section 209 methodology became effective in October 2013. Continued operation of these state-supported routes is subject to annual operating agreements and state legislative appropriations according to Section 209. In FY 2018, state contributions to Amtrak for state-supported services totaled \$233.8 million for operations and \$57.2 million for equipment capital.<sup>24</sup> Fueled by Amtrak's partnership with its state partners, state-supported routes carried 15.438 million passengers in FY 2019, a 2.4% increase from 15.079 million in FY 2018.<sup>25</sup>

State-supported routes have previously benefited from additional investments through high-speed passenger rail investment grants.<sup>26</sup> These grants supported a broad range of projects that increased speeds, added service frequencies, extended service to new stations, and improved reliability of aging infrastructure on state-supported routes.<sup>27</sup> While many improvements were made to state-supported routes

<sup>21</sup> Wiggins, Stephanie N., Southern California Regional Rail Authority (Metrolink), Testimony before the House Subcommittee on Railroads, Pipelines, and Hazardous Materials, September 24, 2019, Available at <https://transportation.house.gov/imo/media/doc/Testimony-Wiggins.pdf>, Page 8.

<sup>22</sup> Derwinski, James., Metra, Testimony before the House Subcommittee on Railroads, Pipelines, and Hazardous Materials, September 24, 2019, Available at <https://transportation.house.gov/imo/media/doc/Testimony-Derwinski.pdf>, Page 2.

<sup>23</sup> Skoutelas, Paul P. American Public Transportation Association, Testimony before the House Subcommittee on Railroads, Pipelines, and Hazardous Materials, September 24, 2019, Available at <https://www.apta.com/wp-content/uploads/APTA-TESTIMONY-TI-Rail-Subc.-Hearing-re-Commuter-Rail-09.24.2019.pdf> Page 5.

<sup>24</sup> FY 2018 is the most recent year for which data is available, State-Amtrak Intercity Passenger Rail Committee, 2018 Annual Report, Page 2.

<sup>25</sup> Amtrak Route Ridership FY 2019 vs. FY 2018, Available at <http://media.amtrak.com/wp-content/uploads/2019/11/FY19-Year-End-Ridership.pdf>.

<sup>26</sup> Goldman, Ben. *Improving Intercity Passenger Rail Service in the United States*, Congressional Research Service R45783, June 25, 2019 Available at <https://fas.org/sgp/crs/misc/R45783.pdf> page 2.

<sup>27</sup> Id. at 10.

under these programs, additional opportunities for improvement remain.<sup>28</sup> For instance, the State of Michigan used federal funds to purchase and upgrade a track segment in the Chicago-Detroit corridor, allowing 110-mph service. Planning studies identified additional potential service improvements, but these projects are on hold. Likewise, travel times and congestion on certain portions of the Chicago-St. Louis corridor were improved through use of \$1.3 billion of federal funding. A federally funded environmental study of the corridor identified investments capable of doubling existing service levels and reducing end-to-end travel time. The study estimated that such investments would cost between \$4.9 billion and \$5.2 billion.<sup>29</sup>

*Northeast Corridor, Section 212 of PRIIA*

Moreover, under Section 212 of PRIIA 2008, the Northeast Corridor Commission (Commission) is directed to develop a standardized formula for determining and allocating operating and capital costs to Amtrak and commuter rail agencies operating in the NEC based on their proportionate share of joint-benefit costs. The formula must also ensure that there is no cross-subsidization of commuter, intercity, or freight rail transportation on the NEC. In September 2015, the Commission adopted the NEC Commuter and Intercity Rail Cost Allocation Policy, which took effect in FY 2016 and remains effective until the Commission replaces or annuls it.<sup>30</sup> The total amount that Amtrak and commuter operators have paid to the four NEC infrastructure owners is more than \$5.5 billion, of which \$4.3 billion has been paid to Amtrak by both commuter operators and Amtrak itself.<sup>31</sup>

*IV. GRANT OPPORTUNITIES FOR INTERCITY PASSENGER AND FREIGHT RAIL*

Congress authorizes several federal discretionary grant programs that can be used to support intercity passenger and freight rail services, such as those discussed below.

*Federal Railroad Administration Grant Programs*

*Consolidated Rail Infrastructure and Safety Improvements*

The FAST Act authorized the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program to provide discretionary grants for projects that improve the safety, efficiency, or reliability of freight and passenger rail transportation systems.<sup>32</sup> Short line and regional railroads, any rail carrier (including Class I) in partnership with at least one state entity, public agencies or public chartered authorities established by one or more states, states or groups of states, interstate compacts, political subdivisions of states, Amtrak, and others are eligible for grants under the program, which the Federal Railroad Administration (FRA) administers. Activities eligible for CRISI funds include capital projects that improve short line and regional railroad infrastructure; highway-rail grade crossing improvements projects; and rail line relocation and improvement projects, among others. The maximum federal share of total project costs under the program is 80 percent. For FY 2020, CRISI was authorized at \$330 million,<sup>33</sup> and the program was appropriated \$325 million.<sup>34</sup>

*Federal-State Partnership for State of Good Repair*

The FAST Act also authorized the Federal-State Partnership for State of Good Repair grant program, which awards federal funds for capital projects to replace or rehabilitate qualified railroad assets to reduce the state of good repair backlog.<sup>35</sup> Eligible applicants include states or their political subdivisions, groups of states, interstate compacts, public agencies or publicly chartered authorities established by one or more states, Amtrak, or any combination of these entities. Federal-State Partnership for State of Good Repair grants have a maximum federal share of 80 percent.<sup>36</sup>

<sup>28</sup> Id.

<sup>29</sup> Id. at 12.

<sup>30</sup> Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy, Effective October 1, 2019. Available at [https://nec-commission.com/app/uploads/2018/04/2019-06-19\\_Cost-Allocation-Policy\\_v09.00\\_Cmsn-Amended-2019-June-19-Clean.pdf](https://nec-commission.com/app/uploads/2018/04/2019-06-19_Cost-Allocation-Policy_v09.00_Cmsn-Amended-2019-June-19-Clean.pdf)

<sup>31</sup> The four NEC owners include Amtrak, Connecticut DOT, Massachusetts Bay Transportation Authority, and Metro-North Railroad. Data is from the Northeast Corridor Commission.

<sup>32</sup> 49 U.S.C. § 24407.

<sup>33</sup> Public Law 114–94 Sec. 11102.

<sup>34</sup> Further Consolidated Appropriations Act of 2020, Public Law 116–94.

<sup>35</sup> Public Law 114–94 Sec. 11302.

<sup>36</sup> 49 U.S.C. § 24911.

The FAST Act authorized the program at \$300 million in FY 2020,<sup>37</sup> and it was appropriated at \$200 million.<sup>38</sup>

#### *Restoration and Enhancement Grants*

The FAST Act authorized the Restoration and Enhancement grant program, which provides operating assistance grants to initiate, restore, or enhance intercity rail passenger transportation.<sup>39</sup> Eligible entities include states or their political subdivisions, groups of states, interstate compacts, public agencies or publicly chartered authorities established by one or more states, Amtrak or other intercity rail carriers, rail carriers in partnership with any eligible entities, or a combination thereof.<sup>40</sup> For projects funded by a Restoration and Enhancement grant, the grant may not exceed 80 percent of the projected net operating costs for the first year of service; 60 percent of the net operating costs for the second year of service; and 40 percent of the projected net operating costs for the third year of service. For FY 2020, the Restoration and Enhancement grant program was authorized at \$22 million,<sup>41</sup> and it was appropriated \$2 million in funding.<sup>42</sup>

#### *Other Department of Transportation (DOT) Funding*

##### *BUILD Grants*

DOT awards grants for national infrastructure investments under its “Better Utilizing Investments to Leverage Development (BUILD)” grant program, formerly known as “TIGER.” Eligible applicants for BUILD transportation grants are state, local, and tribal governments, including U.S. territories, transit agencies, port authorities, metropolitan planning organizations (MPOs), and other political subdivisions of state or local governments. These grants are awarded on a competitive basis for surface transportation infrastructure projects that will have a significant local or regional impact, with a balance between projects in rural and urban areas.<sup>43</sup> In FY 2020, the BUILD program was appropriated \$1 billion, and required a maximum federal share of 80 percent for projects, while giving the Secretary discretion to allow a higher federal share for rural projects.<sup>44</sup>

##### *INFRA Grants*

The FAST Act also created a new competitive grant program, providing \$4.5 billion over the life of the bill, to assist states in funding nationally-significant highway, bridge, and freight projects.<sup>45</sup> The Nationally Significant Freight and Highway Projects program (referred to as INFRA by this Administration and FASTLANE by the previous Administration) is funded by the Highway Trust Fund and is generally aimed at large-scale and multi-jurisdictional projects that cannot be funded with highway funding apportioned to the states.<sup>46</sup> At least 25 percent of the funding is reserved for projects in rural areas, and 10 percent of the funding is reserved for smaller projects (project costs of less than \$100 million). Up to \$500 million over the life of the FAST Act may be used to fund freight rail or intermodal projects if the projects will significantly improve freight movements on the National Highway Freight Network. For FY 2020, the INFRA program was authorized at \$1 billion,<sup>47</sup> with an appropriation of \$906 million.<sup>48</sup>

##### *Railroad Rehabilitation and Improvement Financing Program*

The Railroad Rehabilitation and Improvement Financing (RRIF) program was originally established by Congress in Title V of the Railroad Revitalization and Regulatory Reform Act of 1976 and later amended in the Transportation Equity Act for the 21st Century (TEA–21). RRIF offers long-term, low-interest loans for improving rail infrastructure. Eligible recipients include railroads, state and local governments, government-sponsored corporations, and joint ventures that include at least

<sup>37</sup> Public Law 114–94 Sec. 11103.

<sup>38</sup> Further Consolidated Appropriations Act of 2020, Public Law 116–94.

<sup>39</sup> 49 U.S.C. § 22908.

<sup>40</sup> *Id.*

<sup>41</sup> Public Law 114–94 Sec. 11104.

<sup>42</sup> Further Consolidated Appropriations Act of 2020, Public Law 116–94.

<sup>43</sup> Department of Transportation, <https://www.transportation.gov/BUILDgrants/2019-build-application-faqs>.

<sup>44</sup> Further Consolidated Appropriations Act of 2020, Public Law 116–94.

<sup>45</sup> Public Law 114–94 Sec. 1105.

<sup>46</sup> INFRA is funded through funds appropriated out of the Highway Trust Fund other than the Mass Transit Account.

<sup>47</sup> Public Law 114–94 Sec. 1101.

<sup>48</sup> Further Consolidated Appropriations Act of 2020, Public Law 116–94.

one railroad. RRIF-eligible projects include the following: acquiring, improving, and rehabilitating track, bridges, rail yards, buildings, and shops; preconstruction activities; PTC; transit-oriented development projects; and new rail or intermodal activities. Under this program DOT is authorized to provide direct loans and loan guarantees up to \$35 billion to finance development of railroad infrastructure. Since 2002 the RRIF program has provided \$6.286 billion in financing. There is currently about \$30.2 billion available in loan authority under the RRIF program.

#### V. FUNDING COMMUTER RAIL

Ensuring the safety of commuter rail is the responsibility of the Federal Railroad Administration (FRA), which establishes minimum acceptable levels of railroad safety equipment and operating practices. While FRA regulates safety, federal funding for commuter rail transportation is provided by the Federal Transit Administration (FTA).

Commuter rail agencies are eligible to receive FTA formula funds, including funding under 49 U.S.C. Sections 5307 (Urbanized Area Formula Grants); 5337 (State of Good Repair Grants); and 5340 (High Density States Formula funds). These formula funds typically go to a regional transportation agency (designated recipient) and are allocated by regional agreements to various transit agencies operating commuter rail, heavy and light rail, streetcars, ferries, and bus transit in the same urban area. The FAST Act authorized approximately \$38 billion for these programs from fiscal year 2016 through fiscal year 2020.

Additionally, commuter railroads may compete for discretionary grants under FTA's Capital Investment Grant (CIG) program, which funds capital investments in commuter rail as well as heavy and light rail, street cars, and bus rapid transit projects. The FAST Act authorized \$11.5 billion for the CIG program over five years.

While commuter railroads are not statutorily eligible for the FRA grant programs discussed above, in FY 2018, Congress made commuter railroads temporarily eligible for \$250 million available under the CRISI program for PTC installation.<sup>49</sup> Of these funds, commuter railroads received \$187 million, according to the FRA.<sup>50</sup> In the FAST Act, Congress also authorized \$199 million in fiscal year 2017 FTA funds to assist financing the installation of PTC. Moreover, commuter railroads are eligible for RRIF loans to support infrastructure improvement projects.

#### VI. SNAPSHOT: CHICAGO'S CREATE PROJECT

The city of Chicago's unique history as a rail hub has led to modern-day congestion challenges. In 2003, a coalition of private and government entities initiated the Chicago Region Environmental and Transportation Efficiency (CREATE) project—a \$4.6 billion public-private partnership to address passenger and freight rail congestion in the Chicago area rail network.<sup>51</sup> Chicago's rail congestion is partly due to the fact that 25 percent of all U.S. freight rail traffic touches Chicago.<sup>52</sup> CREATE has three broad infrastructure focuses: 1) increasing capacity, speed, and reliability for freight train traffic; 2) separating freight and commuter trains at six key junctions; and 3) eliminating 25 highway-railroad grade crossings through grade separations to reduce the impact of railroads on the surrounding local communities.<sup>53</sup> Many of these projects will benefit both passenger and freight trains due to shared track.

CREATE partners include the U.S. DOT (Federal Highway Administration and FRA), the Illinois Department of Transportation, the Chicago Department of Transportation, Cook County, the six largest Class I freight railroads, two switching railroads (Belt and Indiana Harbor Railroads), and two passenger railroads (Amtrak and Metra, Chicago's commuter rail authority).<sup>54</sup> The CREATE project received an initial federal contribution of \$100 million in 2005 through the Projects of National and Regional Significance funding established by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) surface transportation reauthorization.<sup>55</sup>

As of August 2019, 30 of the 70 identified projects have been completed with 21 projects underway in various stages (construction, engineering, environmental re-

<sup>49</sup> FY 18 Consolidated Appropriations Act, 2018, Public Law 115–141.

<sup>50</sup> In determining this figure, the FRA does not consider the Alaska Railroad to be a commuter railroad. Alaska Railroad received \$12.9 million under the program.

<sup>51</sup> [http://createprogram.org/linked\\_files/CREATE\\_Overview.pdf](http://createprogram.org/linked_files/CREATE_Overview.pdf).

<sup>52</sup> *Id.* at 6.

<sup>53</sup> *Id.* at 2.

<sup>54</sup> [http://createprogram.org/linked\\_files/CREATE\\_Overview.pdf](http://createprogram.org/linked_files/CREATE_Overview.pdf) at 2.

<sup>55</sup> [https://ops.fhwa.dot.gov/freight/safetea\\_lu/1301\\_pnrns\\_funding.htm](https://ops.fhwa.dot.gov/freight/safetea_lu/1301_pnrns_funding.htm).

view).<sup>56</sup> These projects have been funded through a variety of federal, state, and local sources. For example, the 75th Street Corridor Improvement Project, a major \$474 million project that will build a new double track rail connection between two rail lines to increase freight and passenger rail capacity and upgrade crossover speeds to allow for higher freight speeds, received a \$132 million INFRA grant in 2018. That \$132 million will be matched by \$337 million in funds from other CREATE partners.<sup>57</sup> In total, the \$4.6 billion CREATE public-private partnership has a projected benefit over 30 years of \$31.5 billion.<sup>58</sup>

## WITNESS LIST

- Mr. Stephen Gardner, Senior Executive Vice President and Chief Operating and Commercial Officer, Amtrak
- Dr. Sandra Bury, Mayor, Village of Oak Lawn, Illinois
- Mr. Kevin Corbett, President and Chief Operating Officer, NJ TRANSIT Corporation
- Mr. Rob Shanahan, Assistant to the President, Brotherhood of Maintenance of Way Employees Division–International Brotherhood of Teamsters
- Mr. Kevin Artl, President and Chief Operating Officer, American Council of Engineering Companies of Illinois
- Mr. Ian Jefferies, President, Association of American Railroads

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<sup>56</sup>[http://createprogram.org/linked\\_files/status\\_map.pdf](http://createprogram.org/linked_files/status_map.pdf).

<sup>57</sup>Id.

<sup>58</sup>Id.

## FUNDING A ROBUST FREIGHT AND PASSENGER RAIL NETWORK

WEDNESDAY, MARCH 4, 2020

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND  
HAZARDOUS MATERIALS,  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:05 a.m., in room 2167, Rayburn House Office Building, Hon. Daniel Lipinski (Chairman of the subcommittee) presiding.

Mr. LIPINSKI. The subcommittee will come to order.

I ask unanimous consent that the chair be authorized to declare recesses during today's hearing.

Without objection, so ordered.

I will begin by recognizing myself for 5 minutes for an opening statement.

Good morning. Today's hearing is the last hearing before the final drafting of the surface transportation reauthorization bill. I am very proud of the subcommittee's focus the last few months on several important topics in the upcoming reauthorization. In September, we held a hearing for the first time in the subcommittee's recent history on the needs of commuter railroads and how we must address the state-of-good-repair backlog for commuter rail while we also expand passenger service.

In November, we held an oversight hearing on Amtrak and its future vision, including how to protect long-distance train services, and ensure Amtrak is respecting the rights of its workers.

Finally, last month, we heard testimony on the importance of improving grade-crossing safety and addressing other community issues such as the hassles of blocked crossings and the need for more quiet zones.

With January's release of infrastructure principles by House Democrats, led by Chairman DeFazio, we include a robust \$55 billion investment for rail infrastructure, and today's hearing will focus on how we can best utilize this proposed investment to strengthen our passenger and freight rail networks and what role the Federal Government should play as part of this investment. I am pleased that we have multiple perspectives today about this important topic.

I have spoken many times about the importance of the CREATE program in Chicago and how it is enhancing both passenger and freight service in the Chicago region by relieving rail congestion. I look forward to hearing from Mr. Artl about ACEC's perspective on

the importance of programs like CREATE, and how the Federal Government can advance the CREATE projects not currently completed, which, disproportionately, are grade separations. The need for more grade separations is one of the top issues I hear about from my constituents.

I am delighted we also have Dr. Sandra Bury, mayor of the village of Oak Lawn, who emphasized the importance of commuter rail service to her community and others. Metra rail service is the economic foundation of these communities, and it is imperative that we do what we can to expand Metra service.

Part of building a more robust passenger rail network is streamlining the process between local communities and freight railroads on adding commuter rail service. It should not take 10 years or more to add additional commuter train service. I look forward to the mayor's testimony on that issue, as well as the real-world impact Oak Lawn is facing because of Metra's state-of-good-repair backlog.

I am pleased that we have Rob Shanahan from the BMWED to testify about the importance of labor protections as part of any investment. While I am one of Congress' biggest advocates for increased infrastructure investment, especially our rail infrastructure, we must make sure that these investments don't undermine the bedrock labor protections in our laws or jeopardize the livelihoods of unionized men and women.

Recently, there has been a concerning amount of contracting out of formerly union work in the Chicago area by Amtrak to nonunion workers. I look forward to Mr. Shanahan's testimony on the very serious and concerning safety implications of Amtrak's actions.

America has a freight rail network that is the envy of the world. While much of the investment in our freight rail network is by private companies, Federal investments in recent years have played a critical role in strengthening our national freight network.

Some notable projects involving Federal funding and leadership include the 75th Street corridor improvement program project in Chicago and the Crescent and Heartland Corridor projects that greatly expedited double-stacked freight corridors in much of the Eastern United States. I am interested in Mr. Jefferies' testimony on how the Federal Government can continue to be a partner with freight railroads and build a more robust freight rail network.

With that, I will yield back my time, and I will recognize the chairman of the full committee, Mr. DeFazio, for an opening statement.

[Mr. Lipinski's prepared statement follows:]

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**Prepared Statement of Hon. Daniel Lipinski, a Representative in Congress from the State of Illinois, and Chairman, Subcommittee on Railroads, Pipelines, and Hazardous Materials**

Good morning. Today's hearing is the last hearing before the final drafting of the surface transportation reauthorization bill. I am very proud of the Subcommittee's focus the last few months on several important topics in the upcoming reauthorization. In September, we held a hearing for the first time in this Subcommittee's recent history on the needs of commuter railroads, and how we must address the state of good repair backlog for commuter rail while we also expand passenger service. In November, we held an oversight hearing on Amtrak and its future vision, includ-

ing how to protect long distance train services and ensure Amtrak is respecting the rights of its workers. Finally, last month we heard testimony on the importance of improving grade crossing safety and addressing other community issues such as the hassles of blocked crossings and the need for more quiet zones.

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I am pleased that we have multiple perspectives today about this important topic. I have spoken many times about the importance of the CREATE program in Chicago, and how it is enhancing both passenger and freight service in the Chicago region by relieving rail congestion. I look forward hearing from Mr. Artl about ACEC's perspective on the importance of programs like CREATE and how the federal government can advance the CREATE projects not currently completed which disproportionately are grade separations. The need for more grade separations is one of the top issues I hear about from my constituents.

I am delighted we also have Dr. Sandra Bury, mayor of the village of Oak Lawn, who will emphasize the importance of commuter rail service to her community and others. Metra rail service is the economic foundation of these communities and it's imperative we do what we can to expand Metra service. Part of building a more robust passenger rail network is streamlining the process between local communities and the freight railroads on adding commuter rail service. It should not take 10 years or more to add additional commuter train service. I look forward to the Mayor's testimony on that issue as well as the real world impact Oak Lawn is facing because of Metra's state of good repair backlog.

Finally, I am pleased that we have Rob Shanahan from the BMWED to testify about the importance of labor protections as part of any investment. While I am one of Congress' biggest advocates for increased infrastructure investment, especially in our rail infrastructure, we must make sure that these investments don't undermine the bedrock labor protections in our laws or jeopardize the livelihoods of unionized men and women. Recently, there has been a concerning amount of contracting out of formerly union work in the Chicago area by Amtrak to non-union workers. I look forward to Mr. Shanahan's testimony on the very serious and concerning safety implications of Amtrak's actions.

America has a freight rail network that is the envy of the world. While much of the investment in our freight rail network is by private companies, federal investments in recent years have played a critical role in strengthening our national freight network. Some notable projects involving federal funding and leadership include the 75th Street CIP project in Chicago, and the Crescent and Heartland corridor projects that greatly expedited double stack freight corridors in much of the Eastern United States. I am interested in Mr. Jefferies' testimony on how the federal government can continue to be a partner with freight railroads and build a more robust freight rail network.

Mr. DEFAZIO. Thanks, Mr. Chairman.

This is a very timely hearing since we are in the midst of drafting the rail title to the infrastructure investment plan, and, in part, we will be informed by testimony we hear today.

As we know, moving people by rail or freight by rail is much more efficient than road transportation by trucks or single-occupancy vehicles, and I am pleased that both Amtrak and the AAR are here today, and hopefully we can have a dialogue on how we are going to improve on-time performance with Amtrak and get their statutory preference, and talk about a future where there is a more cooperative relationship for the potential for the proposals that Amtrak has to do—city pair corridor routes, which I am very excited about, potentially taking away the need for a lot of regional air traffic and a lot of highway traffic around the country.

So I am looking forward to the hearing, and, with that, I yield back the balance of my time.

[Mr. DeFazio's prepared statement follows:]



**Prepared Statement of Hon. Peter A. DeFazio, a Representative in Congress from the State of Oregon, and Chairman, Committee on Transportation and Infrastructure**

Thank you, Chairman Lipinski and Ranking Member Crawford, for calling today's hearing to discuss how the Federal government can be a better partner in repairing and building-out robust national freight and passenger rail systems. The needs of these systems are massive and complex, the result of decades of underinvestment.

Climate change is one of the most important battles of our time. The fact is, the transportation sector is the largest source of greenhouse gas emissions in the U.S. and we need to act quickly to reduce carbon pollution. As rail is one of the cleanest forms of transportation, making significant investments in our rail network should be part of our plan.

In 2017, the freight railroads comprised just 2 percent of transportation-related greenhouse gas emissions and only 0.6 percent of all greenhouse gas emissions in the U.S. Despite its lower environmental impact, the freight rail industry packs a punch, operating across a 140,000-mile national network to deliver an average of almost 5 million tons of goods per day. The U.S. Department of Transportation estimates that freight movements are expected to grow across all modes and will increase 42 percent by 2040. It is critical that our freight rail network is capable of keeping pace with demand.

Our passenger rail network also contributes to lower emissions. According to their statistics, Amtrak is 47 percent more efficient than car travel and 33 percent more efficient than domestic air travel, per passenger mile. While demand for commuter and intercity passenger rail has increased substantially in recent years, Federal investment has lagged in support for the network that transports tens of millions of passengers annually.

The average age of an Amtrak rail car traveling across the national network is 34 years old. Amtrak projects an additional \$3.8 billion in Federal funds are needed for a series of planned fleet upgrades. As these cars near the end of their useful lives, the infrastructure they operate over isn't fairing much better. In the Northeast Corridor, the backlog of major infrastructure projects totals more than \$21 billion, with some infrastructure dating back to the Civil War era in dire need of replacement.

This is not sustainable. In order to meet future demands, reduce congestion, and meet a state of good repair, now is the time to invest. That is why I am proposing a \$55 billion investment in rail projects over 5 years in the next surface reauthorization.

In 2019 alone, China spent more than \$165 billion on rail projects, while countries across Europe are making huge investments in their rail systems. And those numbers will only increase in the years to come as roads become more congested.

So today, as we find ourselves in the middle of writing the rail title of a surface reauthorization bill, I look forward to hearing from our witnesses about how Congress can better support freight and passenger rail projects through funding programs—benefitting current and future generations.

Mr. LIPINSKI. Thank you.

And now I call on the ranking member of the subcommittee, Mr. Crawford, for his opening statement.

Mr. CRAWFORD. I thank the chairman for holding this hearing today. And I also want to thank our witnesses for being here today.

As the committee looks at reauthorizing surface transportation programs, it will assess how best to fund our railroad system to meet our Nation's future needs. It is important to fairly balance the needs of freight and passenger rail so that each industry may continue to grow in the coming years.

We must ensure that our Nation's passenger rail systems run efficiently and on time and use Federal funds in a way that is transparent and best serves the needs of passengers.

Likewise, we must ensure that our freight rail networks can operate effectively and that they have proper funding for important maintenance and safety upgrades.

We must also balance the interests of busy urban areas like Chicago with the needs of our rural areas. Focusing only on a few

large, congested hubs ignores the vast rural areas throughout the country that are equally as important to stability and success of the entire rail industry.

Finally, efficient and effective use of Federal funds is a top priority. It is very important to make sure that money appropriated is easily accessible and used effectively.

Once again, thank you to all of our witnesses for being here, and I thank the chairman, and yield back the balance of my time.

[Mr. Crawford's prepared statement follows:]

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**Prepared Statement of Hon. Eric A. "Rick" Crawford, a Representative in Congress from the State of Arkansas, and Ranking Member, Subcommittee on Railroads, Pipelines, and Hazardous Materials**

As the Committee looks at reauthorizing surface transportation programs, it will assess how best to fund our railroad system to meet our Nation's future needs. It is important to fairly balance the needs of freight and passenger rail so that each industry may continue to grow in the coming years.

We must ensure that our Nation's passenger rail system runs efficiently and on time and uses federal funds in a way that is transparent and best serves the needs of passengers.

Likewise, we must ensure that our freight rail networks can operate effectively, and that they have proper funding for important maintenance and safety upgrades.

We also must balance the interests of busy urban areas like Chicago with the needs of our rural areas. Focusing only on a few large, congested hubs ignores the vast rural areas throughout the country that are equally as important to the stability and success of the rail industry.

Finally, efficient and effective use of federal funds is a top priority. It is very important to make sure the money appropriated is easily accessible and used effectively.

Mr. LIPINSKI. Thank you, Mr. Crawford.

Before I introduce all of our witnesses, I am going to give a special introduction to three of our witnesses here who are from back in the State of Illinois.

So let me begin with the introduction of Dr. Sandra Bury, mayor of the village of Oak Lawn. Dr. Bury is the mayor of the village of Oak Lawn, a first-tier suburb of Chicago with a population of about 58,000. She was first elected in 2013 on a platform of increased transparency, economic development, and lower property taxes.

Under her administration, the local economy has added thousands of jobs, and several more commercial projects are under development. Municipal debt has been reduced by over \$25 million, the municipal tax levy has been reduced 6 percent, and first responder pension contributions have been increased over 800 percent from 2012.

Dr. Bury received her doctorate from the Illinois College of Optometry in 1995 and owns Complete Vision Care, where she practices full-scope primary eye care in addition to her role as mayor. She is a past president of the Illinois Optometric Association, the Chicago South Suburban Optometric Society, Volunteer Optometric Services to Humanity-Illinois chapter, and the Oak Lawn Rotary Club. She has been a senior clinical examiner for the National Board of Examiners in Optometry. We welcome Dr. Bury.

Mr. Robert J. Shanahan, Jr., proudly serves as the assistant to the president-director of arbitration of the Brotherhood of Mainte-

nance of Way Employees Division of the International Brotherhood of Teamsters. Mr. Shanahan was appointed to this position last year after previously serving as a labor advocate in the BMWED–IBT Arbitration Department. Prior to his work in the Arbitration Department, Mr. Shanahan was elected to serve as local chairman of BMWED–IBT Local Lodge 469.

He began his railroad career in April 2000 in the Maintenance of Way Department of the Metra Commuter Railroad, where he was assigned work throughout the Metropolitan Chicago area performing various aspects of construction, maintenance, and repair to the tracks, structures, and bridges.

A native of Manhattan, Illinois, Mr. Shanahan has instructed various BMWED labor advocacy courses and completed advocacy courses at the National Labor College located in Silver Spring, Maryland.

Mr. Kevin Artl is the president and CEO of the American Council of Engineering Companies of Illinois, where he represents and advocates for over 200 engineering and affiliated companies representing over 11,000 employees. Prior to his current role at ACEC Illinois, Mr. Artl served as chief operating officer of the Illinois Tollway, where he helped manage and execute the tollway's \$14 billion Move Illinois capital program.

As the tollway's COO, Mr. Artl coordinated with industry leaders on tollway policy and capital plans, emerging technologies, and best business practices. In addition to his work at the Illinois Tollway, Mr. Artl served in senior roles for over 15 years in both the United States Senate and Illinois General Assembly.

Mr. Artl served as State director for former United States Senator Mark Kirk and as his director of communications and later as the director of policy for former Illinois House Minority Leader Tom Cross. Prior to his work in Government, Mr. Artl served as the director of government affairs for Amtrak.

Welcome.

Now, I would like to welcome the remaining witnesses on the panel.

First, Mr. Stephen Gardner, the senior vice president and chief operating and commercial officer for Amtrak.

As I said, Dr. Sandra Bury, mayor of the village of Oak Lawn, Illinois.

Mr. Kevin Corbett, president and chief executive officer of New Jersey Transit Corporation.

Mr. Rob Shanahan, assistant to the president, BMWED.

Mr. Kevin Artl, president and chief executive officer of ACEC Illinois.

And Mr. Ian Jefferies, president of the Association of American Railroads.

Thank you all for being here today, and I look forward to your testimony.

Without objection, our witnesses' full statements will be included in the record, and, since your written testimony has been made part of the record, the subcommittee requests that you limit your oral testimony to 5 minutes.

Mr. Gardner, you may now proceed. I recognize you for 5 minutes.

**TESTIMONY OF STEPHEN GARDNER, SENIOR EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING AND COMMERCIAL OFFICER, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK); HON. SANDRA BURY, O.D., MAYOR, VILLAGE OF OAK LAWN, ILLINOIS; KEVIN S. CORBETT, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NJ TRANSIT CORPORATION; ROBERT J. SHANAHAN, Jr., ASSISTANT TO THE PRESIDENT-DIRECTOR OF ARBITRATION, BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES DIVISION, INTERNATIONAL BROTHERHOOD OF TEAMSTERS; KEVIN ARTL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICAN COUNCIL OF ENGINEERING COMPANIES OF ILLINOIS; AND IAN JEFFERIES, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ASSOCIATION OF AMERICAN RAILROADS**

Mr. GARDNER. Good morning, Chairman Lipinski, Chairman DeFazio, Ranking Member Crawford, and all the members of the subcommittee.

My name is Stephen Gardner, and I serve as Amtrak's chief operating and commercial officer. It is my pleasure to testify today on how an infrastructure bill and surface transportation reauthorization could help lead to a new era of growth and utility for intercity passenger rail.

Amtrak's recent successes prove that intercity passenger rail service is working in America. The numbers speak for themselves. Over the past 20 years, ridership and passenger revenue have grown by 60 and 130 percent respectively, and we have reduced our net operating loss to just under \$30 million last year, allowing us to spend far more of our Federal dollars on addressing our huge capital needs instead of funding operations, yet we can and must do more.

As a point of reference, Germany, a nation the size of New Mexico with one-quarter of our population, international railway Deutsche Bahn, just committed \$96 billion to improve their railway network. They did so to achieve their carbon reduction targets, and to meet a surging demand for more passenger trains. This 10-year program alone is nearly twice what the United States Government has invested in Amtrak over our entire 49-year history.

With better policy and reliable long-term funding, intercity passenger rail could similarly become a much larger part of our transportation system and a key aspect of our climate response. In fact, I struggle to see any future where this isn't a requirement given the lack of capacity on our other transportation modes.

Our State-supported business, which provides roughly half of our ridership and has been our biggest source of growth, illustrates intercity passenger rail's potential. Thanks to State sponsorship and financial support, these routes provide effective transportation in many regions of our Nation, yet we and our State partners have often been stymied in our efforts to improve and expand services in many places for four basic reasons.

First, there has been insufficient long-term Federal funding to support frequency expansion, route improvements, and new services.

Second, the high burdens on States to provide both capital and operating funding right from the start of new service has hampered growth, even when conditions clearly warrant it.

Third, decades of insufficient Federal funding for our fleet means we lack the equipment to support growth, and we incur higher costs and less reliability every day.

And, finally, we struggle with many of our host railroad partners to gain reasonable access to their infrastructure and preferential treatment over their railroad as required by existing Federal law.

In response, Amtrak's reauthorization proposals, some of which were recently released in our annual request to Congress, calls for establishment of a long-term source of capital investment for Amtrak expansion, fleet replacement, and infrastructure renewal; funding for Amtrak to provide initial capital and operating assistance for State-supported expansions, and new routes nationwide; an expedited and fair process for obtaining access to host railroads, including a method to establish any necessary capital investments; and better enforcement of our legal rights to dispatching preference.

And, finally, significant funding for major rail mega projects, like our proposal for a passenger-dedicated route into Chicago to support growth and on-time performance.

We firmly believe that the Nation's 50 largest metropolitan regions, at a minimum, should be served by high-quality intercity passenger rail service, with many more communities deserving it also. While we have great partnerships in place today, there are so many underserved communities and corridors in the Nation, places like Nashville to Atlanta, Colorado's Front Range, or the Texas Triangle. They all deserve Amtrak service.

For proof of how much more rail can do for the Nation, we only need look to the Northeast Corridor, the continent's busiest railroad, which provides 260 million trips a year between commuter and intercity service, yet this success is in jeopardy because of decades of deferred investment and the ravages of age and high use.

Amtrak is fully committed to working with our NEC partners, like Mr. Corbett and New Jersey Transit, to advance key renewal capacity projects, like Portal Bridge and the Hudson Tunnel, but achieving these monumental projects requires a long-term partnership with the Federal Government and billions of dollars' worth of reliable, consistent, and dedicated funding for these efforts.

Finally, our long-distance network is in dire need of Federal investment to replace our aging fleet, which is dominated by equipment nearly as old as I am. We recognize the importance of these routes to many communities across the Nation, and modernizing our fleet and services is essential to ensuring their long-term vitality.

So thank you for the chance to discuss these issues today. I want to commend Chairman DeFazio, Chairman Lipinski, and the House leadership for their recent bold proposal for passenger rail infrastructure investment. As you can see from the German example, \$55 billion for rail is a reasonable and great start. If Amtrak knew such amounts were available for a 10-year period, we could rebuild our assets, dramatically expand service, and make a significant

contribution to enhancing mobility and reducing our carbon footprint.

We are excited to work with the subcommittee and the full committee, and urge you to increase funding for Amtrak and our State partners so that we collectively can do more for the Nation.

Thank you.

[Mr. Gardner's prepared statement follows:]

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**Prepared Statement of Stephen Gardner, Senior Executive Vice President and Chief Operating and Commercial Officer, National Railroad Passenger Corporation (Amtrak)**

Good morning Chairman Lipinski, Ranking Member Crawford, and all the members of this Subcommittee. My name is Stephen Gardner and I serve as Senior Executive Vice President and Chief Operating and Commercial Officer for Amtrak. It is my pleasure to testify here today on behalf of Amtrak's many dedicated employees.

I look forward to discussing with you the many productive steps that could be taken to support a robust passenger rail network in the United States. In particular, there has been recent discussion by this committee on the potential infusion of additional federal funding for rail as part of an infrastructure bill, as well as new federal policy and programs that could be considered as part of a multiyear surface transportation reauthorization. Such opportunities can help ensure the safety, reliability, and future growth of intercity passenger rail throughout this nation and Amtrak wants to work with Congress to help realize this potential.

My testimony today will focus on both the opportunities and challenges that exist for Amtrak's National Network with includes the state-supported services we partner with states to deliver and long distance service, and the Northeast Corridor (NEC).

**STATE SUPPORTED SERVICE AND CORRIDOR DEVELOPMENT**

Amtrak's 27 state-supported routes—our short-distance services outside of the NEC—illustrate both intercity passenger rail's enormous potential and our nation's failure to realize it more fully.

In FY 2019, state-supported routes carried 15.4 million riders, 47% of Amtrak's total ridership and a 19% increase from ten years ago. State-supported revenues, including state payments, covered 93% of operating costs, resulting in a federal operating funding requirement of \$58 million. States also contributed approximately \$60 million for equipment overhaul capital costs, and many states also made significant capital investments in state-owned equipment, stations and infrastructure. Most state-supported routes operate over heavily populated short distance corridors ranging from approximately 100 to 400 miles in length.

Many of the state-supported routes benefited from various USDOT competitive grant programs in recent years, often with the support of state matching funds. While these grants funded several very worthwhile intercity passenger rail projects, there has not been enough Federal money to develop or significantly improve even a single corridor—or for that matter to fund a single interstate highway interchange or airport terminal expansion. Imagine for a moment what our highways or our aviation system would look like if they were funded at the levels at which we fund intercity passenger rail. Addressing this funding deficit through a reliable and substantial source of Federal funding remains the most important change needed to support a reemergence or expansion of intercity passenger rail service in our nation.

The most immediate investment need on our state-supported routes is new equipment. Most of the passenger cars and many of the locomotives operating on our state-supported corridors are approaching or have reached the end of their useful lives. The newest of the Amfleet I cars built in 1975–1977 is 43 years old. In addition to providing our *Northeast Regional* service between Boston and Washington, these cars are utilized on all our Northeastern and Virginia state-supported routes, and on several other state-supported routes. In January 2019, we issued a Request for Proposals (RFP) for 75 new trainsets (or railcar equivalents) to replace the 458 Amfleet I cars, as well as 16 of the original *Metroliner* railcars built a half century ago and the five Talgo VI trainsets operated on the Amtrak Cascades service in the Pacific Northwest. The RFP also called for options for up to 50 additional trainsets to provide equipment for new or additional short distance services. Bids have been

received and are being evaluated by Amtrak and its state partners. An award is expected later in 2020.

The RFP contemplates the acquisition of equipment that will be bi-directional, eliminating the need to turn trains at endpoints, and dual-mode—capable of operating under electric power on the NEC between Boston and Washington and the Philadelphia-Harrisburg Keystone Line and with diesel power elsewhere. This will allow us to eliminate engine changes on *Northeast Regional* and other trains that operate on both the NEC and unelectrified state-supported routes, reducing trip times and delays.

While the states that fund Amtrak’s state-supported service welcome the opportunities that a new equipment fleet will provide, they have told us that they are unable to fund the entire capital cost of wholesale replacement of the Amfleet I equipment operating on their routes, acquired by Amtrak with federal funding over four decades ago. Acquisition of new equipment will be severely constrained if no federal funding is provided to match state investments. To address this, our legislative and grant request proposes that Congress continue to set aside at least \$100 million annually for the upfront Amfleet I replacement costs, as it did in FY 2020, to offset 50% of the states’ proportional share of acquisition costs.

The next highest investment priority for both existing state-supported routes and future corridor development is infrastructure. Four of Amtrak’s ten highest ridership routes outside of the NEC—the Oakland/Sacramento-Bakersfield *San Joaquins*; the Chicago-St. Louis *Lincoln Service*; the Boston-Portland/Brunswick *Downeaster* and the Amtrak and Michigan DOT-owned portions of the Chicago-Detroit/Pontiac *Wolverine* route—are still predominantly single-track railroad. That means that when two Amtrak trains going in opposite directions meet, one must pull over onto a siding or passing track and cannot proceed until the other train has passed. This increases trip times, and also constrains increases in service frequency.

Only a few of our short distance routes offer trip times that are truly competitive with driving or flying. Outside of the Boston-to-Washington NEC, there are only four corridor routes—all owned and/or operated and maintained by Amtrak—on which our trains exceed 90 miles per hour. Stations in major cities where we have significant corridor service like Chicago, or where we should have such service like Atlanta and Cleveland, are inadequate to accommodate even our existing trains, let alone much needed growth in passenger rail service.

As Amtrak explained in testimony before this committee last November,<sup>1</sup> because of lack of funding and a coordinated national effort, we are missing out on enormous opportunities to expand intercity passenger rail service. Amtrak could do, and needs to do, a great more than we do today to offer effective connections between communities in heavily populated corridors across America; alleviate worsening congestion on highways and our aviation system; and encourage use of a more sustainable transportation option that is more energy efficient and environmentally friendly than travel by other modes. We need to start pursuing those opportunities now.

We do not have to look very far to see what can be accomplished when elected officials and policymakers decide to invest in intercity passenger rail. When Amtrak was created in 1971, the only Amtrak trains that rumbled through the tunnel beneath Capitol Hill that leads to the Long Bridge to Virginia were three pairs of overnight long-distance trains that stopped in Richmond on their way to Florida. In 2009, Virginia began providing funding for expanded Amtrak service, which ultimately included new trains from Washington to Richmond, Norfolk, and Lynchburg/Roanoke. The number of passengers traveling on these new services exceeded expectations: ridership on Amtrak’s Virginia services nearly doubled over the ensuing ten years. Demand for Amtrak in Virginia has been so high that it could easily support doubling the frequency of service we offer today.

So, Amtrak and the Commonwealth of Virginia are going to do exactly that. Amtrak, Virginia, and our host railroad, CSX, have reached agreements that will allow us to double the level of service we provide between Washington and Richmond to near hourly by 2030, and to increase service frequency to both Norfolk and Newport News. The agreements provide for construction of 37 miles of additional track to increase capacity, and of a new double-track bridge over the Potomac River. By supplanting the existing Long Bridge, which is at 98% capacity during peak periods, the new bridge will alleviate the major bottleneck to increasing Amtrak and Virginia Railway Express commuter rail service between Washington and Virginia. The additional capacity the new Potomac River bridge will provide, and Virginia’s acquisition of the Virginia portion of a more direct, largely abandoned rail line from Petersburg to Raleigh and of an east-west rail line from the Richmond area to western Virginia, also set the stage for future expansion of rail service throughout Virginia,

<sup>1</sup> <https://transportation.house.gov/imo/media/doc/Anderson%20Testimony2.pdf>

and to Raleigh to link up to North Carolina's Charlotte-Raleigh *Piedmont Corridor* Amtrak service.

The partnership between Amtrak and Virginia demonstrates what can be accomplished when Amtrak and states partner to develop increased and new Amtrak services on growing, heavily traveled corridors. For the past two years, Amtrak has been working to identify the corridors with the highest demand for multi-frequency, high-quality passenger rail service. We have been analyzing data on demographics, population density and growth, and travel demand on other modes; reviewing state and regional rail plans; and talking with federal and state elected officials, our state partners, and departments of transportation in states with which we do not currently have state partnerships.

Through this analysis, we have identified more than two dozen promising corridors we either do not serve at all or do not serve well, today, and existing corridors on which there is significant unmet demand for additional—and better—Amtrak service. We expect to finish our analysis shortly and will share it with you and other stakeholders to solicit your input. Our goal is to serve many more people and more communities than we do today by developing a national network of corridors with service that is trip time-competitive with other modes and will link major and growing population centers in all regions of the United States.

Realizing that goal is going to require new federal funding mechanisms to jump start intercity passenger rail growth and give states financial incentives to fund additional services. In the annual grant requests and legislative proposals we submitted to Congress on February 15, we recommended that Congress establish a Corridor Development Program. Under this proposal:

- the federal government would provide additional funding to Amtrak that could be used to cover up to 100% of the initial capital costs for new or additional services in high potential corridor routes;
- the federal funding would also cover up to 100% of the operating losses and ongoing capital costs for these services in the first two years of operation, and up to 90%, 80% and 50% in years three, four, and five, respectively; and
- beginning in year six, these services would become state-supported services, with states funding most operating losses and some capital costs in accord with the methodology developed by Amtrak and states pursuant to Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

While our corridor development plan will require a significant increase in federal funding for intercity passenger rail service, it will also produce a much bigger “bang for the buck” by providing a higher return for each dollar of federal investment. Offering services that are trip time competitive with other modes and provide multiple frequencies rather than just one round trip per day will generate higher revenues from passengers and produce operational efficiencies that lower costs. Our projections indicate that an expanded corridor network would have a much lower federal operating funding requirement per passenger than our existing services. It will also produce thousands of additional well-paying, high-skilled permanent railroad jobs, in addition to the jobs associated with construction of infrastructure investments and manufacture of new equipment and all of the jobs created by the enhanced economic activity resulting from new and increased Amtrak services.

In addition to infrastructure and equipment, advancing a corridor development program will also require increased federal funding for major investments in station redevelopment and new station construction to match investments by state, local, transit and private partners. The greatest need is in Chicago. Chicago Union Station (CUS), the largest station we own outside of the NEC CUS is a vital asset for both Amtrak's existing National Network and future corridor development efforts. It has the fourth highest ridership of any Amtrak station, behind only New York, Washington, and Philadelphia. It is one of the endpoints, and in many cases the highest ridership station, on Amtrak routes serving 34 states stretching from Massachusetts to California. CUS is the hub of our state-supported Midwest corridor network, our nationwide long-distance network, and the future Midwest High Speed Rail Network. It is also the most important of Chicago's four commuter rail terminals, the Chicago terminus of six Metra commuter rail lines.

After working with other stakeholders to complete a Master Plan for CUS, we have recently entered into a Master Developer agreement to begin implementation of that plan. Among the key components are numerous platform improvements, including additional platform access and egress points that will improve access and walkability for passengers, particularly commuters on crowded peak period trains. The office tower that will be built on former Amtrak property across the street from the station will accommodate the first block of a planned two-block pedestrian connection to the Clinton Street Subway Station, restoring a direct connection with Chicago's subway/elevated network which CUS has lacked since the Chicago Ele-

vated line serving the station was abandoned in 1958. We are also evaluating the feasibility of developing a new “passenger route” into CUS for trains from the East and South.

#### NORTHEAST CORRIDOR (NEC)

Our Boston-to-Washington NEC services—the high-speed *Acelas* and *Northeast Regional*—carried 12.6 million passengers in FY 2019, a 3.3% increase over FY 2018. They generated \$1.4 billion in revenues, over half of Amtrak’s total from intercity train operations, and had an operating cost recovery of 170%, producing \$569 million in net operating revenues for NEC capital investments. To put those figures into perspective, after Amtrak acquired the NEC in 1976 Congress established a statutory goal of 55% operating cost recovery.

NEC ridership has increased 26%, and ticket revenues have grown 57%, over the past decade despite the fact that we have been able to make only modest increases in capacity due to equipment and infrastructure constraints. While we are still operating the same 20 *Acela* trainsets with just 299 seats per train we acquired two decades ago, improved equipment utilization allowed us to introduce non-stop *Acela* service between New York City and Washington last year, reducing our fastest trip time to two hours and 33 minutes. During FY 2020, we will complete the programs we began in FY 2018 to refresh the *Acela* trainsets and the Amfleet I cars we operate on *Northeast Regional* trains. These refresh programs, which include new seat cushions, carpets and other interior improvements, have significantly increased customer satisfaction scores.

Over four plus decades of Amtrak ownership, the NEC has been transformed from a deteriorated rail line that was literally falling apart into North America’s only high-speed railroad and most heavily trafficked commuter rail line, accommodating over 2,000 commuter trains each weekday in addition to 140 Amtrak trains. While Amtrak’s NEC is a major success story—a vital cog in the transportation network of our country’s largest megaregions—it faces two major challenges: infrastructure and stations in urgent need of investment to maintain and improve existing services and provide much needed increases in capacity, and an equipment fleet that has reached the end of its useful life.

#### Infrastructure

Amtrak, states, and commuter railroads will contribute approximately \$3.1 billion for base capital costs over the next five years through the NEC Commuter and Intercity Rail Cost Allocation Policy developed in accord with Section 212 of PRIIA, helping create a reliable source of funding for the capital renewal of basic infrastructure assets. However, that funding will not address the NEC’s state-of-good repair (SOGR) needs, most recently estimated at \$42 billion by the NEC Commission (including the non-Amtrak portions of the NEC owned by states). The NEC has hundreds of miles of aging track bed, hundreds of century-old small bridges, over a dozen century-old major bridges and tunnels, and power supply and signal systems that still rely on 1930s technology. Amtrak and the states alone do not have the funds to reduce the NEC SOGR backlog, let alone address many of the major projects that are so critical to the region and the nation. Simply put, these infrastructure projects are perfect examples of why we cannot wait to invest in our infrastructure.

The Subcommittee’s members are very familiar with Amtrak’s most urgent NEC infrastructure needs, which Amtrak and its NEC state partners have detailed in testimony and reports for well over a decade. I will therefore provide only a brief update on the progress Amtrak and our partners have in preparing to construct these critical projects when then the necessary federal, and in some cases other, funding is made available.

I did not say “if and when” because none of these projects is discretionary. The infrastructure, all more than a century old, these projects will replace or reconstruct is increasingly unreliable. At some point it will no longer be usable in whole or part. Therefore, these multi-year projects must be initiated over the next few years if we are to avoid dramatic degradations and reductions in Amtrak and commuter service on the NEC. In fact, for some of these projects, it may turn out to be too late.

#### *Portal North Bridge*

This 109-year old swing bridge over the Hackensack River in New Jersey is used by the up to 450 Amtrak and NJ Transit (NJT) trains that travel each day between Newark, New Jersey, and New York Penn Station, more trains than any other rail bridge in the Western Hemisphere even though it only has two tracks. Trains must slow down to a maximum speed of 60 miles per hour before they cross and come to a stop when the bridge rotates open for maritime traffic in the Hackensack River

below. Sometimes the bridge will not close thereafter, shutting down the NEC. Early construction work for its replacement began in 2017. Amtrak and NJT have committed funding for approximately 50% of the estimated project cost of \$1.6 billion. The Federal Transit Administration (FTA) has recently approved moving the project into the engineering phase, which makes it eligible for FTA funding. Future construction of an additional two-track bridge is a key component of the Gateway Program that would change the NEC's greatest bottleneck—the predominantly two-track, 10-mile line between Newark and New York Penn Station—into a four-track railroad, doubling capacity on the NEC segment with the highest train density.

#### *Hudson Tunnel Project*

More than nine years have passed since Super Storm Sandy flooded both of the two single-track tubes of the North River Tunnels beneath the Hudson River that have served as the only rail link between New York Penn Station and New Jersey since 1910. The corrosion of the track structure, the concrete bench walls that line the tunnels, and the critical high-voltage cables within the bench walls that power NEC trains resulting from the tunnels' inundation with millions of gallons of brackish sea water continues to progress. Failures of the tunnels' deteriorated infrastructure are a frequent occurrence, resulting in multi-hour delays for Amtrak and NJT passengers. We do not know for sure the point at which one, and eventually both, of the existing North River Tunnels will have to be taken out of service for an extended period of reconstruction. But we do know that it will take about seven years to construct the new tunnels, and if they are not ready in time the number of trains Amtrak and NJT can operate between Penn Station and New Jersey will decrease by as much as 75%. Amtrak, New York and New Jersey agreed last year to increase their combined funding commitment to \$5.9 billion, 56% of the project's projected cost. We await federal action on the updated draft of the Final Environmental Impact Statement (EIS) for the project that NJT submitted in 2018, and to provide the federal funding needed to advance this vital project.

Given the delays in advancing the Hudson Tunnel Project, we have begun considering what steps may be possible to ensure the reliability of the existing tubes while we await construction of the new tunnel which is a precursor to completing full rehabilitation. We are currently undertaking a review of whether we can advance some elements of tunnel rehabilitation or undertake other stabilization efforts in the near term, to bolster reliability without incurring major impacts to service. A new Hudson River Tunnel remains critical to the NEC and the nation and we look forward to our continued work with the USDOT to advance this project.

#### *East River Tunnels Reconstruction*

The tunnels that carry the NEC beneath the East River to Queens were also severely damaged by Hurricane Sandy. These four single-track tunnels were constructed in 1910 and are used each day by up to 810 Amtrak and Long Island Rail Road trains and NJT trains stored and serviced at Amtrak's Sunnyside Yard. Amtrak expects to complete design work for their reconstruction next year and plans to take each tunnel out of service for extended periods beginning in 2023. The latest cost estimate for the tunnel repair project is over \$1 billion and we are actively exploring ways that we might advance elements of this work prior to tunnel closure to limit outage durations and accelerate repairs.

#### *Baltimore & Potomac (B&P) Tunnel Replacement*

Amtrak is currently in design phase for a four-track tunnel to replace the two-track B&P tunnel that carries the NEC south from Amtrak's Baltimore station. Built in 1873, the B&P Tunnel is among the oldest infrastructure along the NEC: a soggy, two-track, 1.4-mile bottleneck through which high speed *Acela* trains must slow to just 30 miles per hour. It is literally sinking, requiring frequent repairs, and it constrains any significant expansion of Amtrak and MARC commuter rail services. The projected cost of the new tunnel is approximately \$5 billion, and funding has not been identified.

#### *Susquehanna River Bridge*

Following environmental reviews, FRA issued a Finding of No Significant Impact in March 2017 for replacement of the two-track swing bridge over the Susquehanna River between Havre de Grace and Perryville, Maryland. The current bridge is 4,000 feet long and was built in 1906. Each opening for maritime traffic requires a large crew and significantly disrupts train operations even if there is not a breakdown of the bridge's ancient operating mechanisms. The new bridge design includes two new high-level, fixed bridges with a total of four tracks, one of which will be designed for 160 miles per hour high speed operations, and 60 feet of vertical clear-

ance that will eliminate bridge openings for maritime vessels. Funding is needed to finish design and for the estimated \$1.7 billion cost of constructing the new bridge.

While securing the funding for and constructing all these projects is a major challenge, it is also an opportunity. In addition to addressing urgent SOGR needs, these projects and the other major NEC SOGR projects Amtrak is advancing with our state and federal partners will significantly improve reliability and on-time performance for all NEC services. Many will also provide much needed additional capacity and increased speeds, reducing trip times.

There are also significant investment needs and opportunities between New York and Boston. *Acela* trip times between those cities are a full hour longer than between the nearly identical distance between New York and Washington due to slower speeds on many segments. As a result, Amtrak carries just over half of the travelers who use air or rail between New York and Boston, versus more than 75% between New York and Washington.

#### *Stations*

As those who ride Amtrak in the NEC are well aware, many of its most important stations have inadequate track capacity and concourses and customer waiting areas and lounges that are overcrowded, poorly designed, and outdated. While we invested \$114 million in FY 2019 to improve NEC stations, much higher levels of investment are needed to transform these stations into the world class facilities our passengers and major Northeast cities deserved. To jump start that process, we have commenced Major Station Asset Development Programs at the four Amtrak-owned NEC stations with the highest ridership to advance projects for which funding is available and develop plans for more comprehensive future investments when funding allows.

- In New York, in partnership with New York's Empire State Development, the Moynihan Train Hall in the James A. Farley Post Office building across the street from Penn Station is expected to open by the end of this year. In addition to relieving severe overcrowding in the current subterranean passenger concourse, it will provide an enhanced passenger experience within a grand space featuring a sky-lit atrium approximately the size of the Grand Central Terminal's Main Hall. Additionally, we are working with our partners to advance Penn Station expansion, known as Penn South, which would increase the number of tracks at Penn Station for the first time since it opened 110 years ago.
- At Washington Union Station, we are working with other stakeholders to advance the Washington Union Station Expansion Project to transform this vital transportation hub while preserving the iconic historic station building, which is owned by the Federal Railroad Administration and managed by the Union Station Redevelopment Corporation. This project, when completed, will provide significantly more concourse space and improved passenger facilities; new tracks and platforms to accommodate increased Amtrak, MARC and Virginia Railway Express services; a new train hall over the tracks; and new bus and parking facilities.
- In Philadelphia we are continuing initiatives to integrate the William H. Gray III 30th Street Station with the surrounding 30th Street Station District, improve customer amenities and create an easy to navigate pedestrian path between the Station and SEPTA's adjacent Subway/Trolley Station.
- At Baltimore Penn Station, we reached commercial close last year for \$90 million of improvements that will expand and modify the station and facilitate redevelopment of the surrounding neighborhood.

#### *Equipment*

With the exception of the new ACS-64 locomotives acquired in 2014–16 to replace the NEC's electric locomotive fleet, virtually all the equipment used in Amtrak's NEC services requires replacement. Next year, we expect to mark Amtrak's 50th anniversary by placing in service the first of the new 28 high-speed *Acela* trainsets that will replace the 20 original *Acela* trainsets. In addition to providing significantly enhanced customer amenities and accessibility improvements that go beyond Americans with Disabilities Act (ADA) requirements, the increased number of trainsets, each with 30% more capacity than the current *Acela* fleet, will enable us to add *Acela* frequencies and accommodate additional passengers on trains that frequently sell out today. The new trainsets are primarily funded through a Railroad Rehabilitation and Investment Financing (RRIF) loan from the FRA, which will be repaid from incremental net revenues generated through increased *Acela* ridership.

As I have already mentioned, we are also working with our state partners to procure a new equipment fleet to replace the Amfleet I equipment currently used on *Northeast Regional* trains. We welcome the opportunity this procurement, the larg-

est in Amtrak’s history, will provide to transform the operation, schedules and customer experience on *Northeast Regional*, our highest ridership route. However, funding this procurement will be more of a challenge than the *Acela* procurement because of the state funding constraints I have noted and the lower yields per passenger mile attainable from upgrading our *Northeast Regional* service.

#### LONG DISTANCE

Amtrak long distance trains—the 15 routes over 750 miles in length—carried 4.6 million customers in FY 2019, 14% of our total ridership. These services create important connections between our major metropolitan centers and communities in the various regions of our nation.

Long distance faces two major funding challenges. The first is that, unlike the NEC and State-Supported Service Lines, it is dependent upon federal funding to cover significant operating losses and virtually all its capital costs. Revenues covered 53% of long distance operating costs last year, producing a federally funded operating loss of \$475 million that accounted for 89% of Amtrak’s FY 2019 operating loss. Long distance capital costs, funded almost entirely by Amtrak’s National Network grant, totaled \$542 million last year.

The second major funding challenge confronting long distance is that most of the long-distance equipment fleet is at or nearing the end of its useful life and requires replacement with modern equipment. The majority of our long-distance passengers travel on cars built between 1979 and 1983: the bi-level Superliner I cars used predominantly on our Western trains and the single level Amfleet II cars used on Eastern long-distance routes. The P42 diesel locomotives that power long distance trains are on average 20 years old, have traveled an average of over 3.3 million miles, and burn more fuel and produce more emissions than modern locomotives. Forty-year old passenger cars do not provide the accommodations or amenities today’s travelers expect, which negatively impacts long-distance revenues, and both cars and locomotives are increasingly expensive to maintain and prone to breakdowns.

Two long distance equipment procurements are currently underway. In December 2018, we awarded an \$850 million contract for 75 new ALC-42 diesel locomotives, which we plan to use primarily to replace some of the P42s operating on long distance trains. These units are being funded with cash reserves and our National Network grant. During 2020, we also expect to receive the last of the long delayed 130 single level Viewliner II cars we ordered in 2010 that replaced the last of the 60–70-year-old passenger cars Amtrak inherited when it took over operations from private railroads in 1971.

As discussed in the most recent update to our comprehensive fleet strategy, included in the FY 2021–2025 asset line plans we recently provided to Congress,<sup>2</sup> replacement of Superliner I, Amfleet II, and remaining P42 long distance fleet is predicated on both policy decisions and funding. We anticipate that the upcoming reauthorization will provide guidance to Amtrak from Congress regarding the future long-distance route network that the new long-distance fleet must support, and that Congress will provide the level of funding needed to acquire that fleet. We estimate that complete replacement of this equipment to maintain service on all current long-distance routes would require an over \$2 billion federally funded financial commitment.

In addition to equipment, there are also significant funding requirements to bring long distance stations, 230 of which are served solely by long distance trains, into full compliance with ADA requirements, and to renew track and signals and install positive train control on the 200-mile portion of the *Southwest Chief* route in Colorado and New Mexico on which the *Chief* is the only train operating. Infusion of federal funds through an infrastructure bill could help Amtrak address these and other long distance capital funding challenges.

#### AMTRAK AND FREIGHT RAILROADS

I would be remiss if I did not end by addressing two great threats to the continued operation and growth of our state supported and long distance routes: abysmally poor on-time performance (OTP) on some of our host railroads and the extreme difficulty Amtrak faces in adding new routes or expanding existing services on host railroad track.

Amtrak’s creation relieved the railroads now referred to as “freight railroads” of their legal obligation to provide themselves intercity passenger rail service, on

<sup>2</sup> <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Asset-Line-Plans-FY21-25.pdf>

which they were incurring huge financial losses. In return, federal law (49 U.S.C. 24308(c)) requires them to give Amtrak's trains preference over their freight trains, and to accommodate increases in Amtrak train operations. Too often today, host railroads are ignoring these legal obligations, to the detriment of our passengers, our employees, the state partners who fund our state-supported services and the taxpayers who provide Amtrak's federal funding.

Amtrak's on time performance (OTP) on many host railroads is poor and has gotten worse, even though freight rail traffic has declined by more than 10% since 2006. In FY 2019, only 42% of long distance passengers arrived at their destination on time. Host-railroad responsible delays account for 67% of the delays to Amtrak trains operating over host railroad lines. Freight train interference is the largest cause of such delays: during FY 2019, it accounted for over one million minutes of delays on host railroads.

By statute, currently only the U.S. Department of Justice (DOJ) can enforce preference in a civil action before a District Court judge. In Amtrak's entire history, DOJ has initiated only one enforcement action, against the Southern Pacific in 1979. Amtrak supports continued authority for the DOJ to initiate an action, but we request that this authority be supplemented by authorizing Amtrak to enforce preference in federal court.

In addition, changes in the statutory provisions governing Amtrak's right to operate additional trains over host railroads are necessary to ensure a fair and expeditious process. The Rail Passenger Service Act (RPSA) of 1970 gave Amtrak broad rights to operate over any rail line. In recent years, however, some railroads have resisted Amtrak requests to add additional trains through delay and imposition of unreasonable and unilaterally determined demands for excessive capital investments. Updating the RPSA provision Congress enacted in 1980 provide an "expedited procedure"<sup>3</sup> for Amtrak to add additional trains<sup>3</sup> to conform it with the procedures of the Surface Transportation Board (STB), which received jurisdiction over it in PRIIA, and to specify a process for determining whether and what capital investments are necessary to accommodate the additional trains, is necessary to address this problem.

As demonstrated last year, Amtrak has experienced record ridership and revenue, and we are confident that these trends will continue. There is clearly a demand for intercity passenger rail service and Amtrak is ready to do its part to meet this demand. We believe our performance in recent years is proof of our good stewardship of taxpayer dollars, and we hope to earn your continued support so that we can lead a passenger rail renaissance in the United States.

I thank you again for inviting me to speak here today, and I look forward to your questions.

Mr. LIPINSKI. Thank you, Mr. Gardner.

I now recognize Dr. Bury for 5 minutes.

Dr. BURY. Good morning.

My name is Dr. Sandra Bury. I am the mayor of the village of Oak Lawn and a practicing optometrist. It is an incredible honor to be asked to present to you the perspective of a local mayor and describe the impact rail service and rail infrastructure has on our residents.

Thank you very much, Congressman Lipinski, for the invitation, and I would like to thank the members of the subcommittee for their kind attention as well.

In our area, the rail was laid out about 1880 when we were just farmland. By 1909, 287 people were living around our small train station, and the village of Oak Lawn was incorporated. One hundred eleven years later, we are a bustling first-tier suburb of about 58,000 people, and that rail line continues to be an economic engine of growth and opportunity. As our community has evolved, our rail service has evolved.

We still have freight traffic, but, these days, commuter traffic is really the majority. Thirty trains move thousands of commuters

<sup>3</sup>House Conference Rep. No. 96-1041, May 20, 1980, p. 42, reprinted in 1980 U.S. Code Congressional & Administrative News at 1183, 1203-04.

through Oak Lawn every day, and our residents enjoy affordable access to high-paying jobs, and the service helps reduce traffic, pollution, improve home values, and enhance quality of life. Our train station is the heart of our community.

We have a strategic plan in our village to develop the area further. By adding a traffic signal near this train station, we could bring commuter traffic finally onto our main streets, away from our neighborhood streets. It has taken more than a decade, but I am happy to say Illinois Department of Transportation approvals are in place, and construction is finally proceeding.

The one hurdle we face is our rail line. You see, our commuter rail service, Metra, must upgrade every signal on the line before our traffic signal can be turned on, and they just don't have the funding for it.

They have said it would be 2020; then said, well, let's try 2021. Now they are asking for 2022. We have a building in the center of our town waiting to be built, a traffic nightmare for our residents that could be eliminated, and a public safety problem of the antiquated signals that should not exist at all. This is a very specific and telling instance of how lack of rail funding has impacted our local economy, public safety, and quality of life.

The Illinois State Legislature passed a capital bill in 2019 that has helped, and municipalities like Oak Lawn have invested their own funds, but Federal help is needed for us to address the enormous backlog of critical needs. Metra spends millions of dollars maintaining obsolete equipment. The signals that must be upgraded on our line are so antiquated, you can't even get parts for repairs anymore.

They receive steady funding for operations, but they have no steady reliable capital funding, and this has created a precarious situation from a safety and operational standpoint. The towns our train line serves in Illinois have the highest rate of growth and increase in population in the State, but we have seen no increases to the minimal Saturday service Congressman Lipinski worked so hard to get us back in 2009, and we still have no Sunday service.

Everyone wants to take a train into the city on the weekends and take advantage of the amazing events in Chicago, but, with the present service, it is just not possible.

It is not only the funding I want to talk about. More weekend service or additional weekday service requires the cooperation of the freight railroads, and it has been, frankly, a frustrating and drawn-out process to get them to agree to more service. There must be a better way to add commuter rail service that our communities need, and I hope that Congress can address this issue.

Freight railroads must also commit to being community partners and maintain their crossings, bridges, and property to acceptable standards. This is not currently done.

Please fund the infrastructure that supports commuter rail. An additional parking tower in our downtown would spark economic investment, add business, add vibrancy, and encourage more ridership. We also need funding to train our first responders in dealing with rail disasters and the hazardous materials moving through our community. Better rail infrastructure is urgently needed to expand the service. The CREATE program which Congressman Lipin-

ski supports and has gotten funding for is a perfect example of a public-private partnership which benefits everyone. Please use additional funding for rail to invest in programs like CREATE.

So, in summary, I want to thank you again for the opportunity to speak. Adequate funding for our passenger and freight rail service is a critical thing for improving safety, livability, and growing our economy, and, in addition to the improved rail service, please don't forget to fund infrastructure, training, and require all parties to work together.

Thank you.

[Dr. Bury's prepared statement follows:]

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**Prepared Statement of Hon. Sandra Bury, O.D., Mayor, Village of Oak  
Lawn, Illinois**

Good morning. My name is Dr. Sandra Bury. I am the mayor of the Village of Oak Lawn and a practicing optometrist. It is an incredible honor to be asked to present you with the perspective of a local mayor and describe the impact rail service and rail infrastructure has on our residents. Thank you Congressman Lipinski for the invitation and I would like to thank the members of this Subcommittee for their kind attention.

In our area, the rail line was laid around 1880 when we were just farmland. By 1909, a small community of 287 had formed around a station on that line and the Village of Oak Lawn was incorporated. One hundred and eleven years later, we are a bustling first-tier suburb of about 58,000 and that rail line continues to be an economic engine of growth and opportunity. As our community has evolved, our rail service has evolved.

We still have freight traffic, but these days commuter traffic is the majority. Thirty trains move thousands of commuters through Oak Lawn every day. Our residents enjoy affordable access to high-paying jobs and the service helps reduce traffic, pollution, improve area home values, and enhance quality of life. Our train station is the heart of our community.

We have a strategic plan to develop the area further. By adding a traffic signal near the train station, we could bring commuter traffic onto our main streets away from our neighborhood streets. It has taken more than a decade but I am happy to say Illinois DOT (IDOT) approvals are in place and construction is finally proceeding. The one last hurdle we face is from our rail line.

You see our commuter rail, Metra, must upgrade all signals on the line before our new traffic signal can be turned on and they don't have the funding for it. They have said it would be 2020, then 2021 and now are asking for 2022. We have a building in the center of our town waiting to be built, a traffic nightmare for our residents that could be eliminated, and the public safety problem of antiquated signals that should not exist at all. This is a very specific and telling instance of how lack of rail funding has impacted our local economy, public safety, and quality of life.

The Illinois State Legislature passed a capital bill in 2019 that has helped, and municipalities have invested their own funds, but federal help is needed for us to address the enormous backlog of critical needs. Metra spends millions of dollars maintaining obsolete equipment. The signals that must be upgraded on our line are so antiquated that you can no longer get parts for repairs. They receive steady funding for operations but they have no steady, reliable capital funding and this has created a precarious situation from a safety and operational standpoint.

The towns our train line services have the highest rate of growth and increase in population in Illinois, but we have seen no increases to the minimal Saturday service Congressman Lipinski worked so hard to get us in 2009, and we have no Sunday service. Everyone wants to take a train into the city on the weekend to take advantage of Chicago's amazing events, but the present service doesn't make that possible.

It's not only about funding. More weekend service or additional weekday service requires the cooperation of the freight railroads. It has been a frustrating and drawn-out process to get them to agree to more service. There must be a better way to add the commuter rail service that our communities need and I hope that Congress can address this issue. Freight railroads must also commit to being commu-

nity partners and maintain their crossings, bridges and property to acceptable standards, which is not currently done.

Please fund the infrastructure that supports commuter rail. An additional parking tower in our downtown would spur investment from business and add vibrancy while encouraging more riders. We also need funding to train our first responders in dealing with rail disasters and the hazardous materials moving through our community.

Better rail infrastructure is urgently needed to expand service. The CREATE program, which Congressman Lipinski supports and has gotten funding for, is a perfect example of a public-private partnership which benefits everyone. Please use additional funding for rail to invest in programs like CREATE.

In summary, adequate funding of our passenger and freight rail infrastructure is critical for improving safety, livability and in growing our economy. In addition to additional and improved rail service, please fund infrastructure, training, and require all parties to work together. Thank you very much for this opportunity to testify.

Mr. LIPINSKI. Thank you, Mayor.

And, before I recognize Mr. Corbett, I just want to make sure I showed it. I have the New Jersey Transit app on my phone [indicating his cell phone]. Love taking that from Penn Station out to the airport, so—but, Mr. Corbett, I now recognize you for 5 minutes for your statement.

Mr. CORBETT. Thank you very much. Very impressed.

Good morning, Chairman Lipinski, Ranking Member Crawford, and members of the subcommittee.

I am Kevin Corbett, president and CEO of New Jersey Transit. Thank you for holding this hearing on a topic of vital national interest, funding of a robust freight and passenger rail network.

Let me also thank Chairman DeFazio and all the members of the Transportation and Infrastructure Committee for the invitation to speak today.

As some of you may know, I also serve as cochair of the Northeast Corridor Commission with FRA Administrator Ron Batory. And, while I don't speak for the Commission as a whole, I know that many of my fellow Commission members face similar challenges to those I will discuss today.

But, first, I would like to set the stage with some basic facts about New Jersey Transit. We are the third largest transit agency in the Nation operating in the most densely populated U.S. State. By total population, New Jersey is the Nation's 11th largest State, and New Jersey Transit is also the Nation's largest statewide transit agency and third largest overall in the country.

In this sense, our operation is a great asset, but also a significant burden on New Jersey's resources and must support an asset orders of magnitude greater than its population and an asset that is a legacy of a number of 19th-century private railroads with all the challenges of an aging infrastructure system.

Every weekday, we provide more than 925,000 passenger trips across a service region that spans more than 5,300 square miles. We have more than 2,200 buses, 1,200 train cars, and 90 light rail vehicles. We run 251 bus routes, 3 light rail lines, and 12 commuter rail lines throughout New Jersey, linking major points in New York, Philadelphia, and everywhere in between.

Through our rail service on the Northeast Corridor, we work and coordinate closely with Amtrak, which owns, operates, and main-

tains the entire corridor, relied on by many of our customers to get in and out of New York.

New Jersey Transit rail service is also growing. Despite low gas prices and declining nationwide rail ridership trends, our rail ridership went up 3 percent year over year.

Our operations run virtually 24 hours a day, 7 days a week, leaving us a small window to accomplish vital maintenance and improvement work. We also provide an extensive paratransit network called Access Link throughout the State.

All together, we are the lifeblood of New Jersey and a central element of the New York metropolitan region's \$1.7 trillion economy, which accounts for about 10 percent of the entire Nation's GDP. Every year, on average, New Jersey Transit receives about \$604 million in various Federal formula funds. This money is vital for construction projects, including station rehabilitation, track replacements, and other infrastructure projects, and community transportation and other vehicles. We depend on Federal funding, which is a key component of many of our capital projects.

New Jersey Transit is also eligible to apply for Federal funds through FRA's Federal-State Partnership for State of Good Repair program. Last year, New Jersey Transit received more than \$18 million through this program to renovate platform D at Newark Penn Station, which is a critical transfer point for Amtrak and New Jersey Transit customers.

New Jersey Transit appreciates all the support we get from the FRA and FTA, and take extremely seriously our responsibility to use these funds as responsibly and efficiently as possible.

As grant recipients, we are collaborating with the FRA and FTA in discussing ways in which the grant process can be improved, commonsense solutions to get projects across the finish line faster.

We strongly support an increase in flexibility for FRA grants to allow grant recipients, whose projects come in under budget, to use unexpended funds to advance other elements of the project integral to that project's success. For example, there is currently nearly \$3 million in unexpended FRA grant funds, thanks to Portal North Bridge early action construction work that was completed under budget. We would like to use these funds to advance the project even further.

This sort of procedural change already in place under FTA's Capital Investment Grant program would be usually beneficial for New Jersey Transit and to commuter railroads nationwide. In recent discussions, we are pleased that there is a willingness to consider ways that this can be accomplished.

Just a few weeks ago, U.S. DOT issued an improved rating for the Portal North Bridge project on the Northeast Corridor, and we are now entering the engineering phase, which is the next step to a full-funding grant agreement and getting shovels in the ground. This project, estimated at \$1.7 billion, is in addition to more than \$1 billion in projects we have already committed in just the past few years under Governor Murphy when I first came, took this position.

Replacing the Portal North Bridge is critically important, but it is just one component of New Jersey Transit's much larger goal to dramatically increase trans-Hudson capacity. Right now, our region

and the State and the regional economy depend on two century-old tunnels into and out of New York City. If just one of those tunnels goes out of service for any number of reasons, the amount of trains into and out of New York drop by 75 percent. Just 1 month ago, an incident occurred shutting one of those tunnels at the worst possible time, in the middle of the evening rush hour.

Absent additional tunnels, major regional halting incidents like the one I just referenced will continue to occur, depressing regional productivity and economic growth, disrupting regional travel, and profoundly inconveniencing our customers. Aside from the risk of continuing to rely on these aging tunnels, the current situation is clearly a constraint on economic growth—regionally and even nationally. To be blunt, our current capacity to and from Penn Station New York is maxed out critically during rush hour.

I would also like to comment as well on the Positive Train Control effort, which is a federally mandated but largely federally unfunded responsibility that has been put on all the national railroads, including commuter rail.

We have spent over \$340 million on the project to date, and we estimate the full cost of installation to be approximately \$500 million when it is fully operational. The FRA has made available PTC project delivery money, but it comes without preaward authority, and it represents just a small portion of the overall costs for our railroads.

Overall, we have a long list of projects going back for a century-old infrastructure in addition to beyond the Hudson—

Mr. LIPINSKI. Mr. Corbett, if you could wrap up.

Mr. CORBETT. Sorry. We have extensive rail stations, high-level platforms for ADA compliance, and a long list of other projects that require funding, like many of the older rail systems.

So, in closing, that is why I strongly support Chairman DeFazio's new infrastructure bill and the investing \$55 billion in national rail infrastructure, and we certainly look forward to working with the committee in advancing that.

[Mr. Corbett's prepared statement follows:]

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**Prepared Statement of Kevin S. Corbett, President and Chief Executive  
Officer, NJ Transit Corporation**

INTRODUCTION

Good morning, Chairman Lipinski, Ranking Member Crawford, and members of the Subcommittee.

I'm Kevin Corbett, President and CEO of NJ TRANSIT.

Thank you for holding this hearing on a topic of vital national interest: Funding a robust freight and passenger rail network.

Let me also thank Chairman DeFazio and all the members of the Transportation and Infrastructure Committee for the invitation to speak today.

As some of you may know, I also serve as Co-Chair of the Northeast Corridor Commission with FRA Administrator Ron Batory.

And while I don't speak for the Commission as a whole, I know that many of my fellow Commission members face similar challenges to those I'll discuss today.

NJ TRANSIT "FAST FACTS"

To begin, I'd like to set the stage with some basic facts about NJ TRANSIT—the third largest transit agency in the nation, operating in the most densely populated U.S. state.

By total population, New Jersey is the nation's 11th largest state, yet NJ TRANSIT is also the nation's largest state-wide transit agency—and third largest overall in the country.

In this sense, our operation is a great asset but also a significant burden on New Jersey's resources, as it must support an asset orders of magnitude greater than its population—and an asset that is a legacy of a number of 19th Century private railroads, with all the challenges of an aging infrastructure system.

Every weekday, we provide more than 925,000 passenger trips across a service region that spans more than 5,300 square miles.

We have more than 2,200 buses, 1,200 train cars, and 90 light rail vehicles.

We run 251 bus routes, three light rails lines, and 12 commuter rail lines throughout New Jersey—linking major points in New York, Philadelphia, and everywhere in between.

Through our rail service on the Northeast Corridor, we work and coordinate closely with Amtrak, which owns, operates, and maintains the entire corridor—relied on by many of our customers to get in and out of New York.

NJ TRANSIT rail service is also growing.

Despite low gas prices and declining nationwide rail ridership trends, our rail ridership went up three percent year-over-year.

Our operation runs virtually 24 hours a day, seven days a week—leaving us a small window to accomplish vital maintenance and improvement work.

We also provide an extensive paratransit network called Access Link.

All together, we are the lifeblood of New Jersey and an essential element of the New York Metropolitan region's \$1.7 trillion economy, which accounts for about 10 percent of our entire nation's GDP.

Every year, on average, NJ TRANSIT receives about \$604 million in various federal formula funds. This money is vital for construction projects including station rehabilitation, track replacements and other infrastructure projects, and community transportation and other vehicles.

We depend on federal funding, which is a key component of many of our capital projects.

NJ TRANSIT is also eligible to apply for federal funds through the FRA's Federal-State Partnership for State of Good Repair Program.

Last year, NJ TRANSIT received more than \$18 million through this program to renovate Platform D at Newark Penn Station, which is a critical transfer point for Amtrak and NJ TRANSIT customers.

NJ TRANSIT appreciates all the support we get from the FRA and FTA, and takes extremely seriously our responsibility to use these funds as responsibly and efficiently as possible.

#### FRA AND FTA GRANT EFFICIENCIES

As grant recipients, we are collaborating with the FRA and FTA and discussing ways in which the grant process can be improved—common sense solutions to get projects across the finish line faster.

We strongly support an increase in flexibility for FRA grants to allow grant recipients—whose projects come in under budget—to use unexpended funds to advance other elements of the project, integral to that project's success.

There is currently nearly \$3 million dollars in unexpended FRA grant funds, thanks to Portal North Bridge early action construction work that was completed under budget.

We would like to use these funds to advance the project even further.

This sort of procedural change—already in place under the FTA's Capital Investment Grants Program—would be hugely beneficial to NJ TRANSIT and to commuter railroads nationwide.

In recent discussions, we are pleased that there is a willingness to consider ways that can accomplish this.

#### PORTAL NORTH

Just a few weeks ago, USDOT issued an improved rating for the Portal project, and we're now entering the engineering phase, which is the next step toward a Full Funding Grant Agreement and getting shovels in the ground.

This project—estimated at \$1.7 billion—is in addition to the more than the one billion dollars in projects we've already committed in just the past two years.

Replacing the Portal North Bridge is critically important, but it's just one component of NJ TRANSIT's much larger goal to dramatically increase trans-Hudson capacity.

Right now, our region—and the state and regional economy—depends on two century-old tunnels into and out of New York City.

If just one of those tunnels goes out of service—for any number of reasons—the amount of trains into and out of New York drops by 75 percent.

Just one month ago, an incident occurred shutting one of the tunnels at the worst possible time—in the middle of the evening rush hour.

Absent additional tunnels, major, region-halting incidents like the one I just referenced, will continue to occur—depressing regional productivity and economic growth, disrupting regional travel, and profoundly inconveniencing our customers.

Aside from the risk of continuing to rely on these aging tunnels, the current situation is clearly a constraint on economic growth—regionally and even nationally.

New tunnels will not only eliminate the railroad bottleneck, but they will bring even greater economic growth, similar to the way MidTown Direct service on our Morris & Essex Lines led to strong increases in property values and economic productivity. This is the kind of benefit new tunnels will bring to other areas of our rail system, like our Raritan Valley Line and rail lines in Bergen County.

But to be blunt, our current capacity to and from Penn Station New York is maxed out, particularly during rush hour.

Every year, the urgency for action—the urgency for additional tunnels—increases.

#### PTC

As we work to replace the Portal North Bridge, we're advancing one of the most complicated, most time- and resource-consuming projects in NJ TRANSIT's history: the federally-mandated rail safety enhancement project, Positive Train Control, or PTC.

NJ TRANSIT met the December 2018 interim milestone for this project, and last month, we received approval from the FRA to enter into Revenue Service Demonstration, or RSD testing.

That means we'll begin testing PTC on trains in revenue service ahead of our previously projected start date.

Meeting the December 2020 deadline will still require a monumental, behind-the-scenes effort, but based on our success in 2018, the recent approval to enter into RSD testing, and the continued support from the FRA, I'm confident we're going to make it.

PTC is a meaningful safety enhancement for our system, but the costs for this federal mandate are not insignificant.

We've spent about \$340 million on the project to date, and we estimate the full cost of installation to be approximately \$500 million.

The FRA has made available PTC project delivery money, but it comes without pre-award authority.

That means it can only be used for costs expended in the future, as opposed to the substantial costs we've incurred to date.

In addition, application periods take about a year to resolve, but in one year the project will no longer be eligible for the grant.

Following full PTC installation, we will continue to incur significant annual costs to maintain and operate the system—including software and equipment upgrades, licensing, labor, and other costs—and the nation prepares the next phase of evolving PTC safety technology.

We are encouraged by opportunities to apply for federal monies to offset some of these costs. However, current opportunities represent just a small percentage of the total capital and operating PTC costs for us and most railroads.

#### NJT FINANCES / THE NEED

Like almost every transit agency in the country, NJ TRANSIT requires public support, both federal and state.

As we await movement on the additional Hudson River tunnels, there are many other areas where the federal government can support NJ TRANSIT.

We have extensive needs in regards to the Americans with Disabilities Act—about half of our 165 rail stations are not currently accessible.

Other needs include high-level platforms, public address and signage upgrades.

NJ TRANSIT bridges need to be modernized and replaced.

Major NJ TRANSIT facility upgrades require backup power generation.

Signal systems systemwide need to be upgraded, as do several power substations.

In short, our needs are great at a time when demand is surging and resources are limited.

The needs and challenges we're facing are significant, and they're likely challenges Congress will see more and more. As the U.S. population trend continues to

shift from rural to urban settings, more metropolitan areas are competing for transit dollars than ever before—and that trend will only continue.

#### CONCLUSION

Esteemed members of Congress . . . A strong NJ TRANSIT means a strong New Jersey . . . a strong metropolitan region—are integral to a healthy national economy. The federal government has good reason to invest in NJ TRANSIT's network—to sustain and support economic vitality.

You can't have a first-world economy on third-world infrastructure.

That's why NJ TRANSIT strongly supports Chairman DeFazio's new infrastructure bill, which calls for investing \$55 billion in the national railroad network.

We also strongly support an increase in flexibility for FRA grants to allow unexpended funds to advance other elements of projects.

We also support efforts to broaden FRA grant programs for freight rail to include commuter rail, and to broaden safety grants to include infrastructure spending.

I want to once again thank you, Chairman DeFazio, Chairman Lipinski, and Ranking Member Crawford, for inviting me to join you today.

NJ TRANSIT very much looks forward to working with all of you to build on the progress we've made.

Mr. LIPINSKI. Thank you, Mr. Corbett.

I now recognize Mr. Shanahan for 5 minutes.

Mr. SHANAHAN. Thank you, Chairman DeFazio, Chairman Lipinski, Ranking Member Crawford, and members of the subcommittee.

I am Robert Shanahan, Jr., and I am a member of the BMWED-IBT. The BMWED represents railroad workers who perform inspection, construction, maintenance, repair, and dismantling of tracks, roadbeds, bridges, structures, facilities, and appurtenances on railroads throughout the United States.

Since 2013, I have worked in the BMWED Arbitration Department located in Chicago. I am currently assigned as the assistant to the president-director of arbitration, where I have the honor of representing BMWED members in various contract disputes, discipline disputes, and contract negotiations.

Prior to working in the Arbitration Department, I worked for 13 years in the Maintenance of Way Department at the commuter railroad Metra. During my time with Metra, I was assigned to perform various maintenance of way duties throughout the Chicago metropolitan area.

While working in the field at Metra, I encountered numerous situations where tracks, bridges, and/or catenary structures needed drastic repair or, in many instances, complete replacement. I was particularly concerned by the number of railroad bridges in disrepair. I frequently observed bridges with crumbling concrete, rotten steel, and decomposed timbers. Metra claims it has nearly 500 bridges that are over a century old. I don't think I need to explain to you the safety threat inherent in 100-year-old infrastructure that is deteriorating.

When working in the field, I can recall several instances of repairing the rotting steel decks on ballast deck bridges. This situation can result in large stone raining down on streets, cars, people, or whatever may lie below.

Another area of bridge repair I often encountered involved the concrete support systems. There were many instances where I found that sections of the concrete support systems were able to be removed with a small hammer and, in some cases, even with bare hands.

There is no question that BMWED members are the most qualified and highly trained to perform this work. My experience in the field at Metra shows the urgent need for greater infrastructure funding for passenger railroads, but any infrastructure package needs to add protections to ensure that the work is performed by union members who have been properly trained on FRA safety rules.

I would like to quickly go over some of the trends currently affecting our membership in arbitration. From 2016 through 2018, our Arbitration Department saw an 84-percent annual increase in files received as compared to the period from 2006 through 2015.

The significant reason for the spike in arbitration filings can be attributed to the rail carriers increasingly assigning workers of BMWED members to nonunion rail contractors. For example, multiple carriers are now electing to assign nonunion contractors to perform on-track protection. On-track protection is work assigned to an employee who is responsible for the communication with train dispatchers, train crews, and work groups to ensure the safety of all individuals present within the area of track protection.

Last month, Amtrak assigned on-track protection work for a major project occurring in Chicago to nonunion contractors. The problem with this decision is that the nonunion contractors are subject to a qualification process that minimally complies with FRA regulations.

BMWED members, on the other hand, are extensively trained and tested on FRA safety rules governing how work on or near railroad tracks must be conducted. These safety rules are not arbitrary, and many have been instituted as a result of accidents, some fatal, all avoidable.

Our primary concern is that the FRA safety rules are not being properly administered by Amtrak in Chicago. Looking to achieve a minor cost savings, Amtrak is putting anyone in the immediate vicinity of this project at risk. We should not be putting profitability ahead of safety.

Another area of our concern for our members is the recent implementation of unvetted technologies. In January 2020, at the NRC conference in San Diego, FRA representatives were actively encouraging rail carriers to seek waivers to implement automated track inspection technology on their mainline tracks.

Moreover, at the RSAC meeting on April 20, 2019, Administrator Batory stated that he was instructing his staff to grant every technology waiver that the railroads request. Not only are they replacing physical track inspections with automated technologies; they are allowing the data obtained to be reviewed by individuals who are not FRA-qualified track inspectors.

As you can imagine, many train derailments, collisions, and other incidents that jeopardize human lives are the result of deteriorating track conditions. Without the guarantee of qualified BMWED members reviewing the data, it is only a matter of time before these types of catastrophic incidents become commonplace.

We urge the FRA to operate as an agency tasked with ensuring the safe operation of railroads rather than an agency concerned with implementing unvetted technology at the potential cost of human lives.

I would like to thank Chairman Lipinski and this subcommittee for inviting me to testify on behalf of the tens of thousands of BMWED members. They are the best railroaders this country has to offer, and they stand poised and ready to complete this much-needed railroad infrastructure project.

As a BMWED member who worked on the railroad, I can personally attest that employing anybody else to accomplish this massive infrastructure project would be a fool-hearted endeavor.

Thank you for your time today, and I welcome any questions.

[Mr. Shanahan's prepared statement follows:]

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**Prepared Statement of Robert J. Shanahan, Jr., Assistant to the President-Director of Arbitration, Brotherhood of Maintenance of Way Employees Division, International Brotherhood of Teamsters**

Thank you, Chairman Lipinski, Ranking Member Crawford and members of the Subcommittee.

I am Robert J. Shanahan Jr., and I am a member of the Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters (BMWED-IBT). The BMWED-IBT represents railroad workers who perform inspection, construction, maintenance, repair, and dismantling of tracks, roadbeds, bridges, structures, facilities, and appurtenances on railroads throughout the United States, including the major Class 1 freight railroads as well as many of the largest commuter lines in the country.

Currently, I work as the Assistant to the President-Director of Arbitration within the BMWED-IBT Arbitration Department located in Chicago. Prior to that appointment, I worked as a BMWED-IBT Arbitration Labor Advocate. In my experience as the Director of Arbitration, as well as an Arbitration Labor Advocate, I have had the honor of representing BMWED Members in various contract disputes, discipline disputes and contract negotiations.

Prior to working in the BMWED-IBT Arbitration Department, I worked in the Maintenance of Way Department for 13 years on the Northeast Illinois Regional Commuter Railroad Corporation, otherwise known as Metra, in Chicago. During my time with Metra, I was assigned to perform various aspects of construction, maintenance and repair to the tracks, structures and bridges, working throughout the Chicago Metropolitan Area.

**MY OBSERVATIONS OF THE RAILROAD INFRASTRUCTURE WHILE WORKING IN THE FIELD**

While working in the field at Metra from 2000-2013, I encountered numerous situations where tracks, bridges and/or catenary structures were in need of drastic repair, or in many instances, complete replacement. As many of you are probably aware, the Chicago area is the largest rail hub in the nation. Railroad construction began in Chicago in 1848 and railroad traffic has continued to boom to date.

One area of particular concern is the amount of railroad bridges in the Chicago region that are close to, or even over, a century old. Metra alone claims to operate nearly 500 bridges that are over a century old. In my experience, their age shows. I frequently observed crumbling concrete, rotten steel and decomposed timbers that are in desperate need of repair or complete replacement. I don't think I need to explain to you the safety threat inherent in 100-year-old infrastructure that is deteriorating.

Clearly, the heavy rail traffic and Chicago winters have taken their toll on the 100-year-old bridges. When working in the field, I can recall several instances of repairing the crumbling steel decks on ballast deck bridges. When bridge decks are failing, it can result in large stone raining down on streets, cars, people, or whatever may lie below. This falling stone poses an obvious threat to anyone walking or driving below the problem area.

Another area of bridge repair I often encountered involved the concrete support system found under bridges. There were many instances where I found that sections of the concrete support system were able to be removed with a small hammer and in some cases even with bare hands. In addition to decaying concrete and steel supports, it was also common to perform repairs to rotten and missing bridge timbers on many bridges. These large timbers would often break with little effort when

being removed to make repairs. From my experience bridge timbers were often the most deteriorated portion of bridge structures.

Only the most qualified and highly trained railroad maintenance of way workers possess the ability to recognize the vital work that needs to be performed on rail infrastructure. And only the most qualified and highly trained railroad maintenance of way workers possess the ability to best perform the work that needs to be completed. There is no question that the most qualified and highly trained workers to perform this work are BMWED-IBT represented railroad workers. We request that the funding in this infrastructure package have protections to ensure that there are stipulations requiring that the work be performed by union members who have been properly trained on Federal Railroad Administration (FRA) safety rules and policies.

#### MY OBSERVATIONS OF THE CURRENT TRENDS IMPACTING THE LIVES OF BMWED-IBT MEMBERS

Now that I'm heading our organization's arbitration department, I'd like to go over with you some of the trends I've been seeing affecting our membership. From 2016 through 2018, the BMWED-IBT Arbitration Department received on average two thousand thirty-seven (2037) files per year to be considered for Arbitration, with an average of eight hundred eighteen (818) files involving BMWED-IBT work being assigned to outside contractors. This is an 84% increase in files received compared to the period from 2006 through 2015, where we averaged one thousand one hundred thirty (1130) files per year to be considered for Arbitration, with an annual average of four hundred sixty-eight (468) files involving BMWED-IBT work being assigned to outside contractors. A significant reason for the spike in arbitration filings can be attributed to both private and public rail carriers increasingly assigning work reserved to BMWED-IBT members to non-union rail contractors.

A recent example of this development involves multiple rail carriers who have elected to assign non-union contractors to perform the work of providing on-track protection for passengers, employees, the general public, and various other machinery that could be impacted by a train collision. One such rail carrier is Amtrak.

Last month, Amtrak chose to start assigning the work of providing on-track protection for a major project occurring in Chicago to non-union contractors. On-track protection is work assigned to an employee who is responsible for the communication with train dispatchers, train crews and work groups to ensure the safety of train crews, passengers, work groups and the general public. The problem with this decision by Amtrak is that non-union contractors are subject to only bare bones qualification processes that minimally comply with federal regulations. BMWED-IBT members on the other hand are extensively trained and tested on FRA safety policies and rules governing how work on or near railroad tracks must be conducted. These safety policies and rules are not arbitrary and many have been instituted as a result of incidents or accidents—some fatal, all avoidable. Our concerns in this instance are that the FRA safety rules are not being properly administered by Amtrak in Chicago. Looking to achieve minor cost savings, Amtrak has potentially endangered rail passengers, the general public, employees and the surrounding infrastructure. We should not be putting profitability ahead of safety.

Another area of concern for our members is the recent implementation of unvetted automated technologies. In January 2020, at the National Railroad Construction & Maintenance Association Conference (NRC) held in San Diego, FRA representatives were actively encouraging rail carriers to seek waivers to implement automated track inspection technology on their main line tracks. From the reports of our officers in attendance at the Rail Safety Advisory Committee (RSAC) on April 20, 2019, Administrator Batory stated that he was instructing his staff to grant every technology waiver that the railroads request. Not only are they replacing physical track inspections with automated technologies, they are allowing the data obtained to be reviewed by individuals who are not FRA-qualified track inspectors. As you can imagine, many train derailments, collisions and other incidents that jeopardize public lives are the result of deteriorating track conditions. Without the guarantee of a qualified BMWED-IBT member making determinations regarding the data obtained by the new technology, it is only a matter of time before these types of catastrophic incidents become commonplace. We urge the FRA to return to operating as an agency tasked with ensuring the safe operation of railroads, rather than an agency concerned with implementing unvetted new technology at the potential cost of human lives.

#### CONCLUSION

In conclusion, I would first like to thank Chairman Lipinski and this Subcommittee for inviting me to testify on behalf of tens of thousands of BMWED-IBT

railroad construction and maintenance professionals. They are the best railroaders this country has to offer and they stand poised and ready to tackle and complete this much-needed railroad infrastructure project. I am a BMWED-IBT member, I worked on the railroad in the Maintenance of Way department alongside other members, and I can personally attest that employing anyone else to accomplish this massive infrastructure project would be a fool-hearted endeavor.

There are infrastructure issues on our Nation's railroads, some of which are serious and have been patch worked or completely neglected for far too long. We need to fix them before they result in something catastrophic. I hope that this body will agree to the appropriate funding to remedy these problems and that you will see to it that BMWED members, with their collective expertise, knowledge, timeliness and attention to safety, will be the workers employed to accomplish the task.

Thank you for your time today and I welcome any questions.

Mr. LIPINSKI. Thank you, Mr. Shanahan.

I now recognize Mr. Artl for 5 minutes.

Mr. ARTL. Thank you, Chairman DeFazio, Ranking Member Graves, Chairman Lipinski, and Ranking Member Crawford. Thank you for inviting me here today to discuss infrastructure improvements to the Nation's rail network.

I would like to especially thank Chairman Lipinski for all of his work and engagement on Illinois infrastructure issues. Chairman Lipinski has been a strong advocate at the Federal level for greater investments in our infrastructure, especially in improving the Chicagoland passenger and freight rail systems. In addition, his staff has always been recognized for their effectiveness and responsiveness.

I would also like to thank and recognize Congressman García and Congressman Davis, both of whom have been strong and reliable advocates for infrastructure improvements in Illinois. Congressman Davis' district encompasses one of the most critical rail projects in our State, and his support of the 10th Street corridor project has been instrumental in its advancement.

As Chairman Lipinski mentioned, I am the president and CEO of the American Council of Engineering Companies of Illinois. We are the voice of the engineering industry in Illinois, representing over 200 engineering firms and affiliates and their over 11,000 employees. Our primary mission is to strengthen the business environment for our member firms through Government advocacy, political action, and business education.

In addition, Illinois is a member of the national ACEC, where we join with 51 other State and regional councils, representing more than 600,000 engineers, architects, land surveyors, and other specialists.

ACEC member firms in Illinois and nationally are engaged in a wide array of engineering and related professional services for public and private sector rail clients.

Looking at Illinois, in the beginning of 2019, Illinois' road and transit system was facing nearly \$30 billion in deferred maintenance. Our infrastructure was graded at C minus, and we had not had a multiyear capital plan since 2009.

In response to those challenges last year, the Rebuild Illinois capital plan that was approved by the legislature and signed into law by Governor Pritzker. The plan is a \$45 billion infrastructure investment with over \$33 billion going into Illinois' transportation system. But, after decades of neglect, it doesn't solve the entirety of Illinois' transportation challenges, and that is why it is so crit-

ical that a national infrastructure funding program be approved. With the State of Illinois now having now stepped up and done its share to improve infrastructure, I urge Congress to do the same.

At ACEC Illinois, we see every day the need for more infrastructure investment, including in our passenger and freight rail system. Funding and completion for projects like the 75th Street corridor project in Chicago or the 10th Street corridor project in Springfield are critical, but currently lack the funding to be completed.

Therefore, the proposed investment from the House Transportation and Infrastructure Committee in rail of \$55 billion over 5 years is necessary to complete these critical projects and address the state-of-good-repair backlog in the Nation's rail system.

From an engineering and business perspective, having the funding and project certainty provided by the Federal Government is critically important. It is hard for one of ACEC's members to complete a project or keep it on time and budget for that matter if it is not clear how the project will be funded. The Federal Government is a vital part of funding and partnering on infrastructure projects, and that must continue.

Overall, Illinois is the second largest rail system in the Nation. In all, 41 railroads provide service throughout the State and to every part of the Nation. We are the only State home to every Class I railroad, and 25 percent of all U.S. rail traffic touches Chicago.

The expansiveness of Illinois' rail network led to the formation of the CREATE program in 2003. The CREATE program is a leading example of the progress we can make on infrastructure if freight railroads, passenger railroads, local communities, and State and Federal Government all work together.

Since 2003, over \$1.6 billion has been spent and 30 projects have been completed through the CREATE program, including projects that required creative engineering solutions from ACEC members like the Englewood flyover and the ongoing 75th corridor improvement project.

Last year, Illinois committed an additional \$400 million for the CREATE program from its newly enacted capital bill. As successful as the CREATE program is, it still needs to be fully funded. In particular, most of the planned 25 grade separations have not been completed yet, with many of those projects not started at all. Underscoring that is that Illinois ranks in the top five of grade-crossing accidents and fatalities nationally.

Grade separation is a local issue with national implications. A focus on grade separation will not only increase safety, but also mobility on a global scale. More efficient truck movement means getting goods and services to market across the world quicker. New incentives, greater flexibility, and increases in funding for grade-crossing separation should be considered a priority in the new Federal bill. Funding these grade-crossing separations and similar projects will provide not just mobility and economic benefits, but save lives.

Overall, programs like CREATE are essential for improving safety, alleviating congestion, and enhancing mobility in the economic

competitiveness of our region, but, ultimately, for their continued success, they need your continued support.

In conclusion, I want to thank Congressman Lipinski and the subcommittee again for the opportunity to testify. It was a momentous achievement last year when the State of Illinois passed the capital bill for the first time in 10 years, and I am hopeful this year will be the year Congress steps up to the plate as well.

Our Nation deserves nothing less than a world-class transportation system, and ACEC Illinois and its member companies stand ready to help and figure out how to get there. We just need your partnership.

Thank you.

[Mr. Artl's prepared statement follows:]

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**Prepared Statement of Kevin Artl, President and Chief Executive Officer,  
American Council of Engineering Companies of Illinois**

Chairman DeFazio, Ranking Member Graves, Chairman Lipinski, and Ranking Member Crawford, thank you for inviting me here today to discuss infrastructure improvements to the nation's rail network.

I'd like to especially thank Chairman Lipinski for all of his work and engagement on Illinois infrastructure issues. As Illinois' senior member on the Transportation and Infrastructure Committee, our state benefits greatly from both your leadership and your deep understanding of the issues, especially on the transportation side. In addition, the Congressman's staff has always been knowledgeable and responsive to agency and local concerns.

I'd also like to thank and recognize Congressman García and Congressman Davis, both of whom have been strong and reliable advocates for infrastructure improvements in Illinois. Congressman Davis' district encompasses one of the most critical rail projects in our state and his support of the 10th street corridor project has been instrumental in its advancement.

As Chairman Lipinski mentioned, I'm the President and CEO of the American Council of Engineering Companies of Illinois—we are the voice of the engineering industry in Illinois, representing over 200 engineering firms and affiliates and their over 11,000 employees. Our primary mission is to strengthen the business environment for our member firms through government advocacy, political action, and business education. In addition, Illinois is a member of the national ACEC, where we join with 51 other state and regional councils representing more than 600,000 engineers, architects, land surveyors and other specialists.

ACEC member firms in Illinois and nationally are engaged in a wide array of engineering and related professional services for public and private sector rail clients, including Amtrak, Class I and short line railroads, and state and local governments overseeing passenger rail programs and facilities. Our members perform track design, bridge and tunnel inspections, right-of-way and surveying, and grade separations, as well as planning and design for intermodal facilities, terminals, and yards, just to name a few.

I find it only fitting that Illinois is represented at this table given our state's deep roots in the development of the national rail network. By signing the Pacific Railway Act of 1862, President Lincoln began the process of bringing planning and design to this critical industry.

Let me briefly outline why this conversation and discussion of funding is so critical for Illinois and probably for every other state in the Union.

At the beginning of 2019, Illinois' road and transit system was facing nearly \$30 billion in deferred maintenance. Our infrastructure was graded at a C-.

Illinois had not had a multi-year capital plan since 2009—and that plan had many serious shortcomings.

In May of 2019, during the waning days of the state legislative session, the Rebuild Illinois Capital Plan was approved by the legislature and signed into law by Governor Pritzker.

The plan is a \$45 billion infrastructure investment with over \$33 billion going into Illinois' transportation system. It was critical, it was necessary, it is historic in its size and scope and it would not have been possible without the bi-partisan

leadership of Governor Pritzker, and both Democrat and Republican leaders in the House and Senate.

But, after decades of neglect, it doesn't solve the entirety of Illinois's transportation challenges and that is why it is so critical that a national infrastructure funding program be approved. With the State of Illinois having now stepped up and done its share to improve infrastructure, I urge Congress to do the same.

At ACEC-IL, we see everyday in Illinois the need for more infrastructure investment, including in our passenger and freight rail system. Currently, Illinois has the second largest rail system in the nation with 41 railroads, including all seven class I railroads, providing service throughout the state, and from Illinois to every part of the nation. About 500 freight trains and 700 passenger trains including commuter lines, pass through Chicago every day. Overall, 25% of all US rail traffic touches Chicago, making Chicago the undisputed rail-hub of the United States.

However, given the age of the infrastructure, the high level of rail congestion, and the desire for more passenger and freight rail service throughout the State, more funding is needed. Projects like the 75th Street Corridor project in Chicago or the 10th Street Corridor project in Springfield are critical to the future of the States' rail system, but currently lack the funding to be completed.

Therefore, the proposed investment from the House Transportation and Infrastructure Committee in rail of \$55 billion over five years is necessary to complete these critical projects and address the state of good repair backlog in Illinois's and our nation's rail system.

It is critical that the federal government be a reliable partner for the rehabilitation and replacement of public infrastructure assets. Federal funds are typically the catalyst that brings together state, local, and private sources of additional funding to address major projects.

That is certainly the case in my home state of Illinois, where federal funds for the CREATE project help drive additional investment from state and local partners. In the state infrastructure funding package that we enacted last year, we made sure to include transit and rail funding in addition to the increases for highways. In fact, passage of that bill would not have been politically possible if we had not included rail programs. And the need to match federal funds with state dollars was a driving factor.

Larger rail projects, including those in Chicago in particular, are tough to advance because of the magnitude of funding required and the partnerships needed to accomplish the project. For these projects in particular, the federal government plays an important role in helping bring the projects to fruition. From an engineering and business perspective, having the funding and project certainty provided by the federal government is critically important. It's hard for one of ACEC's members to complete a project, or keep it on time and budget for that matter, if it is not clear how the project will be funded or if the right partners are not part of the project. The federal government has long been a vital part of funding and partnering on infrastructure projects and needs to continue to be.

I want to touch on one notable example in the Chicago region that I believe could be a model for the Subcommittee, the Chicago Region Environmental and Transportation Efficiency or CREATE Program, which was launched in 2003.

And let me outline, from an Illinois perspective, just how critical that investment is.

Currently, Illinois has the second largest rail system in the nation. In all, 41 railroads provide service throughout the state, and from Illinois to every part of the nation. About 500 freight trains (totaling about 37,500 freight cars) and 700 passenger trains including commuter lines, pass through Chicago every day.

*The role Chicago plays in the national rail network is substantial:*

1. 25% of all US rail traffic touches Chicago
2. 46% of all intermodal units in the US touch Chicago
3. 54% of intermodal units to/from the ports of Seattle touch Chicago
4. 26% of intermodal units to/from Los Angeles/Long Beach touch Chicago

Freight rail trade (by value) within Chicago will more than double from 2012 to 2045. Region must improve freight movement and minimize passenger, motorist delays, and mitigate negative impacts.

Freight movement is a national and international issue, hence the CREATE Program was formed in 2003.

*A \$4.6B Public Private Partnership (PPP) designed to improve transportation flow through Chicago.* Partnership includes the following: USDOT (FHWA & FRA); IDOT; CDOT; Cook County; 6 Major North American Freight Railroads and 2 Switching Railroads; 2 Passenger Railroads (Amtrak and Metra).

The Program consists of 70 freight and passenger projects focusing on:

- a. Increase capacity, speed, and reliability for freight train traffic

- b. Separation of freight and commuter trains at six key junctions
- c. Elimination of 25 roadway/rail grade crossings (grade separations)

The CREATE program is a leading example of the progress we can make on infrastructure if freight railroads, passenger railroads, local communities and state and the federal government all work together. Since 2003, over \$1.6 billion has been spent and 30 projects have been completed through the CREATE program including projects that required creative engineering solutions from ACEC members like the Englewood flyover and the ongoing 75th CIP project. Just this last year, Illinois committed an additional \$400 million for the CREATE program as a result of its newly enacted capital bill.

#### KEY PROGRAM BENEFITS (FULL IMPLEMENTATION OF CREATE PROGRAM)

- *Economic Development*—
  - 30-year benefits (2015\$) at \$31.5 Billion
  - Generate an estimated 44,000 job years\*
- *Mobility*—
  - Passenger train delay will be reduced by over 1.3 million passenger hours annually by 2051
  - Average 92,000 hours of truck delay and 230,000 hours of motorist and bus passenger delay will be avoided due to elimination of at-grade crossings.
- *Safety*—Avoid estimated 200 vehicle crashes with trains over 30 years
- *Environmental*—2,800 metric tons per year of avoided emissions from idling vehicles waiting for trains to pass
- *Transportation*—Improve rail system capacity will enable an extra 50,000 freight trains to travel through Chicago rail network annually in 2051 compared to no improvements.

As successful and data-driven as the CREATE program is, it still needs to be fully-funded to achieve the efficiencies and advantages outlined above. Not just mobility and economic—but safety. In particular, most of the 25 grade separations have not been completed yet, with many of those projects not started at all.

Illinois ranks in the top 5 of grade crossing accidents and fatalities. New incentives, greater flexibility and increases in funding for grade crossing separations, should be considered a priority need in the new Federal bill. ACEC IL members have been working on innovative approaches to grade separations and are ready for the challenge. Funding these grade crossing separations, and similar projects across the country, will provide not just mobility and economic benefits—but save lives.

Grade separation is a local issue with national implications. Locally, it's a quality of life and safety issue for communities. The lack of grade separations creates longer commutes and poses safety risks for commuters, pedestrians as well as threatening access for first responders.

A focus on grade separation will not only increase safety, but also mobility on a global scale. More efficient truck movement means getting goods and services to markets across the nation and the world quicker.

The Illinois Department of Transportation, under Acting Secretary Omer Osman, operates one of the most substantial, efficient and effective passenger rail programs in the United States, but implementing multi-year freight and passenger programs that can meet rising consumer demand is a challenge for the industry with future funding remains inconsistent or unknown. Tackling real infrastructure needs in a timely and efficient manner requires a high level of consistent and plannable investment.

As the amount of competitive grant program applicant submittals to USDOT over the last decade or so indicate, the capital need in our rail industry is large, and we certainly struggle to meet that demand, for both freight and passenger rail. The entire mode of transportation would truly benefit from robust, sustained and dedicated annual funding, similar to other modes of transportation.

In addition, Congress should look at the need for new rolling stock equipment for passenger rail in this country, and do what they can to support both Amtrak and the states' ongoing efforts to revitalize the passenger rail experience with new fleet replacements. This support shouldn't be limited to just initial capital procurement, but also carry through the life cycle capital overhauls of that equipment as it ages in service.

#### OTHER PROJECT DELIVERY AND PROCUREMENT RECOMMENDATIONS

Finally, allow me to bring three policy recommendations to your attention that impact the rail programs that are the subject of today's hearing, but also have broader implications for all transportation agencies and clients.

I would urge you to oppose policies that restrict the ability of public agencies to contract with private sector firms. From my experience working for a public agency, I viewed consultants and engineers as a trusted advisor and they played an essential role in every aspect of our work—from planning to design to inspection to quality control. From my experience, the access to private sector experts allowed my public agency to become more innovative, more efficient and more forward-thinking.

Second, I would encourage you to promote contracting and selection policies that ensure qualified engineering services. Federal statutes and most state laws require procurement of engineering services through Qualifications-Based Selection (QBS), a competitive procurement process that puts emphasis on identifying the most experienced and technically qualified firms at a fair and reasonable cost. This has been the law of the land for nearly 50 years, and it is the gold standard for professional services procurement.

The surface transportation reauthorization should maintain and expand public procurement rules that require the use of QBS to emphasize innovation and qualifications to facilitate successful project delivery.

Third, ACEC would like to promote the utilization of more lump sum contracting by federal, state, and local agencies. Lump sum is a negotiated payment method that provides for a fixed price not subject to adjustment because of changes encountered in the performance of the work. The consultant assumes responsibility for costs over or under the negotiated price assuming there is no change in the scope of the project. This payment method increases the firm's flexibility to manage the project (relative to a traditional cost-plus-fixed-fee contract using hourly rates), including the assignment of staff and utilization of advanced technologies. During my term as COO of the Illinois Tollway, we executed a pilot lump sum contract program that was immensely successful. Overall, we found lump sum contracting to be incredibly more efficient—reducing the amount of paperwork and staff time while also reducing the payment cycle.

There are no statutory barriers to lump sum; it is an authorized payment method under federal regulations. However, ACEC would support efforts inside the reauthorization bill that might include provisions to encourage its use on federally funded projects for state and local transportation agencies when utilizing federal-aid funds.

In conclusion, I want to thank Congressman Lipinski and the Subcommittee again for the opportunity to testify. At ACEC-IL, we see the need for greater infrastructure investment every day across our state, including in our freight and passenger rail systems. It was a momentous achievement last year when the State of Illinois passed a capital bill for the first time in 10 years and I'm hopeful this will be the year Congress steps up to the plate as well. Our nation deserves nothing less than a world-class transportation system and ACEC-IL and its member companies stand ready to help and figure out how to get there. We just need your partnership.

Mr. LIPINSKI. Thank you, Mr. Artl.

And now I recognize Mr. Jefferies for 5 minutes.

Mr. JEFFERIES. Thank you.

Chairman Lipinski, Chairman DeFazio, members of the committee, thank you for the opportunity to be here representing America's freight railroads. Today's hearing coincides with our annual fly-in, where more than 400 employees representing railroads, suppliers, and labor are conducting some 300 meetings with Members of Congress on both sides of the Capitol, and their central message is clear. Thanks to sustained private investments, today's freight rail network is head and shoulders above the rest of the world.

With freight demand projected to grow some 30 percent by the year 2040, we are excited to help meet the challenges and opportunities of tomorrow.

As you know, freight railroads operate almost exclusively on infrastructure they own, build, and maintain. From 2015 to 2019, railroads spent an average of \$26 billion a year—put another way, \$72 million a day—to maintain and upgrade their networks.

The result: Inflation-adjusted rail rates in 2018 remain virtually the same as they were in 1992. We support some 1.1 million U.S.

jobs, directly employing 150,000 employees, who are among America's best compensated industrial workers. And, while railroads move nearly one-third of long-distance freight volume, they account for just 2 percent of transportation-related emissions. On top of that, our sustained investments also provide sound infrastructure for passenger railroads who operate over freight lines.

While freight railroad is almost entirely privately funded, robust Federal funding to local and State governments, passenger railroads, and other partners is critical. These partnerships work best when everyone has skin in the game, and, Mr. Chairman, as you know, and under your leadership, a perfect example of this is Chicago's CREATE program, funded by railroads of both passenger and freight, city, State, county, and other government entities. The program is improving the flow of goods and people in the region where, as mentioned, 25 percent of U.S. freight rail traffic begins, ends, or traverses and 760 passenger trains pass through daily.

To date, some \$1.6 billion has been spent or authorized on CREATE projects, on top of the \$6.5 billion spent by railroads in the Chicagoland region since 1998. The result is that 30 of the 70 projects are complete with 21 in progress. Certainly more work to be done, but we are already seeing the benefits of CREATE, creating more reliable passenger train operations and increased mobility for motorists.

Policymakers can take several steps to build on successes like CREATE. First, successful grant programs, such as INFRA, BUILD, and CRISI, which just awarded a \$12.9 million grant to CREATE this week, should be fully funded. Congress should also expand the section 130 grade program, increasing incentive payments for closures from the current cap of \$7,500 to \$100,000. And Congress can build on its recent success by extending the 45G short line tax credit by making the incentive permanent.

As I mentioned, freight railroads enable passenger rail operations, which also enhance mobility and reduce congestion. While myriad examples exist of successful collaboration between host freights and passenger tenants, no one-size-fits-all solution exists. But, at a high level, successful freight and passenger rail agreements abide by several key principles. One, safety must always come first and be priority number one. Two, current and future capacity needs of shippers and railroads must be preserved. Three, whether it is Amtrak or any other passenger railroad, sufficient funding on the passenger side and to the passenger side is an absolute necessity for any additional expansion that may be necessary. And, fourth, mutually agreed-upon timetables and service levels must be established from the outset.

So, in closing, while railroads are evolving to meet future commands and advance safety, our commitment to investment is a constant. Our guiding principle is safety, and our job is not complete until we achieve an accident-free future.

Now, while the 2019 FRA safety data showed such statistics as employee fatalities at an all-time low and significant improvements in track-caused accidents, other categories demonstrate that our work is not done, especially regarding human-caused incidents. But we are investing each day in initiatives and technologies that will make a real impact, such as Positive Train Control, which was

mentioned before, which is now in operation across 98.5 percent of the 54,000 Class I required route-miles. Indeed, a well-maintained railroad is a safe railroad.

Thank you, and we look forward to working with Congress to develop and implement policies that best meet this Nation's transportation needs.

[Mr. Jefferies' prepared statement follows:]

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**Prepared Statement of Ian Jefferies, President and Chief Executive Officer,  
Association of American Railroads**

INTRODUCTION

On behalf of the members of the Association of American Railroads (AAR), thank you for the opportunity to testify today. AAR members account for the vast majority of America's freight railroad mileage, employees, revenue, and traffic. Amtrak is a member of the AAR, as are various commuter railroads that in aggregate account for more than 80 percent of U.S. commuter railroad trips.

Freight railroads operating in the United States are the best in the world, connecting businesses with each other across the continent and with markets overseas over a network spanning close to 140,000 miles. Their global superiority is a direct result of a balanced regulatory system that relies on market-based competition to establish rate and service standards, with a regulatory safety net available to rail customers who need it. This balanced regulation has allowed America's railroads to spend huge amounts on improving their networks and meeting their customers' needs.



I'm proud to point out that the date of this hearing corresponds with our annual "Railroad Day on the Hill," during which more than 400 railroaders from all over the country will fan out across the Capitol. They will meet with over 300 members of Congress to urge them to support pro-rail policies that will help ensure railroads are able to meet our nation's transportation needs safely and efficiently now and in the future. Specifically, they will discuss the following topics:

- Make the short line railroad 45G tax credit permanent. While the recent extension of this important tax credit through 2022 is much appreciated, making it permanent would help preserve and upgrade rail service for thousands of rail customers and communities, especially in rural areas, across the country. We urge you to cosponsor HR 510, the Building Rail Access for Customers and the Economy (BRACE) Act, to make this tax credit permanent.
- Oppose increases in truck length and weight limits, including pilot programs or special exemptions for commodities. Raising truck length and weight limits would mean billions of dollars in higher taxpayer costs to repair damage to our highways and bridges; more highway gridlock; and more harm to the environment. The taxes and fees that big trucks pay today are far less than the damage they cause to our highways. This multi-billion-dollar annual underpayment—which others have to make up through higher taxes—would become even greater if truck length and weight limits were increased. Rail is the safest and most environmentally friendly way to move freight over land and new policies should be avoided that would artificially shift traffic away from rail.
- Oppose legislative or regulatory efforts that would upset the existing balanced regulatory structure regarding railroad rates and service. Today's balanced system protects rail customers against unreasonable railroad conduct while allowing railroads to largely decide for themselves how to manage their operations. The current system ensures railroads can continue to provide safe, reliable, and sustainable service to their customers. We ask members of Congress to write and urge the Surface Transportation Board (STB) to maintain the balanced framework established by Congress that has been the bedrock of STB decisions for almost 40 years.
- Modernize the Railroad Retirement Board (RRB), the independent agency that administers retirement, survivor, unemployment, sickness, and Medicare benefits to more than 750,000 railroad beneficiaries. Wholly funded by railroad workers and the nation's railroads, the RRB is in dire need of congressional approval to access its trust fund dollars to fully staff the agency and modernize its antiquated computer systems.

The hundreds of railroaders visiting Congressional offices today are making other important points about freight rail, including the following:

- Railroads are the environmentally sound way to move freight. On average, railroads are three to four times more fuel efficient than trucks. Moving freight by rail instead of truck reduces greenhouse gas emissions by up to 75 percent, on average. And because a single train can replace several hundred trucks, railroads reduce highway gridlock and the need to spend scarce taxpayer dollars on highway construction and maintenance.
- The affordability of freight rail saves rail customers billions of dollars each year and enhances the global competitiveness of U.S. products. Average rail rates (measured by inflation-adjusted revenue per ton-mile) were 44 percent lower in 2018 than in 1981. Millions of Americans work in industries that are more competitive in the tough global economy thanks to the affordability and productivity of America's freight railroads.
- An October 2018 study from Towson University found that, in 2017 alone, the operations and capital investment of America's major freight railroads supported approximately 1.1 million jobs, \$219 billion in economic output, and \$71 billion in wages.
- America's approximately 150,000 freight rail employees are among America's most highly compensated workers. In 2018, the average U.S. Class I freight rail employee earned total compensation of \$130,200. By contrast, the average full-time equivalent U.S. employee in 2018 had total compensation of \$78,800, 61 percent of the rail figure.
- Without railroads, American firms and consumers would be unable to participate in the global economy anywhere near as fully as they do today. International trade accounts for around 35 percent of U.S. rail revenue, 27 percent of U.S. rail tonnage, and 42 percent of the carloads and intermodal units that U.S. railroads carry.

#### WHAT POLICYMAKERS CAN DO TO SUPPORT RAIL FUNDING

America's freight railroads operate overwhelmingly on infrastructure that they own, build, maintain, and pay for themselves. By contrast, trucks, airlines, and barges operate on highways, airways, and waterways that are overwhelmingly publicly financed. From 1980 through 2019, America's freight railroads spent more than \$710 billion—of their own funds, not taxpayer funds—on capital expenditures and maintenance expenses related to locomotives, freight cars, tracks, bridges, tunnels

and other infrastructure and equipment. From 2015 through 2019, railroads poured an average of \$72 million every day back into a rail network that keeps our economy moving.

Railroads are much more capital intensive than most industries. Over the past decade, the average U.S. manufacturer spent about three percent of revenue on capital expenditures. The comparable figure for U.S. freight railroads is close to 19 percent, or about six times higher.

**Capital Spending as % of  
Revenue †**

<b>Average all manufacturing</b>	<b>2.9%</b>
Food	2.2%
Petroleum & coal products	2.4%
Machinery	2.6%
Fabricated metal products	3.1%
Primary metal products	3.1%
Wood products	3.1%
Motor vehicles & parts	3.2%
Chemicals	3.4%
Plastics & rubber products	3.6%
Paper	4.0%
Nonmetallic minerals	4.8%
Computer & electr. products	5.1%
<b>Class I Railroads</b>	<b>19.1%</b>

† Avg. 2007–2016  
Source: Census Bureau, AAR

The Federal Highway Administration forecasts that U.S. freight tonnage will rise 30 percent from 2018 to 2040. For railroads, meeting this demand requires having adequate capacity and using it well. Thanks to their massive investments over the years, their infrastructure today is in its best overall condition ever. The challenge for railroads, for members of this committee, and for other policymakers is to ensure that the current high quality of rail infrastructure is maintained; that adequate freight rail capacity exists to meet our nation's future transportation needs; and that the many public benefits of freight rail continue to accrue.

Today's balanced rail regulatory system is critical to enabling freight railroads to provide capacity for shippers and rail passengers alike. If artificial regulatory or legislative restraints were put into place that unnecessarily and unreasonably restricted rail earnings, rail spending on infrastructure and equipment would shrink. Either taxpayers would have to make up the difference or the rail industry's physical plant would deteriorate, needed new capacity would not be added, and rail service would become slower, less responsive, and less reliable.

Policymakers can help by enacting policies, including the following, that encourage railroads to make investments in their networks; that do not discourage private rail investment; and that enhance modal connectivity in critical areas.

*Expand Public-Private Partnerships like CREATE*

Public-private partnerships offer a mutually beneficial way to enhance rail capacity for freight and passenger railroads. Under public-private partnerships, public entities devote public dollars to a project equivalent to the public benefits that will accrue, while private railroads contribute resources commensurate with expected private benefits. Without a partnership, many projects that promise substantial public benefits (such as increased rail capacity for use by passenger trains) in addition to private benefits (such as enabling faster freight trains) are likely to be delayed or never started at all because neither side can justify the full investment needed to pursue them. Cooperation makes these projects feasible.

The most well-known public-private partnership involving railroads is the Chicago Region Environmental and Transportation Efficiency Program (CREATE). Chicago is the epicenter of the nation's rail system—about 25 percent of all U.S. freight rail traffic goes through the region—so what happens in Chicago impacts rail operations nationwide.

CREATE is a program of long-term capital improvements aimed at increasing the efficiency of the region's rail and roadway infrastructure. A partnership among var-

ious railroads, the city of Chicago, the state of Illinois, the federal government, and Cook County, CREATE comprises some 70 projects, including 25 new roadway overpasses or underpasses; six new rail overpasses or underpasses to separate passenger and freight train tracks; 35 freight rail projects including extensive upgrades of tracks, switches and signal systems; viaduct improvement projects; grade crossing safety enhancements; and the integration of information from the dispatch systems of all major railroads in the region into a single display. To date, 30 projects have been completed, four are under construction, and 17 are in various stages of design. Some \$1.6 billion has been spent or authorized so far on CREATE projects.

In recognition of Chicago's importance to the rail industry, in December 2015 the industry established the Chicago Integrated Rail Operations Center (CIROC). CIROC represents a significant expansion of what had been known as the Chicago Transportation Coordination Office. Staffed around the clock by rail operations experts, CIROC monitors freight rail traffic going to, from, and through the Chicago region and helps coordinate the operations of the many railroads serving the region to ensure optimal safety and efficiency.

In addition to making operational changes, from 1998 through 2018 freight railroads spent some \$6.5 billion on infrastructure projects in the Chicago region outside CREATE. This spending, CIROC, and the development and implementation of highly advanced information technology that allows railroads to measure real-time traffic flows and proactively identify potential problems throughout the region speak to railroads' willingness to address head-on the challenges associated with improving their fluidity and resiliency.

CREATE has already yielded incalculable public benefits, including much more efficient and reliable Amtrak and commuter train operations and tens of thousands of fewer hours of delay for motorists at previously congested rail-highway grade crossings. CREATE has benefitted from the strong support that Congress has given to discretionary grant programs that enable the public sector to partner with private railroads. For example, CREATE was named one of the first "projects of national and regional significance (PNRS)" when Congress created the PNRS program in 2005. The \$100 million funded through PNRS jumpstarted the CREATE program. Since then, federal grant programs such as the American Recovery and Reinvestment Act (ARRA), the Transportation Investment Generating Economic Recovery (TIGER) program, the Better Utilizing Investments to Leverage Development (BUILD) program, Infrastructure for Rebuilding America (INFRA) and Consolidated Rail Infrastructure and Safety Improvements (CRISI) grants have all supported this highly successful collaborative effort.

This partnership is already demonstrating results nationally, regionally and locally. According to USDOT, the volume of imported and exported goods transported via rail to, from, or through Chicago is forecast to increase nearly 150 percent between 2010 and 2040. More high value products will be shipped via rail in the coming years, so efficient and reliable service will be increasingly important. Infrastructure improvements planned through CREATE are critical to fully unlocking the potential of the national freight rail system to serve significant future demand.

Locally, CREATE means a better quality of life for northeastern Illinois, enhancing passenger rail service, reducing motorist delays, increasing public safety, improving air quality, and creating and retaining jobs. When fully completed, CREATE will reduce the time Chicago-area motorists spend waiting at railroad crossings by thousands of hours a day; potential crashes and injuries at 25 existing grade crossings will be eliminated; police and fire emergency vehicle routes will be improved in neighborhoods with new overpasses or underpasses of rail lines; travel times for commuters on many Metra lines will improve and schedules will become more reliable; and capacity on Metra's SouthWest and Heritage lines will increase. CREATE also will permit the increased use of LaSalle Street Station, freeing capacity at Union Station. And importantly, emissions from cars, trucks and locomotives will be greatly reduced, improving air quality and reducing noise from idling or slow-moving trains in residential neighborhoods.

Members of this committee are invited anytime to visit CIROC to see firsthand what railroads are doing to improve transportation flow in the region and learn how CREATE is helping.

#### *Support Grade Crossing Safety Programs*

The intersection of rail tracks and roadways is an important element of rail infrastructure that often involves a public-private cooperative approach, in Chicago and elsewhere. Under the federal "Section 130" program, approximately \$245 million in federal funds are allocated each year to states for installing new active warning devices, upgrading existing devices, and improving grade crossing surfaces. The program also allows for funding to go towards highway-rail grade separation projects.

Without a budgetary set-aside like the Section 130 program, grade crossing needs would fare poorly in competition with more traditional highway needs such as highway construction and maintenance.

I respectfully suggest that Congress should take steps to help improve grade crossing safety as part of the FAST Act reauthorization. For example, in addition to at least maintaining (or, better yet, increasing) dedicated funding for the federal Section 130 program, Section 130 incentive payments for grade crossing closures could be increased from the current cap of \$7,500 to \$100,000. In addition, FAST reauthorization could incentivize states to bundle grade crossing projects into a single grant application under applicable discretionary grant programs.<sup>1</sup>

#### *Improve First-Mile and Last-Mile Connections*

One of the main reasons why the United States has the world's most efficient total freight transportation system is the willingness and ability of firms associated with various modes to work together in ways that benefit their customers and the economy. Policymakers can help this process by implementing programs that improve "first mile" and "last mile" connections where freight is handed off from one mode to another—for example, at ports from ships to railroads or from ships to trucks, from railroads to trucks at intermodal terminals, or from short line railroads to Class I railroads. These connections are highly vulnerable to disruptions. Improving them would lead to especially large increases in efficiency and fluidity and forge a stronger, more effective total transportation package.

Some multimodal connection infrastructure projects that are of national and regional significance in terms of freight movement could be too costly for a local government or state to fund. Consequently, federal funding awarded through a competitive discretionary grant process is an appropriate approach for these needs.

More generally, freight railroads support funding for grant programs that enable the public sector, including state and local governments and passenger railroads, to partner with freight railroads to advance projects of mutual interest. These include projects to help reduce road and port congestion, enhance safety at highway-rail grade crossings, improve port connectivity, facilitate intercity passenger and commuter rail service, and improve the quality of life for communities. We suggest that the following programs should continue to be authorized at existing or increased levels:

- INFRA Discretionary Grants (\$1 billion in FY 2020). Caps should be upwardly adjusted or removed on multimodal freight eligibility in proportion to general fund contributions to the Highway Trust Fund;
- BUILD Discretionary Grants (not authorized, but typically \$1 billion appropriated);
- CRISI Discretionary Grants (\$330 million in FY 2020);
- Federal-State Partnership for State of Good Repair (\$300 million in FY 2020); and
- Funding and authorization for Amtrak and state-supported passenger routes.

#### *Address Modal Inequities*

No one, and certainly not railroads, disputes that other transportation modes are crucial to our nation, and the infrastructure they use should be world-class—just like U.S. freight railroad infrastructure is world-class. That said, public policies relating to the funding of other modes have become misaligned.

With respect to federally funded capacity investments in public road and bridge infrastructure, the United States has historically relied upon a "user-pays" system. Unfortunately, the user-pays model has been eroded as Highway Trust Fund (HTF) revenues have not kept up with HTF investment needs and so have had to be supplemented with general taxpayer dollars. General fund transfers to the HTF since 2008 have totaled almost \$144 billion, according to the Congressional Budget Office (CBO). Not long ago, the CBO estimated that between 2020 and 2029, the HTF will require an additional \$191 billion to keep it solvent.

Moving away from a user-pays system distorts the competitive environment by making it appear that trucks are less expensive than they really are and puts other modes, especially rail, at a disadvantage. This is especially problematic for railroads precisely because they own, build, maintain, and pay for their infrastructure them-

<sup>1</sup>As part of the FAST Act reauthorization, Congress could take other actions that would make crossings safer. For example, it could expand flexibility in the use of Section 130 funds by eliminating the existing arbitrary 50 percent cap on spending for hazard elimination projects, and by allowing Section 130 funds to be used to replace functionally obsolete warning devices at crossings. A more detailed discussion of the AAR's FAST Act priorities for grade crossings is at <https://www.aar.org/article/freight-railroad-industry-fast-act-reauthorization-priorities/>.

selves (including paying well over a billion dollars in property taxes each year on that infrastructure).

This committee could help ameliorate this modal inequity by reaffirming the “user pays” requirement. Through application of existing technologies, the current fundamental imbalance could be rectified by ensuring that commercial users of taxpayer-financed infrastructure pay for their use. This could be done through several different mechanisms. An increase in the fuel tax could be helpful as a short-term bridge to a longer-term future that should include a vehicle miles traveled fee or a weight-distance fee.

*Make the Short Line Infrastructure Tax Credit Permanent*

The freight rail industry congratulates and thanks the many members of this committee who were instrumental in the recent passage of H.R. 1865, which extended the Section 45G short-line tax credit for five years, making it retroactive to 2018 and effective through 2022. Section 45G creates a strong incentive for short line railroads to invest private sector dollars on freight railroad track rehabilitation. Railroads urge this committee to continue to support this tax credit, which is vital to preserving the first and last mile of rail connectivity to factories, grain elevators, power plants, refineries, and mines in rural America and elsewhere.

PRINCIPLES FOR SUCCESSFUL FREIGHT AND PASSENGER RAIL PARTNERSHIPS

Passenger railroads play a key role in enhancing mobility, reducing congestion, decreasing dependence on foreign oil, and reducing emissions. Today, freight railroads provide the foundation for much of our nation’s passenger rail. Nearly all of Amtrak’s more than 20,000-mile system outside the Northeast Corridor consists of tracks owned and maintained by freight railroads. In addition, hundreds of millions of trips occur each year on commuter rail systems that operate at least partially over tracks or right-of-way owned by freight railroads.

Looking ahead, America can—and should—have both safe, effective passenger railroads *and* safe and productive freight railroads. Mutual success for railroads of all types requires collaboration and a recognition of the challenges, especially capacity, they face.

Once passenger trains begin operating over freight rail lines, it is in both the host freight railroad and passenger entity’s interest for the service to work as intended. And while there is no one size fits all model as each situation presents unique challenges and opportunities, success will be more likely if certain overarching principles are followed to ensure what all of us want: the long-term success of passenger rail and a healthy freight rail system that shippers all over the country rely on every day.

First and foremost, safety comes first. Railroads are an extremely safe way to move people and freight, and we must keep it that way.

Second, current and future capacity needs of both shippers and passenger railroads must be protected. Freight corridors are expensive to maintain, and many freight corridors today lack excess capacity. Passenger rail use of freight rail corridors must be balanced with freight railroads’ need to provide safe, reliable service to present and future customers. If adding new infrastructure is necessary to expand passenger service, which is usually the case, freight railroads should not be responsible for funding that expansion.

Third, policymakers should provide passenger railroads with the dedicated funding they need to operate safely and effectively, and to pay for expanded capacity when they require it. It’s not reasonable to expect Amtrak or other passenger and commuter railroads to be able to plan, build, and maintain an optimal network when it doesn’t know what its capital and operating funding will be from one year to the next. If Congress provided predictable and needed levels of federal support, Amtrak and its state partners could better deliver a future of improved reliability, enhanced capacity, more service, and reduced trip times.

Fourth, many factors—such as bad weather, heavy traffic, accidents, and equipment failures—can adversely affect fluidity on the nation’s railroad network. All parties must recognize that the preference given to Amtrak’s trains over freight trains does not mean there will never be delays to Amtrak trains. Amtrak is given preference, but preference does not mean a guarantee.

These principles have served railroad customers and passengers well over the years and have led to many successful results. For example, CSX and the VRE recently announced an agreement with Virginia that will enable the expansion of passenger rail service, both commuter and intercity, to serve the growing demands of the Washington D.C. region while preserving CSX’s ability to serve the current and future freight demands of the Interstate 95 corridor.

Union Pacific (UP) has a robust partnership with the Capital Corridor Joint Powers Authority (CCJPA), which operates 28 trains a day between Sacramento and Oakland, CA, and the Altamont Corridor Express (ACE) between Stockton and San Jose, CA, which operates eight trains a day. These are model partnerships because the agencies understand the value of capacity and invest in infrastructure improvements necessary for on-time service. Both agencies spend millions of dollars every year to maintain shared infrastructure used by commuter and freight trains and when challenges have arisen they have worked cooperatively with UP on capacity planning studies and capital improvements resulting in improved speeds and schedules for their commuters.

In Chicago, BNSF and the Commuter Rail Division of the Regional Transportation Authority (Metra) have worked closely for decades in safely moving up to 60,000 weekday riders between Chicago and Aurora, Illinois. With commuter trains operating at 96.55 percent on-time during February 2020, BNSF operates and dispatches the service; maintains the tracks, signals, structures, and rolling stock; and, coordinates every day with Metra's management team. Of equal importance, together with BNSF, Metra continues to provide millions of dollars in annual funding for its share of the cost of replacing and upgrading the railroad's infrastructure, like rail, ties, and ballast, to keep it in an excellent state of good repair.

Norfolk Southern (NS) also works closely with Metra to enhance commuter performance in the Chicago area. The two railroads hold regular calls to discuss in detail any freight attributable delays to the Southwest service and the Heritage Corridor. They also work closely together in real time as delays are incurred so that NS can coach and train dispatching personnel to make the best and most efficient operating decisions. Metra also recently installed a full-time superintendent in the Chicago Integrated Rail Operations Center, a facility that monitors and facilitates efficient rail operations through Chicago, who works closely with his NS counterpart to address tactical and strategic issues affecting both railroads.

#### POSITIVE TRAIN CONTROL UPDATE

Before I close, I want to provide an update on railroad efforts to implement PTC. The seven Class I freight railroads all met statutory requirements by having 100 percent of their required PTC-related hardware installed, 100 percent of their PTC-related spectrum in place, and 100 percent of their required employee training completed by the end of 2019. In aggregate, Class I railroads had 98.5 percent of required PTC route-miles in operation as of the beginning of this year. Each Class I railroad expects to be operating trains in PTC mode on all their PTC routes no later than 2020, as required by statute. In the meantime, railroads, in coordination with Amtrak, other passenger railroads, and other tenant railroads, are continuing to test and validate their PTC systems thoroughly to ensure they are interoperable and work as they should.

#### CONCLUSION

Of the many different factors that affect how well a rail network functions, the basic amount and quality of infrastructure is among the most significant. That's why U.S. freight railroads have been expending, and will continue to expend, enormous resources to improve their capacity base. Policymakers too have a key role to play, though. Freight railroads look forward to working with this committee, others in Congress, and other appropriate parties to develop and implement policies that best meet this country's transportation needs.

Mr. LIPINSKI. Thank you, Mr. Jefferies.

We now will begin questioning, and I will defer to Chairman DeFazio for the first questions, so I recognize the chairman for 5 minutes.

Mr. DEFazio. Thank you, Mr. Chairman.

Mr. Gardner, I was a bit confused by Secretary Chao's appropriations testimony that you are going to begin rehabilitating the North River Tunnels under the Hudson River, and, when I toured those tunnels, it was pretty definitively said that there is no really feasible way to rehabilitate them significantly while given the pressure and utilization.

What has changed?

Mr. GARDNER. Thank you, Mr. Chairman.

Well, let me confirm your view. Our rehabilitation of the North River Tunnel is an extensive, complete rehabilitation of vital elements of the tunnel, and what the Secretary, I think, was referring to is our recent efforts to look at options to bring forward some elements of that rehabilitation given the delays associated with advancing the Hudson Tunnel project.

So our goal here is to see if there are—

Mr. DEFAZIO. Well, she is delaying the Hudson Tunnel project because EIS is lost somewhere on her desk, which I am sure she is very busy, and so now she is recommending we begin to do some patchwork stuff on one of the tunnels, which really isn't going to do much.

Mr. GARDNER. Well, I think our view is that we have got—at this stage, given the delays, we are looking at somewhere along the lines of 10 years until we have the full new tunnels built which will allow a complete rehabilitation, so—

Mr. DEFAZIO. OK.

Mr. GARDNER [continuing]. We think it is incumbent upon us to ensure—

Mr. DEFAZIO. I would like to know what you are actually planning, if you can be more specific, because, again, given the tour—

Mr. GARDNER. Sure.

Mr. DEFAZIO [continuing]. Given the spalling and the deterioration of the knee wall, the 12,000-volt cable that run through there, the frequent failures, the sinking track—I mean, all sorts of things. I would just like to know what critical elements you think you can address while still using the tunnels 20 hours a day, which is what I understand you have to do.

Mr. GARDNER. That is right. So we are looking at, right now, to see if there are any elements of that work that we can do—

Mr. DEFAZIO. Right. Thank you.

Mr. GARDNER [continuing]. On those nights and weekends, but we don't yet have the answer.

Mr. DEFAZIO. OK. Thank you. But, when you come up with something because of the delay by the Secretary, let me know.

You mentioned in here two dozen promising corridors do not serve or do not serve well today, and existing corridors of unmet demand, and you are going to have an analysis soon? We would like to see the list.

Mr. GARDNER. Absolutely. We will be releasing that in—

Mr. DEFAZIO. Right.

Mr. GARDNER. In this spring.

Mr. DEFAZIO. There are two major issues I have raised with Mr. Jefferies. I will raise them with you—

Mr. GARDNER. Yep.

Mr. DEFAZIO [continuing]. Which are preference, which I think you said 67 percent of delays on long-distance trains were due to freight?

Mr. GARDNER. Freight interference, yes, sir.

Mr. DEFAZIO. Yes. OK. And what progress are we making on the issue of integrating schedules better and preference? Are we making any?

Mr. GARDNER. So we have worked collaboratively with the Federal Railroad Administration to have the metrics of standards that were—

Mr. DEFAZIO. Uh-huh.

Mr. GARDNER [continuing]. Prescribed under PRIIA to be advanced. Those, I think, are waiting for final issuance. And we remain in conversations with our host partners, but, fundamentally, we think, as you said, we need to ensure there is an effective way to enforce the preference statute, and we need a better way to get our access rights translated into actual service, because, today, there is no clear path for us to add service—

Mr. DEFAZIO. OK. Thank you.

Mr. GARDNER [continuing]. For our railroad.

Mr. DEFAZIO. Mr. Jefferies, what can AAR do to help facilitate this process?

Mr. JEFFERIES. Sure. So we certainly agree that we need metrics and standards in place. Obviously, the hosts and the tenants all have contracts that they are bound to abide by, and I certainly don't have a window into those contracts, but they have performance metrics in them, and that is what is the basis of incentive payments, whether they are paid or not.

Currently, the statute provides a path if Amtrak wants to access—excuse me—freight facilities, there is a path laid out in the statute at the Surface Transportation Board. To the best of my knowledge, that hasn't been used in over 20 years, so I would say let's try that path that is there. Whether that can be improved or not, I certainly can't comment on that, because it hasn't been used.

Mr. DEFAZIO. It seems like CSX has been working with Amtrak. How do we get UP to even begin a discussion about additional routes of these city pairs? I mean, I have been in a number of States where their people have proposals, and they are saying, UP won't even talk to us, period, zero. What is going to hurt them to have a little discussion?

Mr. JEFFERIES. Certainly. Not having been a part of any of those discussions, I will point to the fact that I think, you know—and you just referenced the—I think the developments in Virginia, and I know that UP, for example, has very positive relationships with several of the railroads in California.

Whether or not there is a series of best practices out there, I think that is worth examining, because I think all sides would agree, when both parties come to the table and agree that, OK, here is the capacity desired, here is the investment needed to make sure that capacity is available, and here is what everyone is willing to step up and contribute, and here is the agreed-upon timetables and service metrics, I think that is when everything works best, and works best when those parties can do it on their own.

So I think it is important to figure out why does this work really well in some situations, and why hasn't it worked as well in other situations, and—

Mr. DEFAZIO. OK.

Mr. JEFFERIES [continuing]. I certainly don't have a read into—

Mr. DEFAZIO. Well, I hope we can facilitate that gently without something indiscriminate, so I look forward to further discussions.

Thank you.

Mr. LIPINSKI. Thank you, Mr. Chairman.  
I now recognize Mr. Weber for 5 minutes.

Mr. WEBER. Thank you, Mr. Chairman.

I am going to follow up on something you were saying, Mr. Jefferies, but, before I do that, in your prepared remarks you said that the rail line system and carrying freight was responsible for 2 percent of emissions while carrying a percentage of freight, and I missed that percentage. You said we carry X amount of freight, but we only are responsible for—

Mr. JEFFERIES. So freight rail carries 30 percent of long-distance freight and accounts for 2 percent of transportation-related emissions.

Mr. WEBER. OK. Thank you for that.

Mr. JEFFERIES. Yes, sir.

Mr. WEBER. My question—my prepared question is: What are the railroads' capital expenditure priorities? But, before we go there, I want to follow up on what Chairman DeFazio was talking about, where you have a system—a situation where you all sat to come to the table, whether it is UP, whoever it is, and I guess have an agreed-upon system of working together in that particular instance.

Does AAR have a—do they have a system in place where, when something like this comes up, they bring in those parties and they kind of facilitate that?

Mr. JEFFERIES. So we do not have a formal system in place, and, given that most of these relationships are bound in contracts, those are certainly between the individual host railroad and the passenger tenant and privy to those two parties.

Now, we certainly collect information on positive relationships and successful projects that have worked together, whether it is passenger, whether it is broader things like the CREATE program, but we don't have a formal, I guess, adjudication or mediation role.

Mr. WEBER. Well, I wouldn't expect there to be an adjudication or legal, formal binding, I guess, but just a system where the members all come together and say, let's work on this.

Mr. JEFFERIES. Well, so I would certainly say that, at a broad level, that is part of the role of the AAR, is the fact that whether it is this issue we are talking about or whether it is any issue related to rail, the AAR has probably got a committee focused on that where each of our members are working together towards an end goal.

This one is probably a more challenging issue because of the unique needs, capacity needs for each rail line, host rail line out there, versus the needs that the passenger railroad desires as well, so that is why I say a one-size-fits-all solution is probably not something that is viable when it comes to these types of agreements, that you do have to take into account the individual traffic demands, et cetera.

Mr. WEBER. OK. Well, that is going to be in case by case, I am sure.

So my question is: What are, in your estimation, the railroads' capital expenditure priorities? What should they be?

Mr. JEFFERIES. So those are certainly dictated, I think, by each railroad based on its capital needs. At a broad level, the industry has averaged over \$25 billion in capex and maintenance back into

their networks. So, when you look at some of the major projects that have occurred around the country, a lot of that is opening up capacity to increase throughput, whether it is allowing for double-stacking of trains through major corridors like we have seen on the east coast, whether it is double-tracking areas—in the past several years, double-tracking across the northern tier to account for increased movements, whether it is technology investments and ports and other rail yards to allow for a quicker or—

Mr. WEBER. Or tunnels. Don't forget tunnels.

Mr. JEFFERIES. And don't forget tunnels, certainly.

We see the Federal Government as having a major role there. But, you know, it is—so you have what is called kind of the core maintenance, which is track and rail, is making sure the system that we have now is functioning at the highest level possible, and then expanding where appropriate.

Mr. WEBER. I don't mean to put you on the spot, but you have watched this from a broad view, and surely you see the areas of the country and things that need to be priorities, so if you can name one or two or three priority areas, what would they be?

Mr. JEFFERIES. Well, you certainly mentioned the tunnels under the Hudson, and, if you are looking at the passenger side and where the Feds can play a major role, it is in the Northeast Corridor. I think Stephen outlined the investment needs there, and that is certainly a major public role to play.

When it comes to the freight side, each of our companies are looking at individual projects based on their long-term projections, their capacity needs, and, again, a lot of that is certainly at the first mile, last mile, moving things in and out of ports and yards at a faster clip, but also building out just the capacity that is necessary in certain areas as well, whether it is to allow for double-stacking, et cetera.

Mr. WEBER. OK. Well, you are a politician. That is a broad answer. I was wanting specific examples, but my time has expired.

Mr. Chairman, I yield back.

Mr. LIPINSKI. Thank you, Mr. Weber.

I now recognize myself for 5 minutes.

Mr. Artl, your testimony focused on the need for more grade separations. There was a grade separation that was funded by Illinois last year, \$150 million for grade separation at 65th and Harlem. I was just out there this past week talking about it. It is going to be a much-needed help both for the people driving on 65th and 63rd there, but also for the businesses and for the beltway area there.

So I wanted to ask: What are some recommendations that you have for what Congress can do to help advance these projects such as this?

Mr. ARTL. Certainly, and I think a starting point is the—

Mr. LIPINSKI. Can you pull your microphone closer?

Mr. ARTL. A starting point would be the effort you took during the last FAST Act to ensure that grants for grade separations would be eligible under CREATE, so that was a huge first step in advancing a lot of grade separation projects.

In addition, what we support, what Mr. Jefferies outlined, full funding of section 130, and increasing funding through that would

be helpful to enable additional funds to go to our grade separation program projects.

We would support increasing the incentive payments for grade crossing closures from the current cap of \$7,500 upwards up to \$100,000, and then expanding the flexibility by eliminating the arbitrary 50-percent cap on spending for hazard elimination projects. Those three would be good, but ensuring that CREATE still has access to grants for grade separation projects.

Mr. LIPINSKI. And Mr. Jefferies, just to be clear, this is also something that the railroads want and find helpful, correct? Grade separations?

Mr. JEFFERIES. Oh, absolutely. And that is certainly a huge part of CREATE over the next several years as you know as well.

Mr. LIPINSKI. Thank you. I want to ask Mr. Shanahan. Back in September last year, I had sent a letter to Amtrak that touched on some of the issues in your testimony about the third-party contract workers Amtrak is using and I received a letter back in October from Amtrak saying that these workers, third-party contract workers Amtrak uses have provided an equal or higher degree of protection than BMWED workers. Why do you say that that is not the case?

Mr. SHANAHAN. Well, specifically, FRA regulation 243 was amended January 1, 2020, and right now currently BMWED employees working on Class I railroads are subject to more stringent FRA testing than contractor employees who could be working right next to them.

Mr. LIPINSKI. And what is it about the training that you receive that—you have the experience, what was it about that that made you better at doing the job at making sure you maintain safety?

Mr. SHANAHAN. Well, the training is—one example I guess I can use is, the training is always ongoing. When you are an employee for the railroad, you are not there for just one job. You are there day in and day out for multiple years myself being there for 13 years. You are constantly engaged in safety training processes that the contractors generally are not.

Mr. LIPINSKI. Thank you. And I am going to ask Dr. Bury. You had talked about adding more service to the Metra line. What would this mean for your community and have you—what has it been like in terms of working with the railroads in terms of adding more service?

Is your microphone on?

Dr. BURY. No it was not. Thank you. Thank you. Sorry. Our train line has the worst service, I would say, on the weekends of the entire regional area. We have absolutely no Sunday service, no Saturday service that is really viable. There is, I think, three trains in, three trains out on Saturday. So if you want to go to an event with your family, you want to make sure you can get home, you know. You need a variety of times. Most people find it easier, sadly, to just get in their gas-guzzling car, go down, and add to the smog, the congestion, and, you know, it is just not viable.

Asking for more service, it is a chicken and egg issue a little bit. They say, well, look at your ridership on Saturday, why should we add more? You don't have enough and you want more. You always want more. Other lines in the same system have dozens of weekend

trains and so it really holds our community back in terms of property values, in terms of what we can do.

The economic development around our train station is nice, but it could be so much more than it is. And that lack of funding is the primary thing and it would just mean a lot to our community. We feel like the poor stepsister, you know. Everyone else gets the really fancy stuff, we get the scraps. And we are, again, if you look at the population growth, the fastest growing area in the State is serviced by the line. So it is kind of silly that we can't get the fastest growing service to correspond.

Mr. LIPINSKI. You do have a very nice station, though, there, the Patriot Station there.

Dr. BURY. Yes, yes. The train station, yes.

Mr. LIPINSKI. All right. My time is expired.

I will now recognize Mr. Perry for 5 minutes.

Mr. PERRY. I thank the chairman. Mr. Jefferies, I thank the panel for being here. Mr. Jefferies, Executive Order 13868 requires PHMSA to finalize a rulemaking that permits the transportation of LNG by rail setting a mid-May deadline. Giving the growing domestic supply of natural gas and the increasing number of communities underserved due to regulatory barriers, this regulatory change I think is a step in the right direction.

Rail transportation offers a safe alternative pathway to get natural gas to export markets, underserved communities, and to provide alternative fuels for the maritime industry. The industry already carries most hazardous materials throughout the Nation without incident. I am just curious, once this rulemaking is finalized, what economic, environmental, and safety benefits do you foresee and how will access to the additional business opportunities due to the policy shift impact the industry's capacity to reinvest in rail infrastructure?

Mr. JEFFERIES. Thank you, Congressman.

Look, you certainly hit the nail on the head. If this product's going to move, rail is by far the safest mode of transportation to transport that to market. And the Department has made it very clear, they want to move forward with this rule and we are supportive of that rule.

We have the most stringent tank car standards that exist and certainly specific tank cars for moving LNG as well. And the business opportunities, I think there is certainly a market in the Northeast, as you said, given the lack of pipeline capacity to heat those homes and there is certainly an interest in export as well.

So railroads have the obligation to move that, we will move it safely, and we will be ready when that business demand develops.

Mr. PERRY. And about reinvestment quickly. Have you made a calculation in anticipation of rulemaking about what kind of opportunities this will provide or are you just waiting to see what it does?

Mr. JEFFERIES. So I think our companies are always looking at their capacity and potential demand and business as it develops. I don't have a read into the specific commercial decisions, but I think those calculations and discussions are certainly being had inside our companies.

Mr. PERRY. OK. Thank you, Mr. Jefferies.

Mr. Gardner, on March 2, so that is, what, yesterday or day before, Amtrak said that in fiscal year 2019 Amtrak set new records in ridership, revenue, and earnings. In 2020, Amtrak is on pace to achieve operational break even for the first time in the company's 49-year history.

I think your written testimony echoes that claim. Fiscal year 2019 set the Amtrak record for revenue reporting only a \$29.8 million loss as a result of record ridership where Amtrak claimed the fiscal year 2019 operating revenues covered 99.1 percent of operating costs.

With all due respect, it seems like these claims are disputed and it looks like, basically, due to two reasons. Included in Amtrak's reported passenger revenue are all State subsidies, at least \$235 million a year. So subsidies aren't passenger revenue, that is another round of subsidies. And then—so that is number one.

Number two, Amtrak's press release highlights net revenue figures that fail to account for depreciation despite its inclusion in the audited financial statements for 2019. This was \$870 million or 20 percent of operating costs. Combined, these errors, if you will, hide the significant actual loss for Amtrak. Once addressed, I think, and included, Amtrak's actual loss exceeded \$1 billion or 35 times the figure cited in Amtrak's press release.

I am just curious if there is a reason that Amtrak published the figures the way they did? Do you see this as misleading at all, or is this all-inclusive and Amtrak's going to continue to stand by that and not include the two issues of the subsidy in the depreciation?

Mr. GARDNER. Thank you, Congressman.

First, State payments are done pursuant to section 209 of PRIIA, the authorization that covers this portion of our action that end business with the States and those payments are absolutely transparent. Through all of our reporting, we issue service line and asset line documents. We are, I think, very clear about the State-supported business being a partnership between States who fund a portion of operating costs and a portion of the capital costs and then Amtrak using its Federal dollars.

So we, actually under the accounting rules, I think we do consider it revenue and that is consistent with the approach it has taken and has been for a long time. So we haven't changed our approach to accounting for these payments and they are contributions from the States from these services, but pursuant to the—essentially the rules set out by Congress for us to develop a common cautionary methodology of the States.

As it relates to depreciation, we have long reported on essentially the revenues and operating performance outside of depreciation. As you said, we do issue our full gap standard reporting so that that is completely transparent, but the depreciation is cost associated with primarily our vast Northeast Corridor infrastructure funded by the Federal Government. And our requests, essentially, for funding for that comes through our legislative and grant requests.

So we are—I think we are showing very clearly incremental improvement on our operating performance. Do we still require Federal funds to operate? Absolutely. And we are very clear about that. You have heard my testimony today, but I want to put it in perspective. As part of our fiscal year 2021 request, we have a \$7

billion spend. Out of that \$7 billion, we are asking from all of our public partners, our States, our commuter railroads who use our assets like Mr. Corbett's New Jersey Transit, and the Federal Government for only 40 percent of that \$7 billion spend.

So the vast majority of our investment comes from our ticket revenue and our other commercial revenue that we are plowing back into this business so that we can operate as many trips and provide service to the Nation for as little public subsidy and taxpayer support as possible, which is our mission per statute.

Mr. PERRY. I thank the gentleman. The time's expired.

I yield.

Mr. LIPINSKI. Thank you.

And I recognize Mr. Payne for 5 minutes.

Mr. PAYNE. Thank you, Mr. Chairman.

Mr. Corbett, how are you? Good to see you today. The collection of infrastructure projects known as the Gateway Program is the single most critical infrastructure need facing this country. One of those projects is creating a new tunnel under the Hudson River connecting New Jersey and New York while also repairing the existing 110-year-old tunnel which is rapidly decaying due to damage from Hurricane Sandy.

Last week during the appropriations hearing, Transportation Secretary Chao stated that it may be possible to repair the existing tunnel now while it is still in use and then build the new tunnel later. I had a comment. That is as bad as the President asking all of those drug companies and medical people if you could use their normal flu shot for coronavirus, but she asked it and so did he.

What is your opinion on this and how do you think repairing the existing tunnel while still in use will affect commuters?

Mr. CORBETT. Yes, Congressman. Thank you.

I think there are two aspects that are sort of joined. One is the state of good repair on those tunnels, even if there was no demand for increased capacity, 100-year-old tunnels they would need to be repaired. And certainly we work very closely with Amtrak. We see that with single or ET work. There is a lot of work to be done to the degree that it can be done within the limited windows without major disruptions.

In my opening statement, I referred to an incident, what happened when we had several hours' disruption and the chaos that caused—overcrowding and the situation that happens periodically. Last year I know the Gateway Committee came out and gave incident reports of how severe those damages are every time there is an outage. So to the degree that it affects, it impacts that repair, impacts rush hour, or our regular service that would be very significant.

Certainly anything that can improve the existing repairs. I know Stephen and our technical people are working together to try to maximize those windows, but there is a limited opportunity. I will let Stephen speak to that.

But certainly there is nothing—the major issue, really, is the capacity. We have outgrown our capacity. The growth in our region is way outstripped. We are in the transit hunger games in New Jersey. We have much more demand than we have capacity, particularly going into New York.

So the tunnels, we need those tunnels. We could use those tomorrow independent of the repair work. The repair work only complicates the matter as far as any potential outages until those tunnels are built.

Mr. PAYNE. I just don't understand how the Secretary has not been able to understand as it has been articulated many different ways how that cannot be done that way, but maybe we will find somebody that can get her to understand you can't do that.

Also Mr. Corbett, PTC deadline, as you know, you are aware that December 2020 deadline for New Jersey Transit to have PTC operational is rapidly approaching. Understand that the FRA has expressed concern that New Jersey Transit may be at risk of potentially not meeting this deadline. However, you have made significant progress in the past few weeks on PTC and I am committed to ensuring that you have the necessary tools in order to meet that deadline.

In what ways can Congress assist New Jersey Transit in fully implementing PTC?

Mr. CORBETT. Thank you, Congressman.

I think there are two aspects: One, we are succeeding. We have excellent cooperation from the FRA and from Amtrak on the Northeast Corridor and our freight railroads where we intersect, so we are confident we will make that deadline. As you know, we recently went into revenue service demonstration so we are comfortable, but the financial burden is heavy.

And also, I think, after everyone makes the 2020 deadline, we have to look at what is the future of PTC going forward and what does Congress want because certainly the way this is originally intended and the way it ended up, I think, has been a bit of a, sort of, Tower of Babel with all the different railroads having different systems.

So the integration, certainly interoperability is a real challenge for, particularly, the Northeast, and we have freight railroads, we have Amtrak system, we have our own, we have Metro-North, MTA. So that integration, I think, we have to look after 2020 what does Congress expect and how do we make it a more effective, more efficient system.

Mr. PAYNE. OK. Thank you, sir.

I yield back.

Mr. LIPINSKI. The Chair will now recognize Mr. Smucker for 5 minutes.

Mr. SMUCKER. Thank you, Mr. Chairman.

Mr. Jefferies, as you well know as has been discussed here, railroad infrastructure is critical for moving consumer goods, energy resources for connecting people to their families, employment opportunities, and much more. Certainly true in the district that I represent, Pennsylvania's 11th Congressional District, which is home to each of the modes of rail transportation.

Lancaster's Amtrak station is the second busiest in the State carrying close to 600,000 passengers annually. Lancaster and York Counties' heavy manufacturing base there also move products and goods via short line regional and Class I rail systems operated by Norfolk Southern and Genesee & Wyoming.

While all of these lines are vital for the local and State economy, investment is needed to ensure that each line can continue to function efficiently. The American Society of Civil Engineers, unfortunately, gave Pennsylvania's rails a C-minus noting that much of my home State's rail infrastructure is over 80 years old.

So updating this infrastructure I know is important, will require investment by the rail line owners and operators, but it also really is an "all hands on deck" requiring all levels, including there is a role for State government and a role for the Federal Government as well.

You talked in your testimony, you discuss some of the ways that Congress can spur greater investment in our railway infrastructure, including making the short line tax credit permanent, which is a bill that I support and have cosponsored as well. Just wondered, if you could, again, just highlight some of the top ways that you think Congress can incentivize rail investment?

Mr. JEFFERIES. Certainly. Thank you.

So I think it is a multipronged answer. For the short lines, you hit the nail on the head: the short line tax credit is I think, the life blood to reinvesting back in their infrastructure and the evidence is demonstrable over the years that the credit's been in place. Specifically, when it comes to tie replacement, et cetera, along those lines, the core infrastructure. When it comes to our passenger partners, fully funding Amtrak, fully funding other passenger grant programs that might be out there is critical.

I think Mr. Gardner commented on the operating revenues and the positive on the operating side. The infrastructure deficit still needs significant investment, whether it is Amtrak, whether it is NJT, whether it is SEPTA. So ensuring that the Federal Government is playing a robust role there. And then when it comes to the Class I side, I think, it is twofold. One, we are fortunate that we can reinvest our own revenues and that is because we have got a healthy economic regulatory structure that allows us to earn the revenues necessary to invest back into our networks and it is absolutely critical we keep that in place because the result of that is the billions and billions that go back into our network to meet our customers.

And then, where appropriate, grant programs that support public-private partnerships, whether it is BUILD, whether it is INFRA, whether it is CRISI, in certain circumstances, I think, plays a positive role as well especially in those core interconnected regions where you have different types of rail all coming together. There are certainly opportunities there.

Mr. SMUCKER. Thank you. I do want to mention specifically a bill that I recently introduced with Representative Kuster from New Hampshire, the Invest in American Railroads Act. It is, again, a bipartisan bill, makes the Railroad Rehabilitation and Improvement Financing or RRIF program more accessible by addressing one of the major challenges associated with the credit risk premium by authorizing the U.S. Department of Transportation to cover the cost of up to \$300 million in RRIF credit risk premiums annually.

Just want to get your reaction to that, maybe talk a little bit about your member's use of the RRIF program and opportunities for the greater use of the program.

Mr. JEFFERIES. So I certainly credit you for trying to make that program more effective. It is something that folks have been trying—a nut, folks have been trying to crack, for a long time. I spent time trying to work on that when I worked on the Hill because I think there is such an untapped potential there and such a robust funding source that just hasn't, for a variety of reasons, whether it is the credit risk premium issue or others, hasn't really lived up to its potential.

So the Class I's, I think, are not necessarily the best customers for that, but certainly the short line railroads see it as a huge possibility when it comes to supporting infrastructure funding. I know Amtrak several years ago went through the process which was fairly arduous at that point to get a RRIF loan.

So certainly the opportunities are there and the need is there and the resources are there, it is just, like you said, making that program work.

Mr. SMUCKER. Thank you. I know I am out of time, but just love to continue to discuss that and work with you to try to make that program more effective.

Mr. JEFFERIES. Glad to.

Mr. SMUCKER. Thank you.

Thank you, Mr. Chair.

Mr. LIPINSKI. The Chair now recognizes Mr. Lynch for 5 minutes.

Mr. LYNCH. Thank you, Mr. Chairman, for holding this important hearing.

I also want to thank the full committee chair, Mr. DeFazio, for his attention to this issue.

And I want to thank our witnesses for helping the committee with its work.

As a matter of full disclosure, before coming to Congress, I was an ironworker, union ironworker for about 20 years. So worked on—we have 42,000 structurally deficient bridges across the United States of America right now. So Mr. Shanahan, I certainly empathize with your position.

Also after leaving the ironworkers, I became legal counsel to International Brotherhood of Teamsters Joint Council 10 in Massachusetts. Also represented Teamsters Local 633 in New Hampshire and Local 42 in Lynn, Massachusetts. So I just want to express my unbiased viewpoint from where I sit.

Mr. Shanahan, I know the full benefits of going through a union apprenticeship program. I went through myself and I honestly say, I wouldn't be where I am now had I not gone to the ironworkers apprenticeship program, training program, safety program. That really not only benefited me as a worker, but I also think made the jobs I worked on safer and made the public safer, lowered the cost price for the end user on those projects.

And I know that Chairman DeFazio has a bill that we are considering right now to provide \$55 billion to rail. We don't have anybody better in Congress than Dan Lipinski on rail, but he is working closely with our chairman in order to get that done.

Could you talk a little bit about—and, by the way, nothing shakes my confidence in Amtrak more than hearing that they are dividing the workforce by bringing in people who are less qualified to work on rail projects. That just—that just destroys my con-

fidence in Amtrak, frankly. It is part of the reason why, for our commuter rail, we got rid of Amtrak a number of years ago in Massachusetts and now we went with another company.

But with all of the challenges we have, do you really want to pick that fight to try to save a couple of bucks by bringing in less trained workers who are not trained on FRA standards that don't have that experience and that regular training, ongoing training, on working on rail systems. It is a very different—as an ironworker, it is a very different environment when you are working on a live transportation system on rail, when you got the public coming through that system, and so many things that could go wrong if you don't have skilled workers in place.

So Mr. Shanahan, could you talk about what that means for the American rail passenger and American workers? You know, IBT workers and Brotherhood of Locomotive Engineers and Trainmen are also within your bargaining unit as well, what that means, that \$55 billion provided, provided we have skilled workers on that job?

Mr. SHANAHAN. Yes. Thank you.

That funding creates stability in our workforce, it provides an opportunity for the American public to rest assured that, assuming our members are involved in performing that work and union members as well, to rest assured that it is being done in a safe and efficient manner.

I agree with you wholeheartedly when you say, you know, is this a place where we want to worry about saving a couple pennies, but jeopardizing the general public or the employees. It is just—I think it is a long overdue—these projects, and specifically the Chicago region, are long overdue and it would—it needs to be done. It really, really does.

Mr. LYNCH. Right. And I know, as I said, we have 42,000 structurally deficient bridges across the country right now, many of those are rail, you know, that carry rail, but I think generally, we need to be on the same page and that means Amtrak as well. We put great responsibility on Amtrak to really spearhead our rail operations, at least our passenger rail, and I just hope that they will step up and do the right thing.

Mr. Chairman, I yield back.

Mr. LIPINSKI. Thank you. The Chair now recognizes Mr. Pence for 5 minutes.

Mr. PENCE. Thank you, Chairman Lipinski. Thank you all for being here today and happy Railroad Day. I am thrilled to have 450 industry attendees from railroads, rail labor, rail contractors, and rail supply companies on Capitol Hill today for Railroad Day. I look forward to meeting with fellow Hoosiers who operate in my Indiana Sixth Congressional District this afternoon.

In my home State of Indiana, 22 regional railroads span over 1,200 miles in the crossroads of America, 6 of those Class III short lines run through my district in southeast Indiana. Bordering the Kentucky State line at the tip of my district, Madison Railroad in Madison, Indiana, is a Class III short line railroad with 26 miles of operational tracks. Over the years, Madison Railroad has competed for funding from multiple Federal grant programs to improve the safety of their tracks and bridges in rural America—in rural Indiana.

Of the numerous programs Madison Railroad applied for last year, they received one grant, the Consolidated Rail Infrastructure and Safety Improvement grant, or CRISI. This grant provided \$4.2 million to update the aging Graham Creek Bridge, which was built in 1880 to ensure heavy commercial freight loads can be accommodated.

With short line freight accounting for nearly 30 percent of all freight rail, these grants have substantial impact on rural economies like those in Madison, Indiana. Mayor Bury—who is from the city my grandparents lived in for many years; I spent a lot of time in there in that town—can you speak to any initiatives like the CRISI grant that support short line railroads such as 45G tax credit and INFRA grants?

Dr. BURY. Thank you for your question. I am sorry I don't have expertise on those items. I am very sorry.

Mr. PENCE. OK. That is OK. Thanks. Thank you, Mayor. I just want to get in that shout for Oak Lawn.

Dr. BURY. It is good to give a shout-out to Oak Lawn. We have a saying here, all roads lead to Oak Lawn, and you would be amazed how many connections we have. Thank you. I am sorry I can't help you, sir.

Mr. PENCE. Well, let me ask a different question then of some of you. At our last hearing, I highlighted the impact of railroad crossing blockages on Hoosier day-to-day lives in my district. Just last weekend, my wife spent over an hour waiting and was finally rerouted about a mile from our house. This particular crossing became such a particular problem for Columbus, Indiana, that the city, the State, the railroad, and Cummins Engine Company located in our town all got together and put funds to address this problem by building a bridge over the rail.

If it weren't for all their generosity, this crossing would likely still be waiting on public funding. Unfortunately, this story is common in rural America, my district, Indiana specifically.

Mr. Jefferies and Mayor Bury, in your testimony you cite the CREATE program, a public-private partnership grant program, is a valuable tool for revitalizing local infrastructure. With my town's project as an example of successfully leveraging public-private investment, how can we encourage more public-private partnerships to address the critical gap in funding for infrastructure projects in small, rural communities?

Mayor Bury.

Dr. BURY. Thank you. The CREATE program really brings all partners to the table with a little skin in the game and, you know, it is how Government should work. Everyone should kind of participate, contribute, and in a rural community it is a little harder, I imagine, to get all those parties together, but I know when, for example, we are trying to upgrade our signal, we had some money from the mayor's caucus that we could contribute and that got Metra's attention. And they said, well, if you have money, we can get money and it just moved the project along. The CREATE program should be the model for funding to get things done.

Mr. PENCE. OK. Thank you.

Mr. Jefferies.

Mr. JEFFERIES. Certainly. I certainly credit the State of Indiana and your community specifically for looking at innovative ways to deal with grade crossings and separating crossings because, you know, as the mayor said, when everybody comes to the table and everybody puts skin in the game, then that is how you get real results and real buy-in.

On the Federal side, certainly the BUILD grants or the INFRA grants are certainly viable options and I believe—I am getting a little out of my lane here—I believe they have rural set-asides. If not, certainly something to look at when it comes to, like you said, smaller communities.

And when it comes to grade crossing specifically, while road and rail intersecting is a natural tension, the best is where there is no intersection, but understanding that it is impossible to close or to separate every grade crossing out there. It is key that we have the most up-to-date crossing protection equipment, through the section 130 grant program for where those crossings that do exist especially in rural communities to make sure they are safe for motorists and railroaders alike.

Mr. PENCE. Thank you, Mr. Chairman.

Mr. LIPINSKI. I thank Mr. Pence for his shout-out there for recognition of Oak Lawn there.

I now will recognize Mr. Malinowski for 5 minutes.

Mr. MALINOWSKI. Thank you, Mr. Chairman.

I would like to use my time, and you won't be surprised, to talk a bit about the importance of the Gateway Program, ask some questions about it. And recognizing this is a very expensive project and sometimes my colleagues, especially from across the aisle, ask, you know, why is it that their constituents should be subsidizing such an expensive program in a Northeastern State and I remind them that the State I represent gets about \$0.82 back from the Federal Government for every dollar that our taxpayers send.

To pick a few other States, seemingly at random, Texas, the figure's about a \$1.03. Indiana, who just had Mr. Pence here, it is about a \$1.30, Arkansas is about a \$1.77 for every dollar they send they get that amount back from the Federal Government.

So it feels to my constituents as if we are actually subsidizing infrastructure and other services in other States while contributing a lot of the economic growth that sustains our country. And we are happy to do that because we are all Americans and we all benefit from each other's success.

So with that in mind, I wanted to start with Mr. Corbett and Mr. Gardner and ask you about the national significance of this project. This is the busiest rail corridor or passenger rail corridor in the country.

Is that not correct?

Mr. CORBETT. So maybe Stephen, I will take the first view. Certainly, Congressman, from the New Jersey perspective, when you mentioned the subsidy, but I look at the tunnels and Portal Bridge, those are investments that give a return to the State, Federal, local. If you look at the economic growth, you see in London what the Crossrail project did through multiple administrations over there has boomed the economy, and I think that is how our Nation grew and where we get to create the actual wealth.

So I would argue that is a very good investment. As far as, as I said in my opening, the tunnels and the approach we have very limited capacity as you well know. We have 24 trains an hour that can go through the tunnels. We need right now, aside from the safety and the repair and all those concerns, for such tunnels. If you think of what happened on 9/11 when we had to close lower Manhattan, the impact—our national impact to our economy.

So we are constrained in our growth. We could really be growing certainly in your district if we had more capacity in those tunnels.

Mr. MALINOWSKI. So we need the growth, but on the negative side, what would be the consequence to the regional and national economy if the Hudson—one of the tunnels, one of the tubes, failed for a significant period of time or if there was significant disruptions to traffic on the Northeast Corridor as a result of this?

Mr. CORBETT. I think as the center of global capitalism, New York, or obviously New Jersey right across the river, but we are all part of that regional economy, center of global capitalism. We saw what happened after 9/11 when we had a significant adverse impact in our ability to get trans-Hudson capacity. It would be in that order of magnitude.

Mr. MALINOWSKI. Thanks. And let me build on some of the questions that you heard from Congressman Payne about Secretary Chao's testimony recently. This idea that we might be able to repair the existing tunnel without closing it. And I think what she suggested was, we might be able to, quote, "take a page" from New York City's efforts to repair the Canarsie Tunnel in that same manner, but my understanding is that there are key differences between the Canarsie Tunnel and the Hudson River Tunnels. So for example, the power cables in Canarsie are 600-volt cables; whereas, the Hudson River Tunnel, if I am not wrong, is 12,000 volts and, therefore, needs to be encased in concrete.

There is a difference in the tracks that really repair the Hudson River Tunnel. We have wooden ties that degrade when they are wet and need to be replaced by a more modern system.

Can you talk a little bit more about that because I think that is really specifically why we think this wouldn't work?

Mr. GARDNER. Yes, Congressman. And just to echo Mr. Corbett's answer as well, 2 percent of the land mass in the Northeast, 20 percent of the GDP, a loss to the Northeast Corridor for a day produces about a \$100 million impact. It is absolutely the main line of passenger railroading in North America. More than 200,000 daily trips between New Jersey Transit and Amtrak on the Northeast Corridor.

So it is an essential conduit for quality of life, commerce, and mobility in the region. And to your point, there are many significant differences between the Canarsie tube on the MTA subway and Amtrak's Northeast Corridor tunnels, those East River and North River tunnels.

And I think to be clear, what Amtrak's position is, is that we absolutely need a new tunnel and we need to rehabilitate the existing tunnel, both to protect current services and to create long-term opportunity for growth.

We, however, are facing a situation where it is unclear when we will start to build a new tunnel and we need to preserve reliability

for the benefit of Amtrak's passengers and New Jersey Transit's passengers. And Kevin and I talk all the time about the needs to make sure that his trains and all of his passengers are able to successfully complete their trips.

So the work needed to be done in the North River tubes includes, as you said, addressing the high-voltage cables which are, as you say, high-voltage, 12,000-volt cables. The subway tunnels have DC third rail, very low-voltage situation.

In addition to replacing those cables, modernizing them, we also need to change entirely the track structure. And this is the main difference that requires a very different approach because we have to be able to excavate the current track structure, repair the drainage underneath the track structure, also inspect the invert, the tunnel lining, and bottom there, which hasn't been looked at, frankly, in 109 years behind the bench walls or underneath this in any comprehensive way.

We need to make sure that those repairs are made and to do that on a 4-hour slot in the evening or on several 55-hour outage scenarios on the weekend could present credible difficulty. It is just not clear that there is any way to do that kind of comprehensive work, which is why we have always proposed to do a full rehabilitation of the tunnels once new tunnels are in place, allowing us to maintain all of New Jersey Transit's and Amtrak's current service and to be able to do the full rehabilitation of this 100-year-old asset so that it can provide utility and reliability for the decades to come.

Mr. MALINOWSKI. Thank you. We want it to last another 100 years.

And I yield back.

Mr. LIPINSKI. The Chair now recognizes Mr. Balderson for 5 minutes.

Mr. BALDERSON. Thank you, Mr. Chairman, and thank you all for being here this morning and to this afternoon. My first question will be to Mr. Jefferies.

Mr. Jefferies, my question is, you mentioned that forecast from the Federal Highway Administration show that U.S. freight tonnage will rise 30 percent from 2018 to 2040. Can you expand on the current state of freight rail infrastructure, the investments your companies have made in the past 10 years, and the investments freight rail will need to make in the next 10 to 20 years to meet this growing demand?

Mr. JEFFERIES. Sure. Thank you, Congressman.

So over the past—you are certainly right about the projected increase in freight movements and it is something that everybody has been planning for, but over the past 10 years, railroads have averaged—the Class I's have averaged about \$25 billion back into their networks every year, so it is about \$250 billion and that trend continues and that is two types of investment.

That is core maintenance, that is ensuring the infrastructure that you have is at a high level of performance, that it can handle the capacity that is there, and then it is also expansion or capital expenditures, whether that is track expansion, whether it is increasing—or rehabilitating tunnels to allow for double stack, but, you know, as we look forward, I think this is something all of our companies are constantly evaluating.

So, you know, each company is looking at its commodity mix. Certainly when you look at historically, coal played such a massive part in rail revenues. That is much less the case than it was. Coal continues to decline based on a variety of factors, but as railroads continue to invest in new track and new ways of operating and new technologies, they get more competitive with other types of traffic.

So truck competitive traffic. Railroads are competing in much shorter distances than they used to and the goods economy is certainly an area of growth into the future. So that is going to be an area of certainly focus. And, of course, you are always going to have, you know, rail being the primary way to move most chemicals, grain, construction materials, et cetera.

So there is a certain level of predictability there and there is also a lot of scenario analysis looking at what is out over the long-term, but I think the important thing is that our railroads—the consistency of the investments that have occurred—have the network and really strong shape and they have all taken steps to optimize operations and so our folks feel comfortable that we are ready to meet, you know, whatever demand does arise and when it arises.

Mr. BALDERSON. Thank you. Appreciate that answer.

My next question is for Mr. Artl. Thank you for being here today also.

In your testimony, you note that having the funding in projects certainty from the Federal Government is critical in your operations. You go on to say that it is difficult for ACEC's members to complete a project on time or on budget if it is not clear how the project will be funded or if the right partners are not part of the project.

I have heard concerns numerous times from my State and Department of Transportation, construction and engineering companies in my district in planning organizations about various Federal rules and regulations complicating surface transportation projects.

Some of these regulations haven't been updated in decades and can create significant project delays and increased cost. Do your member companies face any similar issues when it comes to completing rail projects?

Mr. ARTL. I think one of the most—the largest concern is just uncertainty and timing overall. When applying for grants, if the grants aren't properly funded—each time we have to apply for a grant, we have to go through a series of environmental reviews and environmental paperwork. If that grant doesn't get funded and then we apply, again, the next year, all that work has to be redone.

So clearly on that issue the ability to fully fund grants and make them available will alleviate a lot of the work upfront and could achieve some cost savings overtime.

Mr. BALDERSON. Thank you very much.

Mr. Chairman, I yield back my remaining time.

Mr. LIPINSKI. Thank you.

The Chair will now recognize Mr. Cohen for 5 minutes.

Mr. COHEN. Thank you, Chairman, and I appreciate your holding this hearing today and all the witnesses who come and testified.

One issue that probably pales in comparison to the tunnels under the Hudson and some of the other issues that have been addressed, but one that I am concerned about and continue to be concerned

about, in my long-standing support of Amtrak—and I have been a long-standing supporter of Amtrak—is the threat to the dining car service on Amtrak, an integral and iconic part of a passenger train experience that I experienced quite often as a child, young person, which many in America appreciate and would like to see continued, and that is part of the experience.

It is disappointing to see Amtrak eliminate this popular tradition on several of its long-distance routes. And while I know transportation is getting from point A to point B is important, part of it with the trains is the experience. And the experience is the dining car and having your ham and eggs and Carolina and all those kind of things.

So it is worrisome that Amtrak has done this and continues down what I believe is a misguided path eroding the passenger experience and, therefore, hurting Amtrak. We should be working together to make Amtrak more attractive to customers, not just miserable when you go in those dining cars.

I have heard from many people that say millennials don't go in there and shun them, but the millennials really like to talk to them. It is one of the few places Bernieites and Bidenites get to meet, speak, and learn something.

So Mr. Gardner, Mr. Anderson was against this dining experience. He tried to eliminate traditional dining service on long-distance carriers. When he testified before the committee, he mentioned that the survey market data influenced and justified these changes. When he was asked to follow up with the subcommittee and provide said data, he was unable to do so.

Mr. Gardner, what will Amtrak's food and beverage service look like under your new CEO William Flynn, who I look forward to working with? I think he will be a breath of fresh air and a provider of good ambience on the train and food. Does Amtrak intend to restore traditional dining service on its long-distance routes?

Mr. GARDNER. Thank you, Congressman.

And thank you for mentioning our new CEO. William Flynn will be joining the company on April 15th, so he is not yet with us, but will be coming in about 6 weeks and he certainly looks forward to meeting with all of you.

I completely agree with you that part of the benefit of rail is the unique experience, sort of, the generosity that I like to think of that we create. We have a more spacious environment, more flexible environment, one in which the journey is part of the trip and absolutely food service is part of this.

I would say that we are trying to find the continual upgrade and modernization of our products across our network. We have a 46-State network, a variety of different services, a variety of different needs, and that requires us to continue to experiment and try new ways to meet the requirements and needs of our traveling public.

As you are well aware, there are major demographic shifts underway, major population change, and our population of riders is changing over time. And we look to find new ways to attract and meet the expectations and needs of our passengers. That does mean that we have changed some of our service for our single night overnight meal service on our long-distance trains. There are, how-

ever, almost an equal number of trains for which we still have the traditional dining service.

And we are going to continue to experiment and try to find the right mix, the right balance. For sure we know passengers expect a much broader set of food options. Healthier choices, different options than sort of the historic railroad menu that had been offered. And so we have to upgrade and provide more choice. We also know that people prefer a variety of different environments to eat in.

Some folks and, in fact, it has become quite clear that many people prefer to be served in their own rooms on long-distance trains or to be able to use the dining car in a more flexible way. Historically, it had been limited to just a few couple—a few hours of duration of meal period and closed to passenger use, and we have opened that up—

Mr. COHEN. I think I get the drift. And I appreciate it, Mr. Gardner. We are about out of time, but let me ask you this: Can you give us the customer survey market data that justified this reasoning that Mr. Anderson did not give us when we asked for it?

Mr. GARDNER. I understand you have written us a letter. I think we will have a response to you by the end of this week.

Mr. COHEN. Good. And I will just say for this, all of these experiments, all I have heard from the public is they don't like the food. It is all premade. It is put into a microwave. It is not good food. They don't like it.

I don't care millennials, they may like to look at their phones, they don't like bad food either. And if they don't know it is bad food because they haven't had the opportunity they should be given some regular, good cooked food. They will learn. They will like it. They will appreciate it. They will ride on Amtrak. They will talk to older people. They will learn. They will experience things.

The Rocky Mountaineer, Canada, the food, it is great. You see the bobtail deer or whatever. That is fine too, but the food—and you need to put that back and make Amtrak what it used to be and you will attract more customers and you are not going to get, you know—so welcome, Mr. Flynn.

Mr. GARDNER. I appreciate that and we are investing more in the food. We want to have great food on board. We are trying to do that. Tastes are changing. We are trying to capture those in our service.

Thank you.

Mr. COHEN. You are welcome.

And I yield back the balance of my time and hope that people get to eat good food.

Mr. LIPINSKI. I now recognize Mr. Babin for 5 minutes.

Dr. BABIN. Yes, sir. Thank you, Mr. Chairman, and thank you witnesses for being here today.

The first question I have would be for Mr. Jefferies. The main focus of this hearing, I think, or one of the main focuses is examining rail issues in large hubs like Chicago. And while urban areas are very important, rural areas are also just as important, especially if you live in a rural area.

As we look to the surface transportation reauthorization, what are some of the ways that we can strengthen and protect our rural railroad infrastructure? I would like to hear some of your ideas.

Mr. JEFFERIES. Thank you for that, Congressman. And certainly, railroading is as much if not more of a rural industry as it is an urban industry, so certainly served both areas.

A few things come to mind. Given that the short line rail population is certainly prevalent in rural America, the Congress, you know, did the right thing and extended the short line tax credit for 5 years and the spending bill at the end of 2019. There is an effort to make that permanent moving forward, and I think that makes sense. The results of it are undeniable and that reaches that segment of the rail industry that certainly needs that help in reinvesting back into its infrastructure.

When we look at grant programs, larger grant programs, be it INFRA, be it BUILD, be it CRISI. I mentioned earlier I believe they have rural set-asides. I apologize for my lack of indepth knowledge, but that is certainly an area worth considering. And when it comes to rural grade crossings, the section 130 program, I think, is critical as well to ensure that those crossings are safely maintained.

Dr. BABIN. OK. Thank you very much.

Second question for Mr. Gardner. When you prioritize investments, is there a cost-benefit analysis conducted with ridership and economic benefits to the local, State, and Federal entities that are involved?

Mr. GARDNER. Well, so it depends, sir. I would say we obviously in our capital programming, we receive funds from Congress, we request those funds, we give the list of our priorities, we receive those in two grants, a grant for the national network and a grant for the Northeast Corridor. And then we go through a detailed capital prioritization process and the company, our board of directors, approves our capital plan. The FRA provides a grant to implement those projects.

When we do partner with States and localities on projects, oftentimes, of course, a benefit cost is part of the development of a project. So when we are looking at new service we will look at revenue, ridership, economic impact, impact on congestion, mobility, the environment.

So those are all things that we would undertake typically. It depends obviously on State requirements, but our decisions around where we prioritize investments are based on our analysis of the benefits to the corporation and obviously our ability to fulfill the mission that Congress has set for us.

Dr. BABIN. All right. Thank you so very much.

And I will yield back the balance of my time, Mr. Chairman.

Thank you.

Mr. LIPINSKI. Thank you, Mr. Babin.

The Chair will recognize Ms. Norton for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman. And I certainly appreciate this hearing from which I have learned much, but notice that this is the Subcommittee on Railroads, Pipelines, and Hazardous Materials.

And I want to speak to or ask a question about hazardous materials, especially since there was a derailment just a couple of years ago here in the Nation's Capital which I represent.

Dr. Bury, you specifically mentioned training for first responders and rail disasters in this context. I was so concerned about a disaster here that I actually put a bill in requiring railroads and rail transit to take the safest route. The only reason I didn't press it is because of regulations which appear to require that anyway.

Imagine what is the safest route in a great big city like this. There really is no safest route if you have to go through the city and we concede that you do have to go through the city.

So this question is for anyone, particularly, though, for the representatives from Amtrak, New Jersey Transit, and, of course, the Association of American Railroads. This accident occurred near a Metro stop here in the District of Columbia, 14 cars were derailed and one of the substances that was leaked was sodium hydroxide.

This is a highly corrosive substance to the skin and eyes. So you can imagine our concern. So I would like to ask certainly those of you involved in transit, any of you may have ideas or answers, what are you doing?

What strategies are you employing to mitigate these risks, particularly in high-density areas like the one where we are meeting, where you don't have alternative routes? So what are you doing to mitigate these risks?

Let me begin with Mr. Gardner of Amtrak.

Mr. GARDNER. Thank you, Congresswoman.

Well, two things I would say. First, Amtrak has—

Ms. NORTON. This was a CSX train.

Mr. GARDNER. Yep. Amtrak has a complicated and some detailed relationship with our freight partners. We are a tenant on their railroads across the Nation, and they are a tenant, in fact, on our Northeast Corridor. So we work very closely with our freight partners to make sure that we have—

Ms. NORTON. Well, as tenants, whose responsibility is it?

Mr. GARDNER. So, in the Northeast Corridor environment, where we are the host railroad, we have an obligation to permit freight traffic on our lines, so our responsibility is twofold. One is to make sure that the infrastructure is safe. We have that responsibility and to make sure, through the implementation of Positive Train Control and our safety management system, that we are elevating our safety abilities and trying to drive improvements across our infrastructure.

The freight railroads have the right to carry their commodities on our railroads, so we cannot restrict or control their routing or their commodities that they carry. But we do work closely with the freight railroads to make sure that we have—for our Amtrak police department and our emergency response team to make sure that we have good coordination and training so that we can respond if things occur.

But, fundamentally, I would say the goals of the industry need to be to adopt a safety management program, a system that drives continual improvement across our network, and Positive Train Control is a very important step to ensuring that things like train collisions or misaligned switches are avoided.

But there are more and—more efforts necessary, I am sure, across our whole industry to improve the safety margins, particu-

larly when carrying both people, which is our business, and hazardous materials, which is our colleague's business.

Ms. NORTON. Well, OK. Given—any of the rest of you have any mitigation ideas given the inevitability we have got to go through high-density areas like the Nation's Capital?

Yes, sir?

Mr. Jefferies.

Mr. JEFFERIES. So thank you for that.

So, currently, under agreement, I think you referenced hazmat does not move through freight through the capital of DC. Certainly that doesn't mean it doesn't move through other urban corridors. So, when it does, it is, I think, a three-pronged approach. It is prevention through track maintenance, making sure the track is in good shape, making sure the operating practices are safe, implementation of Positive Train Control. Most hazmat has to move over a PTC route, so that will be in place.

It is mitigation. It is having up-to-date, safe tank cars. In the 2015 FAST Act and also working with DOT several years ago, we upgraded all of the tank car standards for moving petroleum products and related, and then it is response—

Ms. NORTON. That is the new tank cars?

Mr. JEFFERIES. Yes. Phasing out older tank cars and putting new requirements in place.

And then it is response. It is working with first responders. It is training first responders so, if something happens, they know how to respond.

And one thing we are really proud of is an app we have developed that we are deploying to first responders where, if there is an incident, on the app, they enter the railcar. It says what is in the car, and it says how to respond, and it says who to contact.

So it is a three-pronged approach for us.

Ms. NORTON. Thank you very much, and thank you, Mr. Chairman.

Mr. LIPINSKI. The Chair now recognizes Mr. Lowenthal for 5 minutes.

Mr. LOWENTHAL. Thank you, Mr. Chair. My first question—I have a couple of questions.

My first question is to Mr. Jefferies, and it is kind of the most recent of the impacts, and the reason I raise this question, as we all know, the COVID-19 outbreak has disrupted the entire global economy, especially the supply chains that consumers and manufacturers have come to rely on.

In our southern California ports—and I represent the port of Long Beach—we have observed container volume decreases of 25 percent in February, 40 sailings to the port of Los Angeles have been canceled.

So my question is: How has this—have you seen this impacting the rail and, especially, what impact has it had on your stakeholders? Have there been decreases in rail? Have their employees been affected at all by the COVID-19? And I would love to know—

Mr. JEFFERIES. Thank you for that. It is a very relevant question.

So it is—I put it to two answers there. One, you hit on the port volumes that are seeing real decreases and real—

Mr. LOWENTHAL. Real decreases.

Mr. JEFFERIES [continuing]. And the head of the port association said nationwide, potentially a 20-percent reduction for Q1, certainly more pronounced on the west coast ports.

So, you know, that certainly translates in a downtick in container traffic moving on the rails, and, in conversations I have had with some of our members, they are communicating with their intermodal customers, because I think some of the focus is, this traffic is going to come eventually, and making sure that, when that uptick does occur, that everyone is ready and can flex into full capacity to get folks what they need.

But I think—so planning is in place, and certainly monitoring is in place, and we continue to evaluate, because I think we are all trying to determine what the overall impact is, and certainly the longer the shutdowns in Asia occur, the more pronounced that might be.

But there is also the internal, inward-looking preparation as well for the railroads, so—and having conversation—I had conversations with our members. They are going through a lot of scenario planning on different potential outcomes that can result from the virus. But a lot of it is what you are seeing in other companies and other industries, is, one, travel advisories, it is hygiene advisories, things as simple as that, but also looking at where our assets are and being prepared to adjust those as needed.

Now, when you get out into the field, railroading is a fairly decentralized industry, so you don't have folks working in—you know, in big crowds, so to speak, so certainly, that could impact the size of the impact if we get down that road, but I know our folks have pandemic task forces. They all have emergency response plans based on any sort of incident, whether it is a natural disaster, a pandemic—

Mr. LOWENTHAL. Have there been any layoffs of employees?

Mr. JEFFERIES. Because—

Mr. LOWENTHAL. Has it impacted the employees of railroads if there has been declining amounts of container traffic at this moment? I am just trying to see the overall—

Mr. JEFFERIES. Right. I am not aware of any layoffs as a result of the virus, no.

Mr. LOWENTHAL. Thank you. Thank you, and I appreciate your candid answer.

Mr. Corbett, southern California's commuter rail service, Metrolink, has a \$444 million backlog of the state-of-good-repair projects. What kind of backlog do you have at New Jersey Transit?

Mr. CORBETT. Thank you, Congressman.

Certainly, I am somewhat jealous of my colleagues in Washington particularly and the dedicated funding stream that California has provided for him. Unfortunately, I came into my seat 2 years ago, and we did not have a 5-year capital plan. We live with a tin cup going to the legislature.

Half our revenue comes through fare box, a little other extra income, real estate, et cetera, parking, and the rest, we have to get from our State legislature, other than the capital funding we get or the other funding I mentioned in my opening comments.

So it is really—our backlog is, you know—capital projects is billions in the last 2 years, and, this year, our State budget, we have been able to bring up our operating, but there was a decade of where we were raided capital. About a half a billion dollars a year of capital funding went to cover operating, which is a very insidious practice, I would—

Mr. LOWENTHAL. So you are having issues about state-of-good-repair—

Mr. CORBETT. Yeah.

Mr. LOWENTHAL [continuing]. Projects. So my question is: Has that backlog affected the reliability and quality of service that you offer?

Mr. CORBETT. Absolutely. There is no—we have 50-year-old engines, you know, older than Stephen, I think. Our coaches are 40 years, so we had no investment in our PTC program. When I came in, we were only 12 percent complete.

So all those things—we weren't training crews or engineers. So we had a huge backlog. All those things affected service. And, if you bring down the average age of your fleet—there is a healthy average—where your mean distance between failure, number of annulments, those kinds of things, become virtuous.

Mr. LOWENTHAL. So, if we increase the amount of Federal Government aid to commuter rail for use, if that increased in this coming budget, could you spend that on state-of-good-repair projects?

Mr. CORBETT. Absolutely. We touched on bridges, ADA. You know, where the ADA making it so all platforms—it can't just be partial platforms now with the ADA changes. So we have a huge backlog.

And I would say it is also tough because there is more competition now, even with, you know, increase in funding, where the national population shift from more rural to more centralized around urban areas, there is more of us competing for—even if there are slight increases in dollars, there is more of us competing for the same pot, so it is—

Mr. LOWENTHAL. Thank you for that.

Mr. CORBETT. Yeah.

Mr. LOWENTHAL. And, Mr. Chair, I yield back.

Mr. LIPINSKI. Thank you.

I now will recognize Mr. DeSaulnier for 5 minutes.

Mr. DESAULNIER. Thank you, Mr. Chairman. Thank you for the hearing. This is enormously important. It may be boring to non-engineers and people who are not interested in rail infrastructure.

My question—and Alan, Mr. Lowenthal, and I have similar pressures in our district, Mr. Lowenthal with the Port of Long Beach and L.A. and the Alameda Corridor, which is such a successful project on multiple levels, and our increasing demand for exurban trips, and so this first to Mr. Jefferies and Mr. Corbett. We have all this pressure in the urbanized areas as you were saying.

For us, it is goods movement out of the Port of Oakland through the Altamont Pass in particular, and then the exports hopefully that will start to continue again, and there are capital improvements there that are very old, and some of them lay dormant.

So, for instance, in my district, we were adding workforce housing in the eastern part of the East Bay. We extended the Bay Area

Rapid Transit system, but, when we were in negotiations for that, we were negotiating with UP for a line that was largely dormant because that area had gone from industrial shipping of wheat 100 years ago to largely urbanized suburban.

As soon as we got that funding source, the negotiations got very difficult. We had to switch the capital infrastructure to the middle of a 4-lane freeway that became a 10-lane freeway, but that added a lot of expenses, and that spur is still empty.

Now, I understand—I have another issue with Burlington Southern and an old line that used to go into the Port of Richmond but doesn't anymore through this section of spur, because it is open space now, and it is not going to be industrialized.

So my question is: How do we work better knowing that we value both, that there is fixed opportunities in terms of right-of-way and increasing capacity? And I appreciate the comments by Amtrak about the operational coordination, but more about expanding capacity, and that can be in the existing corridors as well as we use technology to move more freight and more passenger rail.

I have—in the San Francisco Bay area, we have 4 of the 10 largest commutes in the country, and that is all people that we want to get out of their single-passenger cars and into passenger rail, but we also want to move products.

So, Mr. Jefferies, could you talk about opportunities where the Federal Government could help facilitate what shouldn't really be a conflict in my view, but I understand why the private sector wants to hold on and get the best return for their investment on capital resources.

Mr. JEFFERIES. Thank you, Congressman.

I think the first thing that we all recognize, capacity is finite, especially in those urban areas, so I think the freight railroad is going to be very deliberate as it evaluates potentially giving up some of that capacity or turning over that capacity to increase passenger throughput, because, once—you know, you just can't—it is kind of like highways in the Northeast. In L.A., you can't just add more lanes.

So I think that is certainly part of it, and these are very long-range decisions, and, like you said, hopefully we will be able to be moving a whole lot of product back out of those ports soon.

But certainly the Federal Government can play a role when there is capacity expansion necessary for the public partner by providing that funding source, because, again, with the host railroad is really going to be—so safety is going to be first, but number two is going to be making sure they can serve their customers, and you don't want to end up in a situation where you have turned over part of that capacity and you are unable to meet your customer demands, present day or forecasted.

So examining what additional capacity is necessary and then finding that funding source, I think, is a huge step forward, and then the—you know, none of these—none of these are easy processes. There is a great story that came out of Virginia here, but it was over several years with the VRE, and Amtrak, and CSX, and adding to the right-of-way and building out some long-term capacity that is going to benefit everybody.

But I think just the recognition that, are there best practices that can be taken? One hundred percent. Money needs to be there for that capacity, and then all sides need to agree about kind of what the outcomes are and what the measure—the service level metrics are.

Mr. DESAULNIER. I would love to have a further conversation. I am sure the committee staff has had these conversations, but wherever we can at least provide best practices rather than let it go, because there is an urgency both for you to move freight, but for us to move passengers, and maybe, Mr. Corbett, you could just—if you have similar experiences in New Jersey, I am unaware.

Mr. CORBETT. Yeah. Some of that balance obviously, for us, the freight market is very important for New Jersey. We operate on—we have Norfolk Southern, Conrail, et cetera, so getting that right, that balance, where we are very sensitive to that. Certainly PTC has been a driver behind that cooperation, so it is very similar in New Jersey. You know, high density, that tradeoff, that triage process.

And, frankly, really it comes down to the question that Congressman Lowenthal said. It is funding. There is only a limited amount of funding. Freighters have to make their profit. They have their shareholders, and, us, we have to have fares that are reasonable, and so that gap is—you know, that starts that sort of a triage process.

Mr. DESAULNIER. Thank you.

I yield back, Mr. Chairman

Mr. LIPINSKI. The Chair recognizes Mr. García for 5 minutes.

Mr. GARCÍA. Thank you, Mr. Chairman, and Ranking Member Crawford, and thank you to all the witnesses.

I am glad to be joined by three witnesses from Illinois today at our hearing. Thank you, Dr. Bury, Mr. Shanahan, and Mr. Artl for your testimonies.

As I said before, Chicago is America's transportation hub. With over 7,400 miles of railroad tracks and thousands of rail crossings, we are quite familiar with rail and all the benefits and challenges that come with it.

Mr. Gardner, I would like to start with you on Amtrak accessibility. In December 2019, Amtrak charged two of my fellow Chicagoans \$25,000 each to remove seats to accommodate their wheelchairs. This was discriminatory and unacceptable, as conveyed by a letter from our Illinois delegation.

And, briefly, the following questions: Can you tell me the status of your seat removal policy? Additionally, have you accounted for these accessibility needs in the new car procurements that are planned for the future?

Mr. GARDNER. Thank you, Congressman.

So, to describe that incident a little further, we did, in fact, have some miscommunication between this organization and our Amtrak staff. What the \$25,000 was, was not a charge for tickets and travel, per se. It was the cost of modifying and changing out the interior of a piece of equipment, and that, it turned out, was not necessary for us to be able to move this group. We were able to accommodate them on a train with a—by adding a series of coaches and being able to provide them.

In fact, that is our obligations under the ADA, is to provide equipment that is ADA accessible. As we look to the future, we are continuing to work with Access Living to try and figure out ways to meet their needs for their trips. They have been a group with a long tradition of using Amtrak. We want to keep them as good customers.

And we are, in fact, meeting our ADA requirements and going beyond them with our new Acela train sets and as we look to procure additional sets to be able to meet the needs of our passengers consistent with the requirements of the law.

Mr. GARCÍA. Are you reviewing any policies beyond seat removal to avoid other incidents that prevent Americans with disabilities from accessing Amtrak? Briefly, please.

Mr. GARDNER. Well, we are—we are looking, as Mr. Corbett said, at our access on the platform side to create good additional access for our equipment within the trains to be able to have the right level of width and the right level of seat availability. And these are common across the requirements, including retrofitting additional equipment where we can, we have today.

Mr. GARCÍA. Your written testimony noted that Amtrak must bring 230 long-distance stations into compliance with ADA requirements. In fact, you have sole or shared responsibility for 387 stations. Yet, as of February 2020, Amtrak reported it has completed all of its ADA responsibilities at only 39 stations.

When do you plan to bring all 387 stations into 100 percent compliance with ADA?

Mr. GARDNER. So I think our current plan has that being accomplished in 2024. We are, in fact, spending record amounts and achieving our program—we have a program that is developed with the Federal Railroad Administration and required, but it is important to note, Congressman, most of those or many of those stations, while we have responsibility, we may not have ownership, or we may not have the rights to actually execute the work.

So part of what we will be looking for help from Congress is how do we advance projects at facilities we don't own but have responsibility for?

Mr. GARCÍA. Are you investing any revenue, including Federal appropriations, in getting stations to meet ADA requirements?

Mr. GARDNER. Absolutely. We are given \$50 million every year through appropriations, and we are spending more than that in the fiscal year.

Mr. GARCÍA. OK. Thank you.

Mr. Artl, you spoke to safety concerns related to blocked crossings at grade crossings. I too am concerned with the safety and also the resulting air quality issues that can arise from idling trucks.

I thank Chairman Lipinski for raising this issue earlier.

Do you believe that, if the Federal Government could provide a more dedicated funding stream to build grade-separated crossings, we could both reduce blocked crossing congestion and accidents?

And, before you answer that, I just want to add I am currently working on legislation to create a dedicated funding stream for grade-crossing separations.

Mr. ARTL. Yes, absolutely. A multiyear program with funding would give engineers, IDOT, the CREATE program the ability to

plan forward for years and provide the proper balance of funding and teamwork and partnership that would be needed to address many of the grade separation problems.

Mr. GARCIA. Thank you so much. Wow, I still have 10 seconds, and, with that, I yield back, Mr. Chairman.

Mr. LIPINSKI. Thank you, Mr. García. Thank you for your work in Illinois and on this committee.

We want to thank all of our witnesses. We have now run through all the questions, and your testimony today has been very helpful as we head into—this is our last hearing before we will be finishing up the final draft of the surface transportation reauthorization, and your comments today will be very helpful as we write the bill and figure out how best to ease congestion for both freight and passenger rail.

This is something that is very important, especially as we are talking about climate change and greening our transportation sector. Rail is a big part of doing that, both passenger and freight rail.

So I want to ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

And unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

And this subcommittee now stands adjourned.

[Whereupon, at 12:20 p.m., the subcommittee was adjourned.]



## SUBMISSIONS FOR THE RECORD

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### **Prepared Statement of Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Ranking Member, Committee on Transportation and Infrastructure**

I want to thank Chairman Lipinski for holding this hearing, and I want to thank our witnesses for attending.

Today's hearing is a good opportunity to assess the future needs of freight and passenger rail services and to discuss opportunities for improving the infrastructure used by these industries.

As this Committee looks at reauthorizing surface transportation programs, it is critically important to examine the needs of the rail industry, including critical maintenance and upgrades that ensure that our railroads remain safe and strong.

One important factor when considering the future needs of our railroads is the relationship between freight and passenger rail. We must ensure that the interests of both industries are adequately addressed in a manner that best serves the public.

While I am encouraged by the success of the CREATE Program [Chicago Region Environmental and Transportation Efficiency] in alleviating rail congestion in Chicago, we must also consider issues facing our rural communities. Furthermore, we should examine growing cities and regions to ensure that they are able to accommodate future increases in rail traffic.

The rail industry relies on grants from the federal government to help with safety, upkeep and growth in the industry. We must look at how this money can be most effectively deployed to keep our rail system strong.

Thank you again to our witnesses, and I look forward to our discussion.

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### **Letter of March 3, 2020, from Bruce H. Bergen, Raritan Valley Rail Coalition, Submitted for the Record by Hon. Tom Malinowski**

MARCH 3, 2020.

Subcommittee on Railroads, Pipelines, and Hazardous Materials,  
*House Committee on Transportation and Infrastructure,*  
*2167 Rayburn House Office Building, Washington, DC.*

RE: Raritan Valley Rail Line of New Jersey Transit

DEAR HON. SUBCOMMITTEE MEMBERS;

The Raritan Valley Rail Coalition represents in excess of 23,500 daily riders and more than a million residents who live in the 28 municipalities, across 4 counties along the Raritan Valley Line of New Jersey Transit. For more than 2 decades, this organization has lobbied and fought to secure direct service for our riders to New York Pennsylvania station—what we call the “one seat ride.” Although our line carries a significant number of commuters, comparable to other lines, we are totally denied this important service during rush hour, and have just a handful of non-peak direct trains.

Direct service to Manhattan, without changing trains in Newark, is a basic quality of life issue. Our constituents are entitled to the speed, convenience and comfort of direct rail service, be it for work or pleasure, just like riders on every other NJ Transit line. It is a matter of fairness and equity. Further, it has been shown that direct rail service is an economic benefit to the entire community, increasing property values and commerce in general.

Yet, the ultimate solution to this problem rests with a much larger issue, and that is the Gateway Project. We cannot afford to continue to gamble our collective future, by failing to promptly approve, fund and construct this project. The long-term health and growth of the municipalities along our line, no less the entire north east, is

threatened by the condition of the existing Hudson River Tunnels, and the ongoing failure of the federal authorities to provide funding. It has been well documented that the Hudson River tunnels are critical to the passage of both passenger and freight rail, affecting not only this region but the country as a whole.

We urge you to move forward with funding of the many and varied infrastructure projects that are needed across this country, but in particular, to fund the Gateway Project which we believe is one of the most critically important.

Respectfully yours,

BRUCE H. BERGEN,  
*Chairman, Raritan Valley Rail Coalition.*

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**Letter of March 3, 2020, from County of Union, New Jersey, Board of Chosen Freeholders, Submitted for the Record by Hon. Tom Malinowski**

COUNTY OF UNION, NEW JERSEY,  
BOARD OF CHOSEN FREEHOLDERS,  
ADMINISTRATION BUILDING,  
ELIZABETHTOWN PLAZA,  
*Elizabeth, NJ, March 3, 2020.*

Subcommittee on Railroads, Pipelines, and Hazardous Materials,  
*House Committee on Transportation and Infrastructure,*  
*2167 Rayburn House Office Building, Washington, DC.*

Re: Gateway Tunnel Project

DEAR HON. SUBCOMMITTEE MEMBERS;

New Jersey's Union County is served by 16 train stations on four commuter rail lines carrying thousands of daily commuters, along with those seeking recreation and culture, to New York City. Each of those trains, along with those from Amtrak and for freight service, must now travel through the two more than 100-year-old tunnels under the Hudson River. Meanwhile, the Gateway Tunnel Project remains unfunded.

Should just one of those two aging tunnels be forced out of service, it will cut rail traffic by about 75%, creating an economic and human disaster for Union County and the entire northeastern region. A 2019 report by the Regional Plan Association estimates that a tunnel failure could cost as much as \$13 billion over 4 years and reduce property values by as much as \$22 billion, in addition to the significant effect on the work, personal and family lives of hundreds of thousands of people.

Further, the RPA report details how a tunnel closure would directly affect Amtrak service from New York to Washington and beyond, spreading significant costs through Maryland, Virginia and Connecticut, as well impacting the ability to move freight within and beyond the region.

Construction of the Gateway Tunnel and related projects will have the most significant positive economic impact of any of the infrastructure projects in the nation. This is a national, not a local or regional issue. We urge you to include the Gateway Project in the next round of funding so we can eliminate this potential disaster as soon as possible and ensure safe travels between New York and New Jersey for our constituents.

Sincerely,

ALEXANDER MIRABELLA,  
*Freeholder Chairman.*  
ANGEL ESTRADA,  
*Freeholder Vice-Chairman.*  
BETTE JANE KOWALSKI,  
*Freeholder.*