

**PASSENGER RAIL REAUTHORIZATION: THE  
FUTURE OF THE NORTHEAST CORRIDOR**

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**FIELD HEARING**

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION  
AND MERCHANT MARINE INFRASTRUCTURE,  
SAFETY AND SECURITY

OF THE

COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION  
UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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MAY 4, 2015  
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## **PASSENGER RAIL REAUTHORIZATION: THE FUTURE OF THE NORTHEAST CORRIDOR**

**MONDAY, MAY 4, 2015**

U.S. SENATE,  
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND  
MERCHANT MARINE INFRASTRUCTURE, SAFETY AND SECURITY,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Newark, NJ.*

The Subcommittee met, pursuant to notice, at 9:30 a.m., at 1 Newark Center, 17th Floor, North Jersey Transportation Planning Authority, Hon. Cory Booker, presiding.

### **OPENING STATEMENT OF HON. CORY BOOKER, U.S. SENATOR FROM NEW JERSEY**

Senator BOOKER. I want to call the hearing to order and bang the gavel. I'm doing this simply because of an ego need that I have being such a new Senator. I still have that new Senate smell—  
[Laughter.]

Senator BOOKER.—and I'm so far away from being a chairman of anything, the fact that I'm touching this gavel right now is giving me such an intoxicating feeling of power—  
[Laughter.]

Senator BOOKER.—you all have no idea. So if anybody wants to take this picture and see the Rocky Mountain high that I have right now.

[Laughter.]

Senator BOOKER. Colorado has got nothing on the feeling I've got. Oh, you're really doing it?

[Laughter.]

Senator BOOKER. All right. So, guys, I just am incredibly excited about this hearing. Some people think that that's why I'm still single today, because all I want to talk about on my dates is infrastructure.

[Laughter.]

Senator BOOKER. But this is actually a really, really important, I think vitally important topic that we're hearing. I'm very happy that we have a good group here. I'll be introducing the witnesses in a second, but I'd like to make some opening remarks and thank, first and foremost, NJTPA for letting my Subcommittee take over their board room here, which is really nice. It's great that they're letting us do this for the Commerce Committee.

I want to thank Chairman Thune, who has become a friend in the Senate, for allowing this hearing to take place; and obviously Ranking Member Nelson as well.

The witnesses and everyone here in attendance, I'm grateful for you all devoting a significant portion of your morning on this great Monday morning as well.

Today's hearing is going to focus on the importance, as we know, of passenger rail, but particularly the Northeast Corridor. As many of you know, the funding for passenger rail, which includes Amtrak, expired in the 2013 Congress, and we have yet to reauthorize any of these programs.

So my intention, frankly one of my main missions in the Senate, is to work in a bipartisan manner to get things done. So I've been embroiled in bipartisan efforts to advance the passenger rail reauthorization. This hearing is going to inform that bill, and I look forward to hearing how the Federal Government can assist in the essential efforts going on in the Northeast Corridor. Many of the heroes of the Northeast Corridor are here today.

The Northeast Corridor is incredible. The more I dig down in this valuable corridor, the more we realize it is an indispensable transportation asset and a profound national economic driver. It carries 750,000 passengers each day, moves a workforce that contributes \$50 billion annually to the GDP. In fact, one-fifth of America's GDP is produced in the Northeast Corridor. And when it comes to the transportation of people, it is incredible. Again, the Northeast Corridor represents one out of every six people we have in our country.

So this is a vital corridor. It's estimated that the loss of this corridor, one single day actually of a delay, could cost the Nation about \$100 million in wasted time and lost productivity from just sitting in traffic and congestion. It would be a nightmare of grand proportions.

In New Jersey, we know that the Northeast Corridor is our lifeblood. We use it to get to work. We use it to get to school. We use it to do business. We cannot live and work, frankly, without the Northeast Corridor. It's become that essential to life in our state. Without it, our roads would, frankly, just become parking lots, and people would be left with little options unless the gyrocopter really takes off as a mode of transportation.

We've learned this lesson the hard way. We saw when Super Storm Sandy came the impact it had on the Northeast Corridor. When the storm severely limited service on the Northeast Corridor, passengers suffered incredible commutes, taking hours to cross the river, with gridlocked traffic and severely overcrowded bus and ferry trips. It was, as many people remember, a nightmare.

This is not the situation we ever want to experience again. We need to be investing in creating better resiliency. But, unfortunately, we're not doing that, and the possibility of this happening every day becomes more real with each passing day.

The hundred year-old bridges and tunnels that our rail service relies on are engineering marvels from the time of Teddy Roosevelt. But now, after inheriting this incredible legacy from our grandparents, it's like inheriting the beautiful home left to you in a will by your grandparents and then trashing it and doing nothing to upkeep it. That's where we are when it comes to our infrastructure in the Northeast Corridor.

Now these bridges and tunnels and our rail service are incredibly fragile and prone to significant delays, and they're unable to keep

up with the changing needs of rail service in our region. And demand for rail service is incredibly high. There were over 260 million people who rode the Northeast Corridor in 2009. That figure is estimated to nearly double in 2040.

But it's hard to fathom when we have 105-year-old Hudson River tunnels, badly damaged by Hurricane Sandy, which must either be replaced or shut down sometime over the next decades, it's hard to fathom that this is the case, but it is. And shutting down those tunnels we all know is a risk we cannot afford to take.

Earlier this year, the Administration recommended that Congress provide a dedicated and reliable source of funding, plus greatly increase the amount we're spending on rail. That is an idea, as we all know, whose time has come. Each year we do ensure that approximately \$50 billion is dedicated for funding for our highways and transit through the Highway Trust Fund, and nearly \$16 billion is dedicated funding for aviation through the Aviation Fund. Meanwhile, passenger rail gets less than \$1.5 billion and has to fight with a whole host of other programs in the appropriations process to maintain that funding.

Now, I'm a guy that began my career going down to Washington when I was mayor, every once in a while taking the airlines. I don't do that at all. In fact, Amtrak has increased its market share well over aviation. Amtrak's share of the air/rail market, the total number of passengers who either fly or take the train between Washington and New York, increased from 37 percent in 2000 to 77 percent in 2014, following in many ways the habits that I changed as well.

So between New York and Boston, actually the Amtrak share increased from 20 percent in 2000 to 57 percent in 2014. The funding mechanisms we use do not reflect what actually consumers and commuters are actually doing, and that's got to change.

So with large, complex projects, passengers need long-term dedicated funding, just like highway and transit projects. It is essential in order for us to get this decaying corridor to where it should be. And if we're ever going to make a dent in the more than \$20 billion backlog in projects in the Northeast Corridor—and I, frankly, and you all can comment, I think that is a low number compared to the backlog and the delayed investments we should be making—we desperately need to increase our funding and create mechanisms that can serve the needs of what we're doing. We just can't allow this most vital asset—it is a major artery to the body of our country—we cannot allow it to wither and die.

And we also cannot wait until a crisis. We know what's happening with the more unpredictable weather events. We know the damage that Sandy has done. We cannot wait until a crisis to act, because at that point it will be untenable.

So right now, the urgency is here for us to do more, and that's why I've gone to Washington to work in a bipartisan manner, and I'm rolling up my sleeves right now and working very hard on this bipartisan bill to address the critical needs for passenger rail and target investments to places that we really need them. We may not be able to solve all the funding problems in this one bill. But, dear God, there are steps that we can and must take.

For example, earlier this year I introduced the Railroad Infrastructure Financing Improvement Act, known as RIFIA—it sounds like a restaurant here in Newark I used to go to—to give rail projects an improved financing option. I'm excited because that would be a good step.

The current rail financing program is fraught with limitations and problems, and particularly in its ability to fund very complex infrastructure projects like a major bridge or a tunnel. The changes I'm recommending will make rail financing more accessible and efficient and help to finance rail projects.

It is truly past time that we take action to reverse the pattern of Northeast Corridor deterioration. While the investments we need to make are substantial, the benefits they will bring are incredible, and we can attest to that by our experience. The investments we make now will provide dividends for our children and our children's children.

So I look forward to hearing from the witnesses. But as we orient ourselves to this challenge, let us let common sense prevail for our Nation. I look out on Washington all the time about how do we grow our economy and help more people. The time that we're talking about middle-class jobs is the time that we're talking about creating opportunity and possibility for business growth. There are few better investments our taxpayer dollars could be in than investing in infrastructure projects. Unequivocally, it creates a return on investment, not only a return on investment in economic growth, not only a return on investment in jobs, but it's also a return on investment in quality of life, and nothing can be greater in a purpose of government than to expand this kind of opportunity, to make these kinds of investments.

I'm tired of traveling around the globe and watching other nations blow by the United States of America when it comes to infrastructure. We used to be at the top on planet Earth in infrastructure. Now, according to some rankings, we've fallen to about number 18. It is sensible enough to understand that making an investment here would be incredible in the returns it could do for our country and to help us keep up with the 24/7 global economy where other nations have ports that are faster than ours, airports that are superior to ours, rails that are faster and more modern.

The last thing I'll say is that this is the time to invest, too. Cost of capital is low. It's a time when we need jobs. There is no greater time than now to make these investments.

All right. With that, I'm going to turn to the witnesses. I look forward to hearing from them about these issues and others to help enlighten us. I'm excited about the record that we are going to create today and the momentum that this hearing could create to help us create a bipartisan effort to improve the Northeast Corridor.

So, I want to welcome all the witnesses. If I butcher any names, please blame it on my staff. If I get them right, give me all credit.

[Laughter.]

Senator BOOKER. But first, I want to introduce the Acting Administrator for the Federal Railroad Administration, Ms. Sarah Feinberg. Sarah, thank you very much for being here. I just wanted to go through everybody's name real quick. But, Sarah, we're going to start with you.

The Honorable Tony Coscia. I knew Tony Coscia before he was honorable.

[Laughter.]

Senator BOOKER. Chairman of the Board of the National Railroad Passenger Corporation. It's always great to see you. You've been a dear friend for a very long time.

James Redeker, the Commissioner, Connecticut Department of Transportation. We'll occasionally allow somebody from Connecticut here, but you have roots in Jersey, so I'm claiming you.

Mr. Thomas Wright, the President of the Regional Plan Association, a long-time friend, incredibly helpful to me when I first became Mayor and helping me understand to get out of my narrow view of this region and begin to understand Newark's role in the region, truly a visionary person. I'm grateful that you're here today.

And Joe McNamara, another dear friend, long-time friend, who is the Director of LIUNA New Jersey, one of our great union organizations from Monroe Township right here in New Jersey.

So, why don't we go to opening statements?

Ms. Feinberg, please, we'll start with you.

**STATEMENT OF SARAH FEINBERG, ACTING ADMINISTRATOR,  
FEDERAL RAILROAD ADMINISTRATION, U.S. DEPARTMENT  
OF TRANSPORTATION**

Ms. FEINBERG. Thank you so much, Ranking Member Booker. Thank you for inviting me to New Jersey, particularly with this distinguished panel, to discuss passenger rail, the Northeast Corridor, and the Administration's Surface Transportation Reauthorization Proposal to GROW AMERICA.

As Acting Administrator, I have already had the privilege of working closely with your staff, and I look forward to working closely with you as well.

In my first few months as Acting Administrator, the FRA has responded to five major rail incidents, some involving deaths and injuries, and many smaller incidents. Each incident has underscored for me FRA's top priority, which is improving safety.

At the FRA, we have a mandate to provide oversight, enforcement, and regulations that raise the bar for rail safety, and I'm pleased to say that on Friday we did just that. The FRA and our sister agency, PHMSA, released a final rule for the movement of high-hazard flammable-unit trains, including those carrying crude oil and ethanol. This rule, in conjunction with Canada's rule-making, ensures that all tank cars will be built to a higher standard, requiring them to have thicker and stronger shells, greater thermal protections, and other safety features.

This rule also requires a number of safety improvements for rail operations, including the use of enhanced braking systems known as ECP brakes. Friday's action, along with nearly 30 others the Department has taken, are all part of an ongoing comprehensive approach to safety that will prevent accidents from happening, mitigate the damage when they do occur, and support emergency response.

This rule complements a number of other safety regulations, guidance and studies issued in recent years, many as a result of this committee's hard work and dedication to improving rail safety.

More than 6 years ago, this committee led the development of two pieces of seminal legislation, the Rail Safety Improvement Act of 2008, and the Passenger Rail Investment and Improvement Act of 2008. These laws made the rail industry safer and laid the groundwork for a high-performance rail network that is now flourishing.

Today, there are nearly 150 new passenger rail projects either underway, completed, or about to begin as a direct result of the PRIIA authorization. These projects are improving our rail system in 32 states and the District of Columbia, and include important initiatives such as the Portal Bridge Project just miles from here.

Through FRA's High-Speed Intercity Passenger Rail Program, we were able to assist New Jersey Transit and Amtrak to complete engineering plans needed to begin the critical work on the Portal Bridge, a bridge that is so important to the present and future of the NEC. All we are waiting for at this point to make this project a reality is the next tranche of funding from Congress.

Together with Congress and our stakeholders, we have helped to create a solid foundation for rail, but we know there is still much to be done. The Department's recent Beyond Traffic report identified numerous transportation challenges facing our nation, including population growth, a growing infrastructure deficit, rising congestion and constrained mobility, greenhouse gas emissions, and a rapidly shifting demographic profile, and nowhere are these challenges more acute than on the Northeast Corridor, the largest and busiest rail corridor in North America.

One out of every six Americans lives here. This corridor is home to Amtrak, eight commuter railroads, and four freight railroads that operate more than 2,000 trains daily, as illustrated on the video. This region's transportation network is essential to quality of life and the local economy, and we saw stark evidence of that reality during the aftermath of Hurricane Sandy in 2012 when the NEC transportation network was brought to a virtual standstill.

Congress recognized these challenges when it created the NEC Commission. Since its creation, the Commission has adopted a methodology for allocating costs shared among NEC commuter rail operators and Amtrak, as well as released the first-ever joint 5-year capital plan for the corridor. Complementing these efforts, FRA invested heavily in the NEC. Since 2008, we have invested nearly \$1 billion through the High-Speed Intercity Passenger Rail Program into the NEC main line. We've also invested an additional \$450 million in projects along feeder rail lines that provide the region with connectivity and increased mobility.

FRA also initiated the NEC Future program, a comprehensive planning effort to define, evaluate, and prioritize future passenger rail investments along the NEC. NEC Future is expected to be completed in 2016 and will have a lasting legacy in guiding the corridor's development.

The needs along the NEC are great. In order to help meet challenges like these, Secretary Foxx transmitted the GROW AMERICA Act to Congress on March 30, 2015. It includes \$29 billion to enhance rail safety, maintain current rail services and infrastructure, and expand and improve the rail network to accommodate growing passenger and freight demand.

A key feature of the GROW proposal is to provide rail with a predictable, dedicated funding stream similar to those already in place for highways, transport, and airport programs, as you mentioned. The GROW AMERICA proposal will help bring our current rail network into a state of good repair and continue existing rail services while also enabling us to expand and improve America's rail network to accommodate growing travel demand.

Again, the NEC provides the perfect example of how the growing state of good repair backlog accumulating across the country is affecting our ability to keep up with required maintenance, let alone improve our assets for the future. FRA, states, Amtrak, commuter railroads, other industry stakeholders, and the American people are ready to take the next step. You have provided us with a solid foundation for growth and progress. I recognize that a comprehensive proposal like GROW AMERICA requires navigating across many committees in both chambers, but with that said, I thank you for taking a close look at passenger rail reauthorization and appreciate the opportunity to continue working with you, and I look forward to taking your questions.

[The prepared statement of Ms. Feinberg follows:]

PREPARED STATEMENT OF SARAH FEINBERG, ACTING ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION

Chairman Fischer, Ranking Member Booker, and Members of the Subcommittee, thank you for inviting me to New Jersey to discuss passenger rail, the Northeast Corridor (NEC), and the Administration's surface transportation reauthorization proposal, GROW AMERICA. <sup>1</sup> Like this Subcommittee, the Federal Railroad Administration (FRA) understands the value and importance of the NEC as a national asset.

More than six years ago, this Committee led the development of two pieces of legislation that have helped to redefine the role of intercity passenger rail in the United States and usher in a new era of critical safety reforms—the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and the Rail Safety Improvement Act of 2008 (RSIA). Significant progress has been made since implementation of this legislation, and the rail industry has changed dramatically. However, a significant amount of work remains to further improve the Nation's rail network, and as the U.S. Department of Transportation's recent *Beyond Traffic* report identified, there are numerous transportation challenges facing our Nation, including:

- *Population Growth*—America's population will grow by 70 million by 2045. The majority of this growth will be concentrated in roughly a dozen megaregions. The national transportation system must prepare to meet this increased demand. Increasingly, as evidenced by record ridership numbers, Americans are choosing to travel by passenger rail. In addition to providing mobility and travel choices for this growing population, we must also identify solutions to accommodate resulting freight demand, which is anticipated to increase 45 percent during this timeframe.
- *Infrastructure Deficit*—As our population continues to grow, so too does the use of our transportation infrastructure. The funding necessary to maintain and improve our transportation system has not kept pace with this usage and the burdens placed upon it, which has led to a widening infrastructure deficit as more and more transportation assets fall into a state of disrepair. The World Economic Forum ranks the United States 16th in overall infrastructure, down from 7th in 1999 and below several western European, Asian, and Middle Eastern countries.
- *Congestion and Mobility*—Highway and aviation congestion continues to rise, with an estimated economic impact growing from \$24 billion in 1982 to \$121

<sup>1</sup>The Secretary of Transportation submitted the GROW AMERICA Act to Congress on March 30, 2015. "GROW AMERICA" stands for "Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America."

billion in 2011 in lost time, productivity, and fuel. In many places with the worst congestion, expanding airports and highways is difficult, as land is limited and environmental/community impacts are significant. On average, Americans spend more than 40 hours stuck in traffic each year.

- *Environmental Protection*—Last month, the U.S. Environmental Protection Agency released its 20th *Inventory of U.S. Greenhouse Gas Emissions and Sinks*, which found that the U.S. emitted 5.9 percent more greenhouse gases in 2013 than it did in 1990, with emissions increasing 2 percent from 2012 to 2013. In addition, 27 percent of all U.S. greenhouse gas emissions are now from the transportation sector. Increased emissions will amplify the existing health threats the Nation faces, which can have substantial impacts on quality of life and the economy.
- *Changing Demographics*—As the U.S. population grows, it is also changing. A large number of Americans are entering their retirement years and are choosing to drive less often, particularly over longer distances. Only 15 percent of Americans older than 65 drive regularly, and that rate declines to just 6 percent for those older than 75. At the same time, younger generations of Americans are choosing to drive both less often and for fewer miles than previous generations, and are obtaining driver's licenses at record low rates. This cohort uses public transportation more frequently than older Americans and has different expectations for the composition of their transportation system.

#### **GROW AMERICA**

In order to help meet these challenges, Secretary of Transportation Anthony Foxx transmitted the GROW AMERICA Act to Congress on March 30, 2015. GROW AMERICA is a six-year, \$478 billion multi-modal reauthorization proposal intended to comprehensively address our surface transportation needs. The proposal includes an integrated strategy to enhance rail safety, maintain current rail services and infrastructure, and expand and improve the rail network to accommodate growing passenger and freight demand.

##### *National High-Performance Rail Network*

GROW AMERICA proposes close to \$29 billion over six years to invest in a National High-Performance Rail System, which allocates funds to two new programs aimed at promoting market-based investments to enhance and grow rail:

- *Current Passenger Rail Service Program*—Over six years, GROW AMERICA will provide \$14.1 billion to maintain the current rail network in a state of good repair and continue existing services. The proposed Current Passenger Rail Service Program fully funds the National Railroad Passenger Corporation (Amtrak) and for the first time organizes grants for passenger rail services by lines of business:
  - \$4.425 billion to bring *Northeast Corridor* infrastructure and equipment into a state of good repair, thus enabling future growth and service improvements;
  - \$645 million to replace obsolete equipment on *State-supported corridors* and to facilitate efficient transition to financial control for these corridors to States, as required by Section 209 of PRIIA;
  - \$4.5 billion to continue operations of the Nation's important *long distance routes*, which provide a vital transportation alternative to both urban and rural communities;
  - \$2.43 billion to improve efficiency of the Nation's "*backbone*" rail facilities, make payments on Amtrak's legacy debt, and implement Positive Train Control (PTC) systems on Amtrak routes; and
  - \$2.1 billion to bring stations into compliance with the *Americans with Disabilities Act*.
- *Rail Service Improvement Program*—GROW AMERICA also provides an additional \$14.4 billion over six years to expand and improve America's rail network to accommodate growing travel demand, which includes:
  - \$9.45 billion to develop high-performance passenger rail networks through construction of new corridors, substantial improvements to existing corridors, and mitigation of passenger train congestion at critical chokepoints;
  - \$3.05 billion to assist commuter rail lines in implementing PTC systems;
  - \$1.5 billion to help mitigate the negative impacts of rail in local communities through rail line relocation, grade crossing enhancements, investments in short line railroad infrastructure, and training and technical assistance to

help local governments better coordinate with railroads regarding operational and safety issues; and

- \$450 million to develop comprehensive plans that will guide future investments in the Nation's rail system and to develop the workforce and technology necessary for advancing America's rail industry.

In addition to establishing these new grant programs, GROW AMERICA proposes a number of improvements to the Railroad Rehabilitation and Improvement Financing (RRIF) Program. Specifically, GROW AMERICA proposes to allow FRA to subsidize RRIF loan costs in an effort to make the program more accessible, particularly to resource-constrained short line railroads. With this change, the RRIF Program would be able to employ Federal subsidies like the Department's Transportation Infrastructure Finance and Innovation Act Program, whereas now RRIF relies only on payments from borrowers.

#### *Dedicated and Predictable Funding for Rail*

Congress has for decades funded highway infrastructure and safety, transit, and airport programs through multi-year authorizations that provide dedicated funding. Rail lacks a comparable stream of Federal revenue. As a result, passenger rail capital investments have generally failed to keep up with the needs of existing equipment fleet and infrastructure, leading to a backlog of state of good repair and other basic infrastructure issues on our rail network across the country.

For the first time, GROW AMERICA would establish a Rail Account within the Transportation Trust Fund to provide funding certainty for rail. Predictable, dedicated funding will enable States, local governments, railroads, and other stakeholders to more effectively plan and make large-scale infrastructure investments. A consistent Federal funding program, leveraged by State and local support, can also better attract private markets to invest in the transformative transportation projects needed to move America forward. This approach has been affirmed internationally, where major rail systems have been planned and developed through a predictable multi-year funding program.

#### *Freight Rail*

America's freight rail network plays a critical role in supporting the stability and growth of the U.S. economy. Freight rail is a \$70 billion industry that is relied upon by various sectors across the economy. Outside of the NEC—where track and infrastructure is predominantly owned by Amtrak, the New York Metropolitan Transportation Authority, and the States of Connecticut and Massachusetts—most intercity passenger rail services operate over privately-owned freight railroads. The GROW AMERICA proposal looks to advance investments and policies that create “win-wins” that benefit and strengthen both passenger and freight rail. This includes authorizing a comprehensive evaluation of the operational, institutional, and legal structures that would best support high-performance passenger and freight rail services that operate over shared-use infrastructure. Reassessing these parameters—many of which have been in place for decades—is needed to better accommodate growing demand and address the paradigm shift proposed in GROW AMERICA of providing predictable, dedicated funding for rail.

GROW AMERICA will also support our freight rail network by providing dedicated capital funds for short line railroads through the new Local Rail Facilities and Safety Program under the Rail Service Improvement Program. Short line railroads often provide the critical first-and last-mile connections between shippers and the national main line freight rail network. However, many short line railroads lack the resources to adequately maintain and improve their infrastructure. FRA believes Federal assistance is required to assist short line railroads and improve the fluidity of our freight rail network.

#### *Continuous Safety Improvements*

Through RSIA, Congress mandated that PTC be implemented on certain railroads and routes by December 31, 2015. FRA believes the implementation of PTC is the single most important safety advancement being implemented by the rail industry today. Although the railroads are working diligently towards implementation of PTC systems, FRA is concerned that the vast majority of railroads will not be able to meet the deadline.

In recent months, both Members of Congress and industry representatives have expressed significant interest in an alternative path forward on PTC implementation in light of the fact that most railroads will not be able to comply with the statutory deadline. In GROW AMERICA, FRA has proposed that it be given the authority to provide limited extensions to permit some latitude in those circumstances where unforeseen events delay a railroad's ability to fully implement PTC. FRA has

also indicated its willingness to employ enforcement discretion in those situations where railroads have been consistently working towards PTC implementation but will not be able to comply with the current deadline.

In addition to addressing PTC implementation, GROW AMERICA will improve the predictability of work schedules for railroad operating employees and prevent operator fatigue by granting FRA full rulemaking authority to replace outdated hours-of-service laws with scientifically-based regulations. GROW AMERICA also promotes uniform operating rules for the industry by requiring harmonization of railroads' operating rules in small geographic areas where two or more railroads host joint operations. This provision could improve safety by assisting railroad employees to better understand and comply with another host railroad's operating rules, as well as reduce railroads' rule training and development cost.

*Transparency, Accountability, and Effective Planning*

Achieving the priorities contained in GROW AMERICA can only occur if these programs and initiatives are effectively managed and deliver public benefits and service improvements through a process that is transparent to the American people. The roles and responsibilities of the Federal Government, States, Amtrak, freight railroads, and other stakeholders must be clear and based on sound public policy. One of the principles of the grant programs contained in GROW AMERICA is to organize funding for current passenger rail services by business lines and invest Amtrak's NEC operating surpluses back into the corridor to address NEC infrastructure needs. This structure will improve transparency and accountability for taxpayer investments by aligning costs, revenues, and Federal grants to business lines to better ensure that our investments are advancing the Nation's goals and objectives for rail services.

Similarly, infrastructure investments are most often delivered on time, within budget, and achieve their full intended scope when they are the result of a rigorous planning process. GROW AMERICA will require Amtrak to engage in annual five-year operating and capital planning to focus on the long-term needs of its business lines. Additional capital asset plans will describe investment priorities and implementation strategies and identify specific projects to address the backlog of state of good repair needs, recapitalization/ongoing maintenance needs, upgrades to support service enhancements, and business initiatives with a defined return on investment. GROW AMERICA also emphasizes developing rail plans in the context of a broader regional framework that can help to better integrate rail projects with other transportation modes, promote greater involvement by stakeholders, identify priorities for limited Federal funding, and yield more cost-effective investments. Establishing a framework for improved regional rail planning is a key component of the GROW AMERICA proposal.

**The Northeast Corridor**

There is no better place to emphasize the need for a multi-year reauthorization for rail and what the Administration is trying to accomplish with GROW AMERICA than right here in Newark. The NEC is one of the most important transportation assets in the United States. The lifeblood to the regional economy, the NEC carries more than 750,000 people each day on Amtrak and commuter services, with Amtrak setting a new NEC ridership record in Fiscal Year (FY) 2014 with 11.6 million passengers. The residents and commuters that utilize the NEC to travel to and from work each day contribute more than \$50 billion to the national economy each year. The NEC is also one of the most complex transportation assets in the country, running through 8 States and Washington, D.C. and hosting more than 2,000 daily trains on 8 commuter railroads, 4 freight railroads, and Amtrak.

Despite the important role that the NEC plays in the lives of millions of Americans and our economy, many segments of the corridor operate at or near capacity and are in need of major repairs. The NEC requires nearly \$1.5 billion per year over 15 years just to bring the corridor into a state of good repair and maintain it in that condition. The average age of the NEC's major bridges and tunnels is approximately 110 years old. These assets have remained in service well beyond their expected useful life and today require extensive maintenance and are major sources of corridor delays.

*NEC Commission*

Congress recognized the opportunities, constraints and challenges facing the NEC in the passage of PRIIA by establishing the Northeast Corridor Infrastructure and Operations Advisory Commission (NEC Commission). Composed of members from each of the NEC States, Amtrak, and the U.S. DOT—as well as other non-voting stakeholders—the NEC Commission was charged by Congress with developing a

cost allocation formula for determining and allocating costs, revenues, and compensation for users of the NEC.

The NEC Commission has been successful in promoting mutual cooperation among a myriad of stakeholders and public officials with differing political persuasions, each having to balance parochial interests with the greater good of the corridor. In December 2014, the NEC Commission members voted to approve a cost allocation policy. Set to take effect in FY 2016, the policy establishes the methodology for allocating the approximately \$500 million in operating costs and \$425 million in capital costs that are shared among NEC commuter rail operators and Amtrak. The capital contributions represent the annual funding needed to maintain assets in a state of good repair, if not for the backlog of deferred investment needs. The policy also provides recommendations for addressing the backlog of state of good repair needs and improving collaboration and project delivery along the corridor.

Building on the cost allocation policy, in April 2015 the NEC Commission released the first joint five-year capital plan for investing in the corridor. The plan integrates the priorities of the four infrastructure owners, nine operators, and government agencies along the corridor; identifying both funded and unfunded components (should additional capital dollars be made available). The plan proposes that the Federal Government assume the responsibility for funding the elimination of the state of good repair backlog on the NEC, which is consistent with the Administration's Current Passenger Rail Services Program under GROW AMERICA.

#### *NEC FUTURE and Capital Investments*

In addition to establishing the NEC Commission, PRIIA created new discretionary grant programs for rail development and subsequently appropriated more than \$10 billion for the High-Speed Intercity Passenger Rail (HSIPR) Program. FRA utilized a portion of these funds to initiate the NEC FUTURE program, a comprehensive planning effort to define, evaluate, and prioritize future passenger rail investments along the NEC. This FRA-led study will produce the necessary environmental and service planning documents for establishing the corridor's future vision and enabling further public investment. NEC FUTURE is expected to be completed in 2016 and will have a lasting legacy in guiding the corridor's development.

Through the HSIPR Program, FRA has invested nearly \$1 billion in additional capital and planning funds on the NEC main line between Washington, D.C.—New York City—Boston, including:

- *Amtrak—\$450 million:* to increase capacity, reliability, and speed along one of the NEC's most heavily used segments (New Brunswick to Trenton, NJ).
- *New York—\$295 million:* to reduce congestion and improve on-time performance by allowing Amtrak trains to bypass Harold Interlocking in Queens, NY.
- *Maryland—\$60 million:* to complete preliminary engineering and environmental work to replace the nearly 150-year-old Baltimore and Potomac tunnel.
- *New Jersey—\$38.5 million:* to complete final design to replace the 100-year-old Portal Bridge over the Hackensack River.
- *New York—\$30 million:* to complete the first phase of construction for the new Moynihan Station, which will increase capacity and relieve congestion at Penn Station.
- *Maryland—\$22 million:* to complete preliminary engineering and environmental work to replace the century-old Susquehanna River Bridge, a source of frequent delays caused by emergency maintenance requirements.

With the HSIPR Program funding authorized and appropriated by Congress, FRA has also funded nearly \$450 million in projects located on the branch lines that provide critical connections between the NEC and the national rail network, including:

- *Philadelphia to Harrisburg—\$66 million:* to eliminate grade crossings and upgrade signaling systems to improve safety and service reliability.
- *New York to Albany—\$68 million:* to double track the route, improve grade crossings, and complete engineering and environmental analysis to reduce congestion and improve safety.
- *New Haven to Springfield—\$191 million:* to upgrade track and install signaling systems in Connecticut to increase speeds and reduce trip times.
- *D.C. to Richmond—\$122 million:* to complete track construction and planning and environmental studies to upgrade passenger rail service that connects the Northeast Corridor to Southeast High-Speed Rail to Charlotte, NC.

Having made these initial investments with HSIPR funding appropriated by the American Recovery and Reinvestment Act of 2009 and the FY 2010 Consolidated

Appropriations Act, the GROW AMERICA Act is ready to move forward with additional critical NEC projects as soon as Congress approves new funding.

#### *Hurricane Sandy*

In October 2012, Hurricane Sandy caused extensive damage along the entire eastern seaboard. Amtrak suffered damage to much of its NEC transportation infrastructure, particularly the infrastructure in and around New York City and northern New Jersey. Specifically, Hurricane Sandy caused significant flooding in and associated damage to Amtrak's existing Hudson River tunnels, resulting in the cessation of all Amtrak NEC intercity passenger rail and New Jersey Transit service into New York City for approximately five days, affecting nearly 600,000 daily riders and causing substantial economic harm.

Hurricane Sandy served as a stark reminder of the importance of the NEC to the region and the need for resiliency for our vital transportation assets. The NEC Commission estimates that the loss of the NEC for a single day costs the U.S. \$100 million in travel delays and lost productivity.

In the wake of Hurricane Sandy, Congress enacted the FY 2013 Disaster Assistance Supplemental Appropriations Bill (P.L. 113-2), which provided a wide range of assistance for those affected by the storm and flooding. Amtrak received approximately \$30 million for repairs and \$235 million to fund the first two phases of the Hudson Yards Encasement Project, the first step in creating new Trans-Hudson River rail tunnels to increase capacity and provide redundancy into the New York Penn Station/Moynihan complex. Once the new tunnels are constructed, the existing century-old tunnels could be closed off in order to retrofit them with flood prevention measures and to perform other necessary upgrades and repairs, while still maintaining direct access to Penn Station.

#### **Conclusion**

Thank you again for inviting me to testify on this very important topic. FRA is proud of its accomplishments in implementing PRIIA and RSIA, particularly in light of the laws' sweeping provisions and the FRA's concurrent need to implement and administer the more than \$10 billion in HSIPR Program funding appropriated by Congress in the American Recovery and Reinvestment Act of 2009 and the FY 2010 Consolidated Appropriations Act. The Administration is encouraged and expresses its gratitude that this committee is once again stepping to the forefront to develop a new rail reauthorization proposal that will help improve and grow our rail network to meet the 21st century transportation challenges facing the United States.

American passengers and shippers are continuing to choose rail more than ever before. Over the last decade, Amtrak ridership increased 29 percent, from 24 million passengers in FY 2005 to 30.9 million passengers in FY 2014. On the freight rail side, U.S. rail intermodal freight volumes set a new record in 2014 with nearly 13.5 million containers and trailers, up 5.2 percent over the previous record achieved in 2013. Rail safety—FRA's top priority—has also improved dramatically in the last decade, as evidenced by total train accidents declining by 46 percent, total derailments declining by 47 percent, and total highway-rail grade crossing accidents declining by 24 percent.

FRA, States, Amtrak, commuter railroads, other industry stakeholders, and the American people are ready to take the next step. Many of the nearly 150 projects initiated under the HSIPR Program are complete or nearing completion. The HSIPR Program and independent State and regional efforts have created a strong pipeline of planning, environmental, and engineering projects that are now ready for construction. This includes the critical Portal Bridge project just a few miles from where we are meeting today. Failure to act on these shovel-ready projects in a timely manner often results in increased costs as environmental analyses and engineering designs have to be reevaluated after periods of dormancy.

FRA strongly supports the proposals contained in GROW AMERICA, and I look forward to continuing to work with Congress to enact a comprehensive surface transportation bill that provides robust and dedicated funding to strengthen rail transportation.



## Summary of Federal Railroad Administration Provisions

The Federal Railroad Administration's (FRA) mission is to ensure the safe, reliable, and efficient rail transportation of people and goods for a strong America, now and in the future. Unfortunately, the growth of our economy and population is outpacing our level of investment in the nation's surface transportation infrastructure, creating a situation that, if left unresolved, could leave us less competitive and failing to meet the needs of the traveling public. As the investment gap for rail has been even more pronounced in recent decades, FRA is focused on strategically maintaining current rail services and infrastructure, expanding and improving the rail network to accommodate growing travel and freight demand, and providing leadership in national and regional system planning and development.

The **GROW AMERICA Act** supports this mission with predictable, dedicated investments that enhance safety and modernize our rail infrastructure to meet growing market demand, while promoting innovation and ensuring transparency and accountability. The **Act** will invest \$29 billion over six years to improve rail safety and invest in a National High-Performance Rail System, as states and local communities need the certainty of sustained funding to make the transportation investments necessary to improve our infrastructure and support our economic growth. The **Act** also builds on current investments to vastly improve the system in areas ranging from Positive Train Control (PTC) implementation to enhancing flexibility in financing programs that will better enable the rehabilitation of aging infrastructure.

### New Programs

*Establishes New Amtrak Grants:* Over many years, existing capital and operating programs have focused on maintaining the legacy rail system on an annual basis. The **GROW AMERICA Act** will establish the Current Passenger Rail Service grant program to provide a longer-term view toward ensuring existing passenger rail assets and services are maintained in good, working condition. The grants will be oriented around Amtrak's main business lines, including the Northeast Corridor, State Corridors, Long-Distance Routes, and National Assets. (Section 9102)

*Establishes Rail Service Improvement Program:* Ridership on passenger rail is at an all-time high—last year a record 31.6 million passengers travelled on Amtrak. As the nation's population is set grow by 100 million people by the year 2050, getting to a destination safely and without delay will become all the more critical. The **GROW AMERICA Act** will establish the Rail Service Improvement Program, which will provide competitive grants to drive development of high-performing passenger rail networks. This will include funding for the implementation of PTC— technology designed to stop trains to avert collisions— for commuter railroads, support for the mitigation of adverse impacts associated with rail operations in local communities, upgrades for short-line freight operations, and local and regional planning efforts. (Section 9102)

*Forges New Partnerships through Regional Rail Development Authorities (RRDA):* The nation requires seamless, intermodal transportation networks in order to move people and goods efficiently and effectively—and achieving that goal requires improved transportation-related coordination among federal, state, and local entities. To achieve these goals, the **GROW AMERICA Act** will authorize DOT to establish RRDA's in consultation with state governors. RRDA's will have the power to



# GROW AMERICA Act

plan for and undertake regional corridor development activities and be an eligible recipient of certain grants. (Section 9201)

## Changes to Existing Programs

*Enhances the RRIF Program:* The RRIF program makes financing available to acquire, improve, rehabilitate intermodal or rail equipment or facilities, refinance outstanding debt, or develop or establish new intermodal or railroad facilities. In an effort to make Railroad Rehabilitation and Improvement Financing (RRIF) more accessible to regional and short line railroads, the **GROW AMERICA Act** enhances the program by allowing FRA to subsidize some of the costs of these loans to borrowers. (Section 1403)

*Revamps Amtrak Business and Capital Planning:* In addition to restructuring Amtrak funding around lines of business, the **GROW AMERICA Act** requires Amtrak to engage in annual five-year operating and capital planning to focus on the long-term needs of its business lines. These plans will be developed with close FRA coordination, and will directly inform annual budget requests. Capital asset plans will describe investment priorities and implementation strategies and identify specific projects to address the backlog of state-of-good-repair needs, recapitalization/ongoing maintenance needs, upgrades to support service enhancements, and business initiatives with a defined return on investment. (Section 9103)

*Advances Safety Research:* Building on previous successes in safety risk reduction and improved safety culture, the **GROW AMERICA Act** authorizes additional funding for research and development projects. The funds will also be used to increase the domestic content of new rail vehicles and allow their safety performance to be tested at FRA's facility. The funds will also expand research programs at universities, which will help address the urgent industry-wide need for qualified railroad professionals. (Section 9105)

*Strengthens National, Regional, and State Plans:* The **GROW AMERICA Act** further defines and provides requirements for a National Rail Development Plan and Regional Rail Development Plans. These plans are necessary to provide a long-range blueprint for proceeding with passenger and freight rail investments in a market-based, cost-effective manner. In addition, the **Act** revises the state rail plan requirements from previous legislation. (Sections 9301, 9302)

*Implements Positive Train Control:* To fully implement PTC, the backbone of the next generation of rail safety, the **GROW AMERICA Act** establishes clear milestones for PTC implementation, allows for the discretion to provide extensions beyond the current statutory implementation deadline of December 31, 2015, and assists publicly-funded commuter rail agencies to implement PTC systems, by providing \$3 billion over six years for commuter railroads to support integration. (Section 9402)

*Reforms Hours of Service Rules and Mitigates Noise Emissions:* To improve the predictability of work schedules for railroad operating employees and prevent operator fatigue, the **GROW AMERICA Act** grants FRA full rulemaking authority to replace outdated hours-of-service laws with scientifically-based regulations. (Section 9403) Further, the **Act** grants FRA the authority to regulate noise emissions, currently a patchwork of incompatible standards, in conjunction with the Environmental Protection Agency. (Section 9407)

NEC FUTURE: A RAIL INVESTMENT PLAN FOR THE NORTHEAST CORRIDOR

### We invite you to be a part of NEC FUTURE!

NEC FUTURE is not only a technical study process, it is also an opportunity for a broad public dialogue to establish a future vision for the corridor. The planning process is designed to build trust and a broad agreement on future directions for corridor investment by bringing together various stakeholders from the corridor's eight states and the District of Columbia.

Visit our website at [www.necfuture.com](http://www.necfuture.com)

Follow us on social media: [www.facebook.com/necfuture](http://www.facebook.com/necfuture), [www.twitter.com/necfuture](http://www.twitter.com/necfuture), [www.youtube.com/necfuture](http://www.youtube.com/necfuture)

Write to us: NEC FUTURE, 60001 Federal Railroad Administration, One Building Green, Suite 426, New York, NY 10004

#### COORDINATION AND PUBLIC OUTREACH

The FRA is committed to an open and transparent public involvement process. A variety of outreach opportunities are provided to facilitate meaningful dialogue, including:

- Public meetings
- Regional webinars
- Webinars
- Outreach for agencies, public officials, and stakeholders

For information on how you or your organization can participate, visit [www.necfuture.com](http://www.necfuture.com).

### Our Future on Track

NEC FUTURE is a comprehensive planning effort to define, evaluate, and prioritize future investments in the Northeast Corridor (NEC) rail transportation system from Washington, D.C. to New York. The Federal Railroad Administration (FRA) is developing both a long-term vision and near-term actions to improve passenger service.

The NE C faces serious challenges posed by aging infrastructure and inadequate capacity to fully meet current demand and to respond to the region's population growth. With under capacity constraints affecting the region's highway and congested airports, NEC FUTURE is committed to help address these critical mobility issues.

The NEC is the busiest rail corridor in the nation, and is vital to the economy and cities of the Northeast region.

- 457 MILES
- 750,000 PASSENGERS DAILY
- 2,220 PASSENGER TRAINS DAILY
- 70 FREIGHT TRAINS DAILY

### Purpose and Need

The purpose of the NEC FUTURE program is to reinvigorate aging infrastructure and to improve the reliability, capacity, connectivity, performance, and resilience of passenger rail services on the NEC to both intercity and regional types, while providing environmental sustainability and economic growth.

#### STUDY PARTNERS

The FRA is the lead agency for NEC FUTURE, working closely with a number of key partners including:

- Federal Railroad Administration
- NEC Infrastructure and Operations Advisory Commission
- Regional operators, including Amtrak, MTA, MARC, NJ Transit, SEPTA, Metro-North, Shore Line East, METRA, and freight carriers
- State, federal, and local agencies

#### STUDY PROCESS

NEC FUTURE includes two components:

- A Tier 1 Environmental Impact Statement (EIS) that will evaluate the environmental effects of proposed investments in the corridor, and
- A Service Development Plan (SDP) that defines proposed rail service improvements and evaluates their benefits and costs.

Together, these studies will guide investments in the corridor through 2040.

#### Program Schedule

Year	2012	2013	2014	2015	2016
Purpose & Need/EIS	Start	Continue	Continue	Continue	Complete
Service Development Plan	Start	Continue	Continue	Continue	Complete

### State of Good Repair

Service needs currently fall short due to the aging and deteriorated condition of the infrastructure. Investment in maintaining a state of good repair on the existing NEC, including track, signaling, and other infrastructure, is a priority.

### Connectivity

There is a need to improve the reach and effectiveness of the passenger rail network. Investments in connectivity among transportation modes and between different rail services are also necessary.

### Capacity

There is a need to improve the reach and effectiveness of the passenger rail network. Investments in connectivity among transportation modes and between different rail services are also necessary.

### Performance

There is a need to improve the reach and effectiveness of the passenger rail network. Investments in connectivity among transportation modes and between different rail services are also necessary.

### System-Wide Resiliency

The NEC is vulnerable to the effects of severe weather. A more resilient and integrated passenger rail network is needed to enhance safety, security, and the reliability of the region's transportation system.

### Environmental Sustainability

Investment in the NEC, using new and innovative approaches, will help reduce the region's carbon footprint and improve air quality. Investments in the NEC will also help reduce the region's energy needs and improve environmental sustainability.

### Economic Growth

Investment in the NEC will provide a variety of economic, social, and environmental benefits. Investments in the NEC will also help reduce the region's energy needs and improve environmental sustainability.

### Choices for the NEC

The FRA has considered a broad range of alternatives for the NEC, ranging from a public-private partnership to a full-scale rebuild. The FRA has identified several alternatives that are most likely to meet the region's needs for high performance service between Washington, D.C. and Boston.

The Tier 1 EIS alternatives provide detailed choices for the NEC, ranging from a full-scale rebuild to a public-private partnership. The FRA has identified several alternatives that are most likely to meet the region's needs for high performance service between Washington, D.C. and Boston.

#### How will the NEC keep pace with growth in the Northeast? What role will it play in the region's future?

Each Tier 1 EIS alternative will define the roles to be served by passenger rail, a "transportation mode" (intercity, commuter, freight), and the infrastructure investments that would be needed to support that service. All alternatives would contribute to provide service on the existing NEC lines, as well as new routes.

While the Alternatives are defined in their service and physical characteristics, there are several elements that are common to all of them. All are intended to:

- Maintain and improve service on the existing NEC.
- Address a state of good repair, through track projects that meet the most immediate needs of the NEC.
- Improve capacity and improve service by addressing choke points that restrict operations.
- Provide freight rail access and the opportunity for future expansion.
- Expand the range of service offerings in 18 gaps in existing service.

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- Expand the range of service offerings in 18 gaps in existing service.

Senator BOOKER. Thank you very much.  
Honorable Coscia.

**STATEMENT OF ANTHONY COSCIA, CHAIRMAN OF THE BOARD,  
AMTRAK**

Mr. COSCIA. Good morning, Mr. Chairman and Ranking Member. On behalf of the Board of Directors and management of Amtrak, thank you for the opportunity to speak with you today about the reauthorization of Amtrak and the future of the Northeast Corridor.

Clearly, by your opening comments, your leadership and insight on this issue is clear, and we're very thankful to you and to your colleagues for that.

Amtrak and the Nation's intercity passenger rail system have made great strides since the enactment of PRIIA in 2008, with Amtrak ridership, revenue, and cost recovery all improving, and the Nation reawakening to the value of intercity passenger rail. We think the basic structure of PRIIA has helped support this improvement and recommend that the focus of your new bill be on refining and improving that framework.

Within this framework, there are a couple of core principles that we would ask your committee to consider as you prepare the bill to reauthorize PRIIA. First, let me start with something you also mentioned, dedicated multi-year funding. There is simply no more important issue for Amtrak than establishing a way for the Federal Government to reliably and adequately fund Amtrak and intercity passenger rail investments. This begins by having your bill authorize the appropriate levels of capital investment and operating funds for Amtrak's lines of business and infrastructure and improvement programs. Then it will take the cooperation of your Senate colleagues to create a mechanism to actually fund, on a predictable basis, these levels.

Without significantly more capital investment and the ability to plan them, maintaining the current network at today's performance levels is simply not possible.

Second, your bill should authorize full funding for Amtrak's operating and capital costs for long distance and state-supported networks and permit Amtrak to retain its net operating revenues from the Northeast Corridor for purposes of reinvesting them into the Northeast Corridor infrastructure and services. We strongly support our long distance and state-supported lines, but the Federal Government needs to fully fund our costs associated with these networks. We can't continue to rely on earnings from the NEC to pay for a national network if we want those NEC earnings to continue. Without more investment, NEC performance and the revenues with it are surely to worsen.

We clearly need to fully recognize the importance of the entire Amtrak integrated system as part of the nation's transportation system.

Third, RRIF, a subject that you clearly have taken leadership on. Amtrak has made good use of the FRA's Railroad Rehabilitation and Improvement Financing program, and we believe the program could do much more if improvements like those proposed in your bill, S. 797, were adopted. An enhanced RRIF program is essential

for major projects like the Gateway Program, the BMP tunnel, and the Susquehanna Bridge in Maryland, the redevelopment of Washington and Chicago Union Stations, and the development of NextGen high speed rail in the Northeast Corridor.

And finally, let me say something about the Northeast Corridor Commission and its recommendations. After a number of years, the Northeast Corridor Commission has adopted a cost allocation policy governing Amtrak and the commuter cost-sharing for shared-use NEC infrastructure and last December came to an agreement for implementation in Fiscal Year 2016.

In drafting your bill, we urge that you support implementation of the policy and adopt the Commission's recommendations associated with it, including the creation of a new Federal matching program for the NEC and the harmonization of Federal requirements. We hope these recommendations are things that the Committee will consider, and we think it will provide a strong background for the next generation of PRIIA.

Clearly, there is no better place to illustrate the urgency of advancing these recommendations than here in New Jersey, home to some of the most critical stretches of passenger railroad in America. Leaving Newark for the final run into New York City, the Northeast Corridor connects from four tracks to a double-track system roughly eight miles in length, including two movable bridges and tunnels under the Hudson River. This part of the NEC was completed, as I think you mentioned, in 1910 and has been in continuous use ever since.

Sized for intercity traffic projected in 1910, it now carries that and a whole lot more, including commuter rail traffic that was diverted into this infrastructure decades ago when the terminals that previously handled it were shut down. Today, roughly 450 trains a day use this portion of the line, and at peak rush-hour period trains enter the Hudson River tunnels every two-and-a-half minutes in each direction, carrying some 17 percent of the total rush-hour traffic that enters Manhattan from New Jersey.

This infrastructure is outdated. It lacks reliability and capacity, and because the line is so heavily utilized, we can only maintain the most critical components under very constrained conditions. We can and do take one tube of the tunnel out of service for 55 hours every weekend, but we cannot take the double-track Portal Bridge, which carries rail traffic over the Hackensack River, out of service at all without shutting down the entire line, so we actually do the work in between trains.

We've made some progress with improvements to infrastructure and improving signaling, but there is little else that we can do without taking the tunnel out of service, although post-Super Storm Sandy studies of that infrastructure make it clear that at some point we will have to take those tunnels out of service for rebuilding.

Fortunately, we've been developing and starting to implement a solution to this, our Gateway program. Gateway incorporates the extensive capacity and infrastructure improvements, including new crossings over the Hackensack River, a new tunnel under the Hudson, and greatly expanded track, terminal, and station capacity at Penn Station in New York. It will provide us with both the ex-

panded capacity our region will need for a century of growth, and the physical redundancy and reliability we need to safely sustain today's services while the existing infrastructure is rebuilt.

This region is the core of the American economy, and if you want to see how dependent the economy is on infrastructure, you have come to no better place to determine that, a segment of line that carries almost one in five commuters from New Jersey at rush hour, and more people between Washington and New York than all of the region's airports combined. But it is essentially a two-lane highway into New York City that was built a century ago. We are heavily dependent on it, but we've made no major investments to expand or improve it, in spite of growth in traffic, in spite of its age and deterioration, and in spite of the growth in demand that organizations like the Regional Plan Association are forecasting for the coming century.

We created Gateway to address those issues and have involved every stakeholder, and the plan has unanimous support. Why? Because its fundamental premise is that the plan is to create new track and terminal capacity and to tie that capacity into the existing system for maximum flexibility and redundancy. Every element of Gateway program is critical, and some elements, like the Portal Bridge, are ready to proceed immediately.

Building a new Portal Bridge will be the first critical step in improving reliability of this route. While no one disagrees, we still do not have the funding that we need to sustain a project of this magnitude. We in the Northeast Corridor Commission have furnished Congress with the necessary funding roadmap, and we have the vision and the plan to make it happen. I would ask that you give favorable consideration to this proposal and to work with us on fully funding this project. Clearly, as has been stated by a number of people on this issue, the time to do this is now.

You made an excellent case in your opening comments about how the environment for this type of investment is likely not to get any better, and I will conclude by saying that Amtrak, which clearly does not enjoy the benefit of an abundance of capital, has begun this year to accrue significant amounts of its capital in order to meet its obligations toward contributing to the Gateway funding program. In our most recent budget, we allocated \$35 million in capacity which we will reserve toward what we expect to be an annual commitment to accrue funds that we think are necessary to meet our responsibilities, and we're very encouraged by your leadership and a number of your colleagues in terms of hearing this call and responding to it.

Thank you.

[The prepared statement of Mr. Coscia follows:]

PREPARED STATEMENT OF ANTHONY COSCIA, CHAIRMAN OF THE BOARD, AMTRAK

Mr. Chairman and ranking member, members of the Committee, good morning. On behalf of the Board of Directors and the management of Amtrak, thank you for the opportunity to speak with you today about the reauthorization of Amtrak and the future of the Northeast Corridor. Amtrak and the Nation's intercity passenger rail system have made great strides since the enactment of PRIIA in 2008, with Amtrak ridership, revenue, and cost-recovery all improving and the Nation re-awakening to the value of intercity passenger rail. We think the basic structure of PRIIA has helped support this improvement and recommend that the focus of your new

bill be on refining and improving this framework. Within that framework, here are a few core principles we would ask your Committee to consider as you prepare a bill to reauthorize PRIIA;

*Dedicated, multi-year, funding:* There is simply no more important issue for Amtrak than establishing a way for the Federal Government to reliably and adequately fund Amtrak and intercity passenger rail investments. This begins by having your bill authorize the appropriate levels of capital investment and operating funds for Amtrak's lines of business and infrastructure and for grant and improvement programs. Then it will take cooperation with your other Senate colleagues to create a mechanism to actually fund—on a predictable basis—these levels. Without significantly more capital investment and the ability to plan ahead, maintaining the current network at today's performance levels will simply be impossible.

*National Network Costs and NEC Revenue:* Your bill should authorize full funding for Amtrak's operating and capital costs of the long distance and state-supported networks and permit Amtrak to retain its net operating revenues from the NEC for the purpose of reinvesting them into our NEC infrastructure and services. While we strongly support our long distance and state-supported trains, the Federal Government needs to fully fund our costs associated with these networks. We cannot continue to rely on earnings from the NEC to pay for the national network if we want those NEC earning to continue. Without more investment, both NEC performance and revenues are sure to worsen.

We need to fully recognize the importance of the entire system as a fully integrated national transportation system.

*RRIF:* Amtrak has made good use of the FRA's Railroad Rehabilitation and Improvement Financing program, but we believe the program could do much more if improvements like those proposed by Senator Booker in S.797 were adopted. An enhanced RRIF program is essential for major projects like Gateway Program, the B&P Tunnel, and the Susquehanna Bridge in Maryland, the redevelopment of Washington and Chicago Union Stations, and the development of NextGen high speed rail in Northeast Corridor.

*Cost allocation & NECC Recommendations:* After many years, the Northeast Corridor Commission adopted last December a cost allocation policy governing Amtrak and commuter cost sharing for shared-use NEC infrastructure for implementation in FY2016. In drafting your bill, we urge that you support implementation of the policy and adopt the Commission recommendations associated with it, including the creation of a new Federal matching program for the NEC and the harmonization of Federal requirements.

There's no better place to illustrate the urgency of advancing on these recommendations than here in New Jersey, home to some of the most critical stretches of passenger railroad in America. Leaving Newark, for the final run into New York City, the Northeast Corridor necks down from four-tracks to a double-track system, roughly eight miles in length, including two movable bridges and the tunnels under the Hudson River. This part of the NEC was completed in 1910, and has been in continuous use ever since. Sized for the intercity traffic projected in 1910, it now carries that and a whole lot more, including commuter rail traffic that was diverted onto this infrastructure decades ago when the terminals that previously handled it shut down. Today roughly 450 trains a day use this portion of the line and at the peak period of rush hour, trains enter the Hudson River tunnel every two and one-half minutes in each direction, carrying some seventeen percent of the total rush hour traffic that enters Manhattan from New Jersey.

This infrastructure is outdated, lacks reliability and capacity, and—because the line is so heavily utilized—we can only maintain the most critical components under very constricted conditions. We can and do take one tube of the tunnel out of service for 55 hours every weekend, but we cannot take the double track Portal Bridge, which carries rail traffic over the Hackensack River, out of service at all without shutting down the line, so work there goes on between trains. We have made some slight improvements to the existing infrastructure to improve signaling, but there is little else we can do without taking the tunnel out of service—although post-Super Storm Sandy studies of the infrastructure have made it clear that in the future we will have to take the tunnel out of service for rebuilding.

Fortunately, we've been developing and starting to implement a solution for this—our Gateway Program. Gateway incorporates extensive capacity and infrastructure improvements, including new crossings over the Hackensack River, a new tunnel under the Hudson, and greatly expanded track, terminal, and station capacity at Penn Station in New York. It will provide us with both the expanded capacity our region will need for a century of growth, and the physical redundancy and reliability

we will need to safely sustain today's services while the existing infrastructure is rebuilt.

This region is the core of America's economy, and if you want to see how dependent that economy is on its infrastructure, you could have come to no better spot than this one—a segment of line that carries almost one in five commuters into New Jersey at rush hour, and more people between Washington and New York than all of the region's airports put together. But it is essentially a two-lane highway into New York built a century ago. We are heavily dependent upon it, but we have made no major investments to expand or improve it—in spite of growth in traffic, in spite of its age and deterioration, and in spite of the growth in demand that organizations like the Regional Plan Association are forecasting for the coming century.

We created the Gateway Program to address these issues, we involved every major stakeholder, and we have a plan which has unanimous support. Why? Because the fundamental premises of the plan are to create new track and terminal capacity, and to tie that capacity into the existing system for maximum flexibility and redundancy. Every element of the Gateway Program is critical and some elements like Portal Bridge are ready to proceed. Building a new Portal Bridge will be a critical first step in improving the reliability of this route. While nobody disagrees, we still don't have the funding we need to launch a project of this magnitude. We and the Northeast Corridor Commission have furnished Congress with the necessary funding roadmap, and we have the vision and the plan to make it happen. I would ask you to give favorable consideration to this proposal, and to work with us to fund and launch this project, because, as I stated in the beginning, the time to build it is now.

Senator BOOKER. Thank you very much.  
Mr. Redeker?

**STATEMENT OF JAMES P. REDEKER, CHAIRMAN, NORTHEAST  
CORRIDOR INFRASTRUCTURE AND OPERATIONS ADVISORY  
COMMISSION COMMISSIONER, CONNECTICUT DEPARTMENT  
OF TRANSPORTATION**

Mr. REDEKER. Good morning, Senator, and thank you for the welcome back to New Jersey. I'm home again.

I am Jim Redeker, the Commissioner of the Connecticut Department of Transportation, and I'm here today to represent the Northeast Corridor Commission.

I'm pleased to share the Commission's accomplishments, which include an unprecedented policy agreement and the first five-year capital plan for the entire Northeast Corridor rail network, which is in itself an historic moment where we can see all the needs of all the users of that corridor. I look forward to your support in strengthening the partnership we formed and in the upcoming passenger rail reauthorization.

The Commission is comprised of one member from each of the Northeast Corridor states and the District of Columbia, four members from Amtrak, and five members from the U.S. Department of Transportation. The Commission also includes non-voting representatives from freight railroads, neighboring states, and commuter authorities.

As you've said, the Northeast Corridor is one of the great railroads of the world. Each day, its 457-mile main line between Boston, Massachusetts and Washington, D.C. carries over 750,000 passengers on 2,000 trains.

Though the Northeast Corridor continues to post historically high ridership levels, this success belies the fact that the Northeast Corridor infrastructure is deteriorating and reaching the practical limits of its capacity to carry additional passengers and move goods and people to markets.

Living off the infrastructure investments from generations ago means living with decreasing service reliability. Failures create costly delays for passengers across the entire Northeast Corridor region. Last year, the circa 1896 Norwalk River Bridge in Connecticut failed to close twice in a 10-day period, stranding commuters and forcing others to walk across the Norwalk River to reach trains that could travel further.

I'll take a pause to note that last week we celebrated the interim repairs to fully re-automate the functioning of that bridge, but it is only to sustain it for a few years until we can completely replace it.

The Baltimore and Potomac tunnels were built in 1873 and require 30-mile-an-hour speed limits. Super Storm Sandy severely worsened conditions in the century-old Hudson River and East River tunnels. Eventually, two of the East River tubes and each Hudson River tube will require closure for rehabilitation for a year or more. And with only a single Hudson River tube in service, hourly capacity between New York and New Jersey would be reduced from 24 trains to six in each direction.

The list goes on, and the price of inaction gets only higher.

So let me turn to the Northeast Corridor accomplishments.

PRIIA contained a statutory mandate for the Commission to develop a standardized formula to ensure that each intercity and commuter service is assigned the costs associated with its use of the Corridor. We call this cost allocation, and after 3 years of tireless effort and negotiations—some would call them painful—the Commission adopted a policy this past December which will be implemented in Fiscal Year 2016. This agreement is no small feat.

Although cost allocation could have simply been an accounting exercise that redistributed existing contributions, the Commission instead elected to fully allocate operating costs and establish a baseline capital charge for normalized replacement of basic infrastructure. This means that for the first time, there will be a predictable level of annual investment in the Corridor. Remember, the first time.

This financial commitment is part of a comprehensive framework for collaboration addressing capital planning, operational performance and project delivery, and increasing transparency and accountability. However, funding basic infrastructure is not sufficient to bring the Corridor to a state of good repair, much less expand capacity and make performance improvements to meet expected growth in demand. Major projects cannot be completed even with the new sources brought by cost allocation. Without significant Federal investment in Corridor assets that will provide economic returns for the next 100 years, the condition and performance of the Northeast Corridor will continue to worsen.

The economic and mobility risk for the region and the nation are unacceptable. I'll bring your attention to this chart, which are projects that are ready to go in our five-year plan. So as I mentioned, 2 weeks ago the Commission published the *Northeast Corridor Five-Year Capital Plan*, a first-of-its-kind, region-wide collaborative effort to chart a common course to ramp up on much-needed capital investment. The plan accounts for Corridor-wide construction capacity and resource constraints, and highlights many

projects that could have shovels in the ground over the next 5 years if additional funding were available.

But this is the chart of funded, in blue, versus unfunded capital needs. The bars that are in the light shading represent projects ready to go but for predictable funding resources.

Fully funding the five-year plan will create 42,200 jobs per year in engineering, planning, design, manufacturing and construction sectors, and an additional 22,700 jobs per year across all sectors from increased earnings and spending. Importantly, as many as 22 states across the country have companies that source materials and manufacture components for this rail system.

The policy recommends that Congress steer its investment in the Corridor through the 5-year capital plan by creating a Northeast Corridor Federal investment program on terms similar to highway and transit projects, which you mentioned in your opening remarks. Funding levels should cover 80 percent of the cost of investments above the operators' collective basic infrastructure contributions for each year of the capital plan, and funds should be authorized for multiple years with contract authority mechanisms to provide program predictability.

Moving ahead, the Commission has made great strides, uniting in partnership behind a comprehensive policy, financial commitment, and capital plan for the Corridor. We ask that Congress continue to use the Commission to develop and implement policies and programs that strengthen the Corridor.

In PRIIA, you asked us to find a way forward, and we've answered the charge. We've set the cornerstone for the Northeast Corridor's future. We need your help to complete the entire structure.

Thank you for the opportunity. I look forward to your questions.  
[The prepared statement of Mr. Redeker follows:]

PREPARED STATEMENT OF JAMES P. REDEKER, CHAIRMAN, NORTHEAST CORRIDOR INFRASTRUCTURE AND OPERATIONS ADVISORY COMMISSION COMMISSIONER, CONNECTICUT DEPARTMENT OF TRANSPORTATION

Good morning Chairman Fischer, Ranking Member Booker, and Members of the Committee. I am Jim Redeker, Commissioner of the Connecticut Department of Transportation, representing the Northeast Corridor Infrastructure and Operations Advisory Commission (the Commission). I am pleased to share the Commission's tremendous accomplishments which include an unprecedented policy agreement and the first Five-Year Capital Plan for the entire Northeast Corridor (NEC or the Corridor) rail network to address near and long-term infrastructure needs. Congress set high expectations for the Commission in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) and we look forward to your support in strengthening the partnership we have formed in the upcoming passenger rail reauthorization.

#### **Commission Background**

The Corridor's partners are committed to modernizing the Northeast Corridor (NEC) rail network. Because the rail system serves multiple states and crosses many jurisdictions, federal, state, and local governments in the region and rail service providers must join together to successfully develop and implement an effective modernization program. The Commission was charged to facilitate collaborative planning and unified action.

In PRIIA, Congress recognized the need to improve coordination on the Corridor and directed the Secretary of Transportation to establish the Commission to promote mutual cooperation and planning and advise Congress on Corridor policy. The Commission is composed of one member from each of the NEC states (Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware,

and Maryland) and the District of Columbia; four members from Amtrak; and five members from the U.S. Department of Transportation (USDOT). The Commission also includes non-voting representatives from NEC freight railroads, states with feeder corridors that connect to the NEC, and commuter authorities not directly represented by a Commission member.

### **The Northeast Corridor**

The NEC is one of the great railroad corridors of the world. Each day, its 457-mile main line between Boston, MA and Washington, D.C. carries over 700,000 commuter rail and 40,000 Amtrak passengers on over 2,000 trains; people who might otherwise use the region's congested highways and airports.

Home to over 50 million people, or one out of every six Americans, the NEC Region is an economic powerhouse, generating \$1 out of every \$5 in gross domestic product on two percent of the Nation's land area. The Corridor provides reliable access to core employment centers that contain one out of every three jobs in the NEC Region, where the economy measured alone would be the fifth largest in the world, ahead of France. A one-day loss of the NEC could cost the nation \$100 million in additional highway congestion, productivity losses, and other transportation impacts.

Though the NEC continues to post historically high ridership levels, this success belies the fact that NEC infrastructure is deteriorating and reaching the practical limits of its capacity to carry additional passengers and move more goods to market. With the region's major airports and highways also at capacity, a robust multimodal network is necessary to accommodate future demand and connect residents, workers, and businesses across the region.

Living off the infrastructure investments from generations ago means living with decreasing service reliability. Failures create costly delays for passengers across the entire NEC Region. Last year, the circa 1896 Norwalk River Bridge failed to close twice in a ten-day period, stranding commuters and forcing others to walk across the Norwalk River to reach trains that could travel no further.

The Baltimore & Potomac Tunnels were built in 1873 and require 30 mile-per-hour speed limits. The two-track Portal Bridge in New Jersey was constructed in 1910 and creates reliability challenges across the NEC due to frequent openings for marine traffic and corresponding occasional failures to close properly. Superstorm Sandy flooded and severely worsened conditions in the century-old Hudson River and East River Tunnels. Eventually, two of the East River tubes and each Hudson River tube will require closure for rehabilitation for a year or more. With only a single Hudson River tube in service, hourly capacity between New York and New Jersey would be reduced from 24 trains to six in each direction. This 75 percent service reduction would occur if new tunnels are not built to accommodate current service levels. This massive capacity reduction already occurs each weekend when Amtrak shuts down one tunnel at a time to perform upgrades and maintenance.

It should also be noted that operating assets over one hundred years old is an expensive business. Some components have long ceased to be manufactured by the private sector and spare parts must be custom ordered or patched together by resourceful engineers. Assets such as large moveable bridges routinely require dozens of workers to complete tasks where a modern replacement would be operated remotely at the touch of a button.

The list goes on and the price of inaction is only getting higher.

### **Corridor Governance**

The current NEC ownership, operational, and governance structure poses significant challenges to efficiently operating, planning for, and funding the NEC's needs. Comprehensive planning and investment has always been difficult for a system that spans eight states and the District of Columbia, supports nine passenger rail operators—including four of the five largest commuter rail services in North America—serves four freight railroads, and has four separate infrastructure owners.

Infrastructure investments involve complex planning, engineering, contracting, and construction activities that take place over a number of years—processes that benefit from predictable and stable capital funding resources which is generally lacking due to the current reliance on annual budgeting and appropriations and one-time competitive grants.

Further, under Federal law, commuter and intercity passenger rail services are treated differently due to their differing markets, economics, and service characteristics. Commuter rail service is considered “public transit” while intercity rail service is not. As a result, even though both services operate over the same Northeast Corridor tracks, often stopping at the same stations, they are regulated, overseen, and funded differently by the Federal Government. Apart from safety, Federal policy

is not designed to support the NEC as a system which hinders our ability to improve service coordination and plan, fund, and deliver projects.

### **Cost Allocation**

PRIIA contained a statutory mandate for the Commission to develop a standardized formula to ensure each intercity and commuter service is assigned the costs associated with its sole-benefit use of the NEC and a proportional share of costs resulting from joint-benefit use. We call this “cost allocation” and after three years of tireless effort and frequent, painful negotiations, the Commission resoundingly adopted a “Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy” (the Policy) this past December to be implemented in FY2016. A living document, the Policy is expected to be amended over time as we learn lessons from the implementation process. It is worth noting that the first time Congress sought resolution for the “Northeast Corridor Cost Dispute” was in the Northeast Rail Service Act of 1981, introduced exactly 34 years ago today. This agreement is no small feat.

Although cost allocation could have simply been an accounting exercise that only redistributed existing contributions, such treatment would have been akin to rearranging the deck chairs on the Titanic. The Commission instead elected to share fully allocated operating costs and establish a baseline capital charge for normalized replacement of basic infrastructure. This means that—for the first time—there will be a predictable level of annual investment in the Corridor.

This financial commitment is part of a comprehensive framework for collaboration addressing capital planning, operational performance and project delivery, with an emphasis on increasing transparency and accountability. Further, the Policy sets forth recommendations for Federal policy changes and new financial commitments from all Corridor investors, including the Federal Government.

However, this collaborative investment strategy will only be successful in increasing investment in NEC infrastructure if the Federal Government, and specifically Congress, can join us as partners. Funding basic infrastructure is not sufficient to bring the Corridor to a state-of-good-repair, much less expand capacity and make performance improvements to meet expected growth in demand. Major projects such as the Portal Bridge and the B&P Tunnels cannot be completed even with the new resources brought by cost allocation. Without significant and sustained Federal investment in Corridor assets that will provide economic returns for the next hundred years, the condition and performance of the NEC will continue to worsen. The economic and mobility risks for the region and the Nation are unacceptable.

### **The Five-Year Plan**

Two weeks ago, the Commission published the *Northeast Corridor Five-Year Capital Plan: Fiscal Years FY 2016–FY 2020* (the Five-Year Plan), a first-of-its-kind, region-wide collaborative effort to chart a common course to ramp up capital investment if additional funding were available. This is a key deliverable required by the Policy and shapes the new paradigm for federal, state, Amtrak, and transit agency partnership. Again, to offer historical context, this is the first time there has been a network-wide capital plan for the NEC since it entered public ownership in the 1970s.

The Five-Year Plan covers the full range of capital investment, from the routine renewal of basic infrastructure like track and power lines, to advancing major reconstruction projects. The Five-Year Plan would ramp up investment levels to account for corridor-wide construction capacity and resource constraints. It specifically highlights the many projects that could have shovels in the ground over the next five years if additional funding were available.

Fully funding the Five-Year Plan will create 42,200 jobs per year in the engineering, planning, design, manufacturing, and construction sectors and an additional 22,700 jobs per year across all sectors from increased earnings and spending. Infrastructure owners work with material suppliers across the country to procure the raw steel, wood, concrete, and granite that become the Corridor’s rails, ties, and ballast. Companies that manufacture power and signal system components are located nationwide. The Commission estimates as many as 22 states from North Dakota to South Carolina have companies that source materials and manufacture components for the rail system.

### **Long Term Planning**

The Federal Railroad Administration (FRA) is leading a comprehensive long-term planning initiative for the Corridor, called NEC FUTURE. Through the NEC FUTURE program, the FRA will determine a long-term vision and investment program for the NEC, and provide a Tier 1 Environmental Impact Statement (EIS) and Service Development Plan (SDP) in 2016 in support of that vision.

The Commission is working closely with the FRA to shape the framework for the future investments needed to improve passenger rail capacity and service through 2040. Once NEC FUTURE is completed, each successive Five-Year Plan will incrementally move the region closer to achieving this vision.

#### **Federal Funding and Policy**

I highlighted earlier that Federal treatment of the NEC must change in order to ensure that together, we can put the Corridor on a sustainable path for the future.

The Policy recommends that Congress steer its investment in the Corridor through the Five-Year Capital Plan through an NEC Federal Investment Program on terms similar to highway and transit projects. Competitive grants to individual projects may be appropriate for other rail corridors, but the NEC's complexity means only a unified investment program will ensure resources are deployed in a logical manner. Therefore, we believe this program should adhere to the following principles:

- Funding levels should cover 80 percent of the cost of the investments above the operators' collective basic infrastructure contributions for each year of the capital plan.
- Federal funds should be authorized for multiple years with contract authority mechanisms to provide program predictability.
- These funds should be directed to eligible NEC recipients identified in the capital plan.
- The operating surplus generated by Amtrak's NEC services should be available for Amtrak's reinvestment into the NEC network. At the same time, Federal funds should also be made available to Amtrak to continue to operate and invest in the national passenger rail network.

The Policy also seeks legislative and administrative changes to harmonize Federal requirements. The different treatment of intercity and commuter rail means that there is no single set of rules or point of contact at the Federal level when NEC projects involving multiple participants are proposed under today's funding programs. Action to reconcile conflicting requirements that come with using Federal dollars from different Federal programs will deliver projects more quickly and save money.

#### **Moving Ahead**

The upcoming reauthorizations of both surface and passenger rail laws offer Congress a gamechanging opportunity to ensure the Northeast Corridor will continue to be the economic catalyst it is today.

The Commission has made great strides, uniting in partnership behind a comprehensive policy, financial commitment, and capital plan for the Corridor. We ask that Congress continue to use the Commission to develop and implement policies and programs that strengthen the Corridor. But we cannot be successful without a stronger Federal partner. In PRIIA, you asked us to find a way forward and we've answered the charge. We have set the cornerstone for the Northeast Corridor's future. We need your help to complete the entire structure.

Thank you for the opportunity to testify today.

Senator BOOKER. Thank you very much.  
Mr. Wright?

#### **STATEMENT OF THOMAS K. WRIGHT, PRESIDENT, REGIONAL PLAN ASSOCIATION**

Mr. WRIGHT. Thank you, Ranking Member Booker. It's a great opportunity and pleasure to be here with you, and an opportunity to testify on this important issue.

I'm Tom Wright, President of the Regional Plan Association.

The Northeast Corridor is the busiest rail line in America and perhaps the most complex rail corridor in the world, and you have a tough job ahead of you. We are eager to work with you as you work to reauthorize our Federal rail programs and tackle the enormous challenges we face in the Corridor, including, as others have mentioned, its worst bottleneck, the two-track stretch between

Newark and New York City, the aging bridges, and the infamous tunnels under the Hudson River.

Each weekday, the Hudson River tunnels carry more than 170,000 rail passengers in and out of Manhattan. That's triple the number since 1990. And RPA's projections show that if we have the capacity, demand will continue to grow in the coming decades. However, the tunnels are old and deteriorating and unable to handle current, let alone future, demand.

In October 2012, Superstorm Sandy flooded the tunnels for the first time in their long history. The water was quickly pumped out but left behind a coating that is eating away at their reinforcing steel and concrete. For years, one of the tubes has been closed overnight and on weekdays and during weekends for maintenance, but these stopgap repairs are no longer enough, and the tunnel is threatened by a shutdown if conditions worsen.

As previous speakers have said, each of the tubes will need to be closed for up to a year or more at a time for extensive repairs, and Amtrak says this work must commence in the next 15 to 20 years, leaving precious little time to build two new tunnels. If these new tunnels are not in place, the tunnel closures will reduce train traffic by an estimated 75 percent in the peak hour, stranding over 50,000 people every day to find alternative means of travel in and out of Manhattan. Huge disruptions would follow for all who travel across the Hudson River, whatever their mode. Most likely, many of them would no longer be able to make the journey.

Compounding this problem, RPA expects the huge increases in regional rail travel we have experienced over the last 20 years to continue. We are projecting up to 100 percent increase in train travel through Penn Station, and a 50 percent increase in travel to the Port Authority bus terminal, which is also unable to handle future demand. Without the ability to accommodate this growth, the economies of both states, and indeed the entire nation, will suffer.

Fixing this bottleneck is about far more than simply avoiding disaster. It's about giving the Nation's largest metropolitan economy a chance to grow and keep pace with Shanghai, London, Paris, and other world cities that are investing, as you've mentioned, far more in their transit infrastructure. We anticipate that New York and this tri-state region has the opportunity to add 2 million new jobs over the next 25 years, giving more people a chance for getting ahead and supporting more of the services that people want and need.

But those projections are already constrained by our lack of infrastructure and housing in this region. In fact, if we simply did a straight-line analysis of our share of industries and how much industries are projected to grow in this nation over 25 years, that 2 million jobs would be closer to 4 million.

But just getting that 2 million will require that we have the infrastructure in place to handle that capacity, and it's not clear that we will. This will only happen if we make the right investments, and we think no investments are more important than the ones that increase trans-Hudson capacity.

Many possible solutions have been suggested, and the most obvious option is the Gateway Program being proposed by Amtrak,

which would build two new tunnels and several bridges, expand Penn Station, and add two new tracks between Newark and New York, doubling the trans-Hudson rail capacity. But this is going to be a massive effort, bigger than anything Amtrak has ever built or attempted to build. Cost estimates are now inching closer and closer to \$20 billion. But the need is enormous, and the investment must be made.

I'm sorry to say that at RPA's annual conference just a week-and-a-half ago, I conducted a poll, an instant poll of the several hundred leaders in the transportation community in this region, and I asked them a simple question: What do you think is more likely to happen first, that we build a new tunnel under the Hudson River, or that one of the existing tunnels is shut down for an extended period of time? Eighty-five percent of the respondents answered B. Think about that. Over four in five of the people paying most attention to this issue believe that an imminent disaster is more likely to happen before we are able to get that new tunnel in place.

This Thursday, working with our partners, including Amtrak, the MTA, New Jersey Transit, and the Port Authority, RPA is convening a summit of regional leaders in the transportation community to discuss the state of infrastructure linking New York and New Jersey, plans and proposals to increase trans-Hudson capacity, and the financial and regulatory hurdles to be faced in making these plans a reality, and the Gateway Program will certainly be an emphasis of these discussions. We all know it must get done; the question is how.

RPA strongly supports enough Federal funding in the next rail bill to put the Corridor on track to eliminate the backlog of deferred maintenance, currently more than \$20 billion, as has been mentioned, and also to fully fund Amtrak's normal capital program so that it has the resources to keep the Corridor in safe working order. Gateway is the largest component of this improvement program, and this will be necessary but still insufficient to meet the growing economic and mobility needs of the Northeast.

According to the Northeast Corridor Commission, the historic level of funding for the NEC's capital program is about \$400 million a year. It would take about \$4 billion a year to completely eliminate the backlog of work and make basic improvements within the next 15 years.

So to achieve our shorter-term goals and build a foundation for achieving our long-term vision, we believe three things are missing and sorely needed:

Strong leadership from the President and Congress. Most of the Northeast Corridor is a Federal asset, and it is the responsibility of the Federal Government to return it to a state of good repair. This will also create incentives for the states and private sector to contribute more to the long-term improvement of the Northeast Corridor.

A new infrastructure authority with the capabilities to plan and prioritize projects, and attract and receive the maximum level of private-sector investment to improve the NEC.

And finally, a new funding approach and financing that includes new, reliable, stable sources of dedicated revenues to finance these projects.

To secure the necessary political and financial support from state and municipal governments, as well as the private sector, it's going to be essential to create a new governing structure for project selection, maintenance and financing in this Corridor. This structure could build upon the recent successes in governance, planning, and project delivery already demonstrating their benefits. These successes include the creation of the NEC Commission, FRA's undertaking of the NEC Future, which is a long-range master plan of the Corridor, and Amtrak's strategic plan that creates new divisions for the Northeast Corridor infrastructure development and rail operations.

This vision can only be achieved through a partnership between the Federal Government, Amtrak, and state and municipal governments, as well as the private sector. Robust Federal funding and changes in various Federal financing programs are going to be required to incentivize the state, local, and private contributions for the Corridor's capital projects which will nurture this partnership over time.

So, in closing, RPA recommends that the Federal rail bill create a new program, a new grant program authorized to award \$10 billion to the NEC improvements project in addition to Amtrak's normal capital funding. These grants could be used to pay for project planning, engineering, design, construction, procurement, or financing costs. Federal loans from the Railroad Rehabilitation and Improvement Financing, RRIF, program could be used to finance much of the rest of the budget for this improvement program and repaid using existing or new revenue streams. User fees and value capture mechanisms should also be considered and used to help finance the debt service on the RRIF loans.

This Commission and Congress and all of the other members of this esteemed panel have the ability to begin transforming the Northeast Corridor into the world-class corridor that it must become if the Northeast is going to remain an engine of the national economy and a strong competitor in global markets.

Thank you for the opportunity.

[The prepared statement of Mr. Wright follows:]

PREPARED STATEMENT OF THOMAS K. WRIGHT, PRESIDENT,  
REGIONAL PLAN ASSOCIATION

Chairman Fischer, Ranking Member Booker, and Members of the Committee:

Good morning. I'm Tom Wright, President of Regional Plan Association. Thank you for giving me the opportunity to speak on the important subjects of passenger rail reauthorization, and the need to improve and modernize the Northeast Corridor.

The NEC is the busiest rail line in America and perhaps *the* most complex rail corridor in the world. You have a tough job ahead of you and we are eager to work with you as you work to reauthorize our Federal rail programs and tackle the enormous challenges we face on the corridor, including its worst bottleneck—the two-track stretch between Newark and New York City, its aging bridges, and the infamous tunnels under the Hudson River.

RPA is partnering with leading business and civic groups throughout the Northeast to promote investment in the NEC because of the essential role it plays in the regional economy, as a vital link for millions of residents, workers and visitors.

RPA strongly supports a robust improvement program to fix and upgrade the Northeast Corridor. The economies of the New York region, the Northeast—and indeed the nation—depend on the Federal and state governments and private sector working in tandem to address the immediate and urgent challenge of rebuilding, maintaining and expanding the Northeast Corridor's aging infrastructure.

Each weekday the Hudson River tunnels carry more than 170,000 rail passengers in and out of Manhattan—tripled since 1990—and RPA's projections show that if we have the capacity, demand will continue to grow in the coming decades. However, the tunnels are old and deteriorating, and unable to handle current, let alone future demand.

These crucial assets that carry the lifeblood of New York's regional economy are at risk. The rail tunnels under the Hudson River opened in 1910 and more than 100 years of daily abuse have taken a toll on the tunnels' infrastructure. First, many of you may not know that the weight of the river fluctuates with the tides and as a result the tunnels compress and expand slightly with every change of the tide, twice daily.

In October 2012, Superstorm Sandy flooded the tunnels for the first time in their long history. The water was quickly pumped out, but left behind a coating that is eating away at their reinforcing steel and concrete. For years, one of the tubes has been closed overnight on weekdays and during weekends for maintenance, but these stopgap repairs are no longer enough and the tunnel is threatened by a shutdown if conditions worsen.

As previous speakers have said, each of the tubes will need to be closed for up to a year or more at a time for extensive repairs and Amtrak says this work must commence in the next 15–20 years, leaving precious little time to build two new tunnels. If these new tunnels are not in place, the tunnel closures will reduce train traffic by an estimated 75 percent in the peak hour, forcing over 50,000 people a day to find alternative means of travel in and out of Manhattan. Huge disruptions would follow for all who travel across the Hudson, whether by train, bus, ferry or car. Most likely, many of them would no longer be able to make the journey.

Compounding this problem, RPA expects the huge increases in regional rail travel we have experienced over the last 20 years to continue. We are projecting up to 100 percent increase in travel through Penn Station, and a 50 percent increase in travel to the Port Authority Bus Terminal, which will also be unable to handle future demand. Without the ability to accommodate this growth, the economies of both states will suffer.

Fixing this bottleneck is about far more than simply avoiding disaster. It's about giving the Nation's largest metropolitan economies a chance to grow and keep pace with Shanghai, London, Paris and other world cities that are investing far more in their transit infrastructure. We have a chance to add 2 million jobs to the New York region's economy over the next 25 years, giving more people a chance for getting ahead, and supporting more of the services that people want and need, from high quality schools to reliable public transportation.

But this will only happen if we make the right investments, and no investments are more important than ones to increase Trans-Hudson capacity.

Many possible solutions have been suggested. The most obvious option is the Gateway program proposed by Amtrak, which would build two new tunnels and several bridges, expand Penn Station, and add two new tracks between Newark and New York, doubling trans-Hudson rail capacity.

This will be a massive effort—bigger than anything Amtrak has ever built or attempted to build. Cost estimates are inching close to \$20 billion. But the need is enormous, and the investment must be made.

At RPA's annual conference last month, I conducted a poll of the audience of several hundred leaders in New York's business and civic community. I asked the audience,

What is more likely to happen first?

- (A) A new tunnel under the Hudson River is built, or
- (B) One of the existing tunnels is shut down for an extended period of time.

85 percent of the respondents selected B.

Think about that—more than 4 out of 5 of the people paying closest attention to this issue think we will fail to prevent a disaster—when we already know about the dangers.

This Thursday, working with our partners—Amtrak, MTA, NJ Transit and the Port Authority—RPA is convening a summit of regional leaders in the transportation community to discuss the state of the infrastructure linking New York and New Jersey, plans and proposals to increase trans-Hudson capacity, and the finan-

cial and regulatory hurdles to be faced in making these plans a reality. The Gateway Program certainly will be the emphasis of these discussions.

We all know it must get done. The question is how to get it done.

RPA's strongly supports enough Federal funding in the next rail bill to put the corridor on track to eliminate the backlog of deferred maintenance—currently more than \$20 billion—and fully fund Amtrak's normal capital program, so it has the resources to keep the corridor in safe, working order. Gateway is the largest component of this improvement program. This will be necessary, but still insufficient to meet the growing economic and mobility needs of the Northeast.

According to the NEC Commission, the historic level of funding for the NEC's capital program is \$400 million a year. It would take \$4 billion a year to completely eliminate the backlog of work and make basic improvements within 15 years.

To achieve our shorter-term goals and build a foundation for achieving our long-term vision, we believe three main things are missing and sorely needed:

- *Strong leadership* from the president and Congress—most of the NEC is a Federal asset and it is the responsibility of the Federal Government to return it to a state of good repair. This will also create incentives for the states and private sector to contribute more to the long-term improvement of the NEC,
- *A new infrastructure authority* with the capabilities to plan and prioritize projects, and attract and receive the maximum level of private sector investment to improve the NEC, and
- *A new approach to funding and financing* that includes new reliable sources of revenue dedicated to the finance critical NEC projects.

To secure the necessary political and financial support from state and municipal governments, as well as the private sector, it will be essential to create a new governance structure for project selection, management and finance in the corridor. This structure could build upon the recent successes in governance, planning and project delivery already demonstrating their benefits in the corridor.

These successes include the creation of the NEC Commission, FRA's undertaking of NEC Future, a long-range master plan of the corridor, and Amtrak's Strategic Plan that created new divisions for Northeast Corridor infrastructure development and rail operations.

This vision can only be achieved through a partnership between the Federal Government, Amtrak, and state and municipal governments, as well as the private sector. Robust Federal funding and changes in various Federal financing programs are required to incentivize state, local and private contributions to the corridor's capital projects, which will nurture this partnership over time.

RPA recommends that the next Federal rail bill create a grant program authorized to award \$10 billion to NEC improvement projects, in addition to Amtrak's normal capital funding. These grants could be used to pay project planning, engineering, design, construction, procurement or financing costs. Federal loans from the Railroad Rehabilitation & Improvement Financing (RRIF) program could be used to finance much of the rest of the budget for this improvement program, and repaid using existing or new revenue streams. User fees and value capture mechanisms also could be used to help finance the debt service on RRIF loans.

This Committee and Congress, and all of the other members of this esteemed panel have the ability to begin transforming the NEC into the world-class corridor it must become if the Northeast is going to remain an engine of the national economy and a strong competitor in global markets.

The proposals I have laid out would build on significant progress already made by Amtrak, the NEC Commission, Federal Railroad Administration and the states in returning the corridor to a state of good repair and creating a long-range master plan for the corridor. The next Federal rail bill should authorize key investments required to eliminate the NEC's worst bottlenecks, create new capacity and reliability, and build a foundation for high-speed rail in the future.

I urge you to make these policies and investments for the NEC a keystone of the upcoming rail reauthorization bill.

Thank you.

Senator BOOKER. Thank you very much.

Eighty-five percent of those polled predict disaster. That sounds like my first poll when I was entering politics.

[Laughter.]

Mr. WRIGHT. Shocking.

Senator BOOKER. Yes. You were far less depressing when I was Mayor.

[Laughter.]

Mr. WRIGHT. That says something.

Senator BOOKER. Thank you, Mr. Wright.

Mr. McNamara, will you bring us home?

**STATEMENT OF JOSEPH A. McNAMARA, DIRECTOR,  
NEW JERSEY LABORERS'—EMPLOYERS' COOPERATION  
AND EDUCATION TRUST (NJ LECET)**

Mr. McNAMARA. Thank you, Senator.

My name is Joe McNamara. I'm Director of the Laborers-Employers Cooperation and Education Trust. As the Senator pointed out, that's the labor-management fund that's affiliated with the Laborers International Union of North America. Our role, LECET, is to promote and effectuate policies that stimulate economic growth. A strong economy is good for the construction industry, which I represent.

Today, I'm representing Ray Pacino. Ray is an international Vice President of the Laborers International. His region, the Northeast Region, is New York, New Jersey and Delaware, which embodies the Northeast Corridor region. We have 40,000 members who build the infrastructure, as well as schools and office buildings. So obviously, a good economy, a strong economy is good for construction jobs.

You've heard from the experts—I'm not—on the critical importance and the enormous needs of our rail transportation system. I've submitted some testimony. Not to be redundant, let me highlight some key points and perhaps give a little broader perspective to rail infrastructure and how it fits into the rest of the system.

As has been said, we're all aware that transportation infrastructure is the foundation of our economy, more so than any other region of the country. Yes, we depend on it. We live in the world's largest consumer market. There are 50 million people who are considered to be the economic capital of the world. Why are we? We are because of our intermodal transportation system, our roads, bridges, highways, transit, both rail and freight. So it's critical that we maintain these systems and make sure that they are working efficiently. If not, we're not going to be able to maintain our position in the world as an economic capital.

I sit on the Board of the Economic Development Authority and, no question, the incentives, the tax incentives that have been put in place over the last few years have been very, very successful in attracting and retaining businesses in New Jersey. But I can tell you, while they are extremely useful, part of the decisionmaking process of the businesses in this region whether to come or go is the efficiency of the transportation network.

In New Jersey and in Washington, obviously, we're dealing with trying to find funding for the highway bill, and in New Jersey for our trust fund. It's not an accident that some of the key people in our coalition in New Jersey, Forward New Jersey, like the Chairman, is Tom Bracken, head of the New Jersey Chamber, the Association of Office Parks, civic organizations, all have united because

we need to find solutions to transportation funding both at the Federal and the state level.

Again, our systems are aging, as the panelists have pointed out, and we need substantial capital investment. Now again, the leaders in both Washington and Trenton understand this, but they can't come up with a solution to do it, whether it's a political or a financial solution.

Perhaps we need to change how we look at investment in infrastructure. Yes, I hear, both at the Federal and state level, some leaders might say gee, we know we have to make improvements, and you say it's an investment, but it's really an expense. Yes, in the short-term, no question it's an expense. But it is an investment. And like other financial investments, there is a return. I think it was a Moody's analyst, I forget his name, one of the chief economists for Moody's Analytics who has done some research and says that for every dollar we spend on infrastructure \$1.44 comes back. I thought it was somewhat higher. But still, it shows that you get a return on that.

So if we do, we get additional business activity, economic activity, we grow our economy, and we also then help to grow our way out of the deficit that we're all concerned about. So it's really critical that we make these investments in the infrastructure. Yes, it creates jobs for the industry I represent, no question about it. But also, as we grow the economy, it will help us keep businesses in finance, retail, and tourism. It just grows the economy. So the jobs are for the future of our region and our children and grandchildren. We need to grow. We need to make these investments.

The other piece, which I'm sure I know was mentioned, investment in the rail infrastructure is certainly good for safety. Unfortunately, we've been good on the Northeast Corridor, but we've seen accidents around the world, actually, over the past few years, and environmental benefits. Certainly, rail transportation is more sound from an environmental standpoint than a car, airplane and others.

So it's an integral part, rail transportation, of our total system, and we need to look at it as a whole, and we need to make these investments if we are going to grow the economy and have a quality of life.

[The prepared statement of Mr. McNamara follows:]

PREPARED STATEMENT OF JOSEPH A. McNAMARA, DIRECTOR, NEW JERSEY LABORERS'—EMPLOYERS' COOPERATION AND EDUCATION TRUST (NJ LECET)

Good morning. I want to thank you, the Committee, its Chairman, Senator Thune, and Senator Booker for putting the focus on such an important issue as commuter rail travel in this region. My name is Joseph McNamara I am Director of the New Jersey Laborers'—Employers' Cooperation and Education Trust (NJ LECET), a labor-management partnership of the Laborers' International Union of North America (LIUNA) and its signatory contractors. Our focus is primarily on issues of economic development which this very much is.

You are hearing from numerous experts in fields such as transportation, business, government and more. In addition to my responsibilities with NJ LECET, I also serve on the New Jersey Economic Development Authority, the independent state agency that among other things finances small and mid-sized businesses and administers tax incentives to retain and grow jobs. I mention this because I have come to learn in my many years in economic development that a sound and efficient transportation infrastructure is a great incentive to retain and attract businesses.

Speaking of experience, I should point out that I am here today representing LIUNA Vice President and Eastern Regional Manager Raymond M. Pocino who in addition to leading the 45,000 skilled workers of LIUNA in this region, is also a leader on issues regarding transportation having advised public officials for the last 40 years and served on important transportation-related boards including presently both the Port Authority of New York and New Jersey and the New Jersey Turnpike Authority. Ray apologizes for not being able to be here today but he thanks the Committee and, of course you, Senator Booker.

I will concentrate my remarks on our need to plan effective and efficient transportation systems that build upon the strengths on the Northeast megalopolis and meet our future needs. Also, I will discuss the need to improve our crumbling infrastructure and use investment to not only meet our primary objective of moving people, but also meeting other important goals like the reduction of carbon emissions and increasing job opportunities.

### **Build upon our strengths**

I am sure you are familiar with last year's study of the Northeast Corridor and the American Economy by the Northeast Corridor Coalition. Eight states and the District of Columbia rely on an efficient and effective rail system to move 750,000 people each day. This is a region with an economy larger than France, home to 162 Fortune 500 companies, 6 of the 8 Ivy League institutions, some of the world's best hospitals, 50 million people, and of course, the Nation's busiest passenger rail line.

The Northeast Corridor is a region with many steeples of excellence that not only rise above others globally, but interconnect within the corridor in ways that enhance our global competitiveness and encourage innovation. Interconnectedness contains the word connect, of course, and our rail lines have been linked to our economic vitality like nowhere else nationally. The Northeast Corridor is so important that just one day of unexpected loss of service could cost the Nation nearly \$100 million in transportation impacts and productivity loss. We know the Northeast Corridor rail lines work because consumers show us that it is working for them. It is the only regional system of Amtrak to operate in the black and its network is in the proximity of 7 million jobs within 5 miles of an NEC Amtrak station. We mustn't lose sight of the need to build upon these strengths and our, for the United States, unique reliance of rail.

For all the increases in ridership over the past decade or so, we must also consider that the NEC continues to deal with operational challenges due to the aging and obsolete infrastructure that has resulted from insufficient investment in maintaining our rail lines. We must also account for even more ridership in the future. The American Society of Civil Engineers in their Report Card on America's Infrastructure graded rail as a C+, and according to a report from researchers at MIT, there is \$8 billion infrastructure maintenance backlog for NEC railways. Combine this with a projected 76 percent growth in NEC ridership, to 23 million annual riders by 2030, and one can see that the need for investment is tremendous.

Our region's needs are multi-modal and rely on each part of our transportation system being run efficiently. Problems with our rail lines will put people on our roads or at our airports. That adds congestion and increase carbon emissions. How much of the latter? According to a Federal Transit Administration report, the average passenger car in the United States produces just under one pound (.96 pound) of carbon dioxide per mile. A bus is .65 pounds per mile. Air travel is .53 pounds per mile and a commuter rail is just .35 pounds per mile. Investing in our railways doesn't just make sense to our economy and quality of life. It also effects our environment and the issues of climate change.

As I mentioned, I represent the workers and contractors who build, repair and maintain our railways, so I have a good perspective of the importance upgrades to our system would mean to more than 40,000 members in New Jersey and New York. But rather than hear it from me, consider the work of Mark Zandi, chief economist at Moody's Analytics, who found in 2011 that new Federal spending for infrastructure improvements would generate \$1.44 of economic activity for each \$1 spent. In fact, the Congressional Budget Office found that infrastructure investments had one of the strongest economic impacts of all the policies included in the American Reinvestment and Recovery Act.

We don't invest in rail infrastructure merely to create jobs, but the fact that we create good jobs while also enhancing service, improving safety, and increasing capacity should be seen for the sure-thing investment that it is. I completely understand that our rail system competes for resources with systems all over the country. The difference is that we aren't offering a speculative dream. We can concretely show a system that is attractive and useful to the end user and a driver of our economy. We can also show that to sustain, improve, or grow the NEC network will take

a commitment moving forward. While the NEC Region represents 17 percent of the U.S. population, its eight commuter railroads move 75 percent of the Nation's commuter rail passengers. It is critical that we act now to invest in Amtrak's Northeast Regional rail lines or surely face the consequences in the future. I thank you for your time.

Senator BOOKER. Thank you very much, Mr. McNamara. I really appreciate that and all the testimony.

I really want to dig in right now with some questions, if you all don't mind. But I'd like to start, Ms. Feinberg, with something you mentioned at the beginning of your testimony. It wasn't really echoed in the others, but I think it's very important that we flesh it out a little bit because I was very encouraged when the Department of Transportation released a much anticipated rulemaking and previously issued a lot of emergency orders about the safety of transporting crude on trains.

Many people know that here in New Jersey we have a lot of refineries. We have crude coming from as far away as Canada to be treated in those refineries. Thankfully, we haven't had a derailment here. But as you and I both know, there have been some significant accidents in our nation, so safety is critical.

We do know that here in this state we had a very difficult incident in 2012 in Paulsboro that involved a spill of dangerous toxic chemicals. So could you flesh this out for me a little bit more? The National Transportation Safety Board raised concerns in these derailments, whether crude oil or chemicals, and first responders need to know what's coming through, what's being transported through their communities in states like ours.

I echoed these calls when I heard it, having been the Mayor of a city, making sure we have the equipment and the ability to respond to a disaster if it should happen, and really help those men and women who are out there on the front lines.

So how does that rulemaking and emergency orders help to really address the issue of local first responders knowing what's coming through their communities?

Ms. FEINBERG. Thank you for the question. As we've been working on this rule for quite some time, and I've spent the better part of 2 years focused on this issue. We're focused on preventing the accident, mitigating it, but also assisting first responders with their response to the accident. That third part is critical. So there are a couple of moving pieces here.

As of right now, we have an emergency order in place that requires the railroads to share information with the SIRC's, with the state leadership of first responders. The rule itself requires actual additional information to go from the railroads to the first responders, very specific information—routes, timing—basically as specific information as possible.

That said, we've got some time between now and when the rule is implemented, and we're looking at even more and other additional steps that we can take to make sure that first responders have as much up-to-date information as possible. There is information about the product that is in the locomotive of the train. That doesn't necessarily make the most sense in terms of when you're actually dealing with an incident. So we're taking a close look, and

we'd be happy to work with you and your staff also going forward to figure out what else we can do to assist first responders.

Senator BOOKER. That's a critical link. I guess, then, is there something we should be considering in the passenger rail bill? There are safety provisions, for example, there. Is there anything that, as we're doing this reauthorization, that the Congress should be working on or focused on?

Ms. FEINBERG. Your staff and I know you've been interested in real-time communication to first responders of what the product is and when the product is traveling through communities. I think that's a wonderful first step. We're happy to work with you.

I think if there's one thing that this rulemaking process has taught us, it's that rulemaking is not the way to change policy quickly. So to the extent that we can work with you as things are moving through the Congress, we would really welcome that opportunity.

Senator BOOKER. I would love that. Nothing that pops to you right now of things that we should focus on?

Ms. FEINBERG. The real-time sharing of information is the best place to start.

Senator BOOKER. Fantastic.

Ms. FEINBERG. Thank you.

Senator BOOKER. So let's just shift to the whole panel because all of us, me in my opening remarks, every single one of you, covered the critical nature of the Northeast Corridor, how vital of an artery. Mr. McNamara, you even fleshed that out. It really does touch every area of life in this region, whether you realize it or not. The problem is that parts of this infrastructure are more than a century old.

So what are some of the challenges? I just would love for you to highlight—anybody can take this on the panel that you want, because it's important for me that we flesh out really the crisis that we're in, the crisis state that we're in right now. So what are some of the challenges that we face if we don't make this a priority?

You said people predicting disasters in the Gateway tunnels. But just in general in the Northeast Corridor, can you all paint a picture for me of if we fail to make the necessary infrastructure investments, what kind of impact is that going to have on our region?

Anybody can pick that up.

Mr. COSCIA. Well, I'll start, because it's the nightmare that we think about at Amtrak on basically a daily basis.

We've become the victim of our own success. You alluded to some of this in your opening comments. Passenger rail has become very popular. It is an extraordinary time to be associated with Amtrak because we have had the best five years in the last five. So in our 45-year history, the world has sort of reawakened to the notion that intercity passenger rail is a very effective, efficient mode of transportation, and on the Northeast Corridor we have a reasonable product to offer people.

That increase in demand has resulted in a system that is very, very heavily used. I mean, if you are on the Northeast Corridor, it's not uncommon to walk around the train and realize that every seat is taken and that, in fact, if we had more trains, we'd be able to fill up more trains.

The problem with that is that since we're running the system so hard, we're also not in a position to maintain the system in the kind of manner which we really should be, considering the fact that these assets have been in place, in some cases for over 100 years. So you have sort of a perfect storm.

On the one hand, we're showing much, much better operating results, and it's translated into lower operating deficits and greater demand and an increased awareness of the railroad and other things. On the other hand, I mentioned in my testimony that all the critical work on the Hudson River tunnels, to take an example, all has to be accomplished in the 55-hour stretch during the weekend. So to those who live in New Jersey and can't take a train from Montclair to Manhattan on the weekend, the reason you can't is because we've taken one of the two tunnels out because we're doing repairs at the only time that we can.

Those repairs are getting us to just the minimal level. The system is safe. I always assure people of that, and Administrator Feinberg would certainly agree to this. There are no dangers. The danger is that our inspections will reveal the fact that there are problems in the system and we have to shut down critical components of it, whether it's something absolutely critical, like the Hudson River tunnels, or other components of it, and we mentioned several in Maryland, and there are others in New England, and Mr. Redeker mentioned some of those.

That level of disruption, even of a minor amount, is likely to cause significant ripple impacts on individuals and their quality of life, which we consider to be a very valuable consideration, but businesses will be touched by that almost immediately. I was the chairman of the Port Authority in the period after 9/11, and the PATH system was shut down for about a year-and-a-half period. I came to the Port Authority well after 9/11, but literally on my call sheet every day were CEOs of some of New York City's major companies essentially saying my people can't get to work every day, and the cost was literally in the hundreds of millions in terms of lost productivity that was incurred because that one component of the system was out.

Shutting down the Northeast Corridor would wreak havoc on bridges and tunnels. The airline system wouldn't be able to cover it. I mentioned in my testimony that more people use our system between New York and Washington than all the other airlines combined. So if for some reason it no longer became an option, we would have enormous problems from an economic standpoint.

So I think it's not possible to be hyperbolic on this subject because it is just so critical.

Senator BOOKER. Right. And am I overstating the fact that unless we find a reliable funding mechanism to begin to account for this deficit that's been created and growing, inarguably growing, that that kind of crisis is inevitable?

Mr. COSCIA. We believe it is inevitable. In fact, we made a point of sharing with the world the very detailed analysis of the Hudson tunnels in the aftermath of Super Storm Sandy, and the damage, the chloride damage to the electrical systems and other fundamental parts of the system. We believe that we need to be building today in order to avoid there being a gap. I think Tom Wright's poll

shows that the public doesn't really believe we're going to pull this off. And candidly, given our track record on the subject, I can't blame people for forming that judgment.

But, yes, we have to create a funding source that allows us today to continue the work and to know it will continue for an extended period of time. The reason why reliability of funding is so critical is that, to anyone who has ever been involved in doing a major construction project of any type, to the extent you know you have enough money for Year 1 of the project, but you don't know if you have money for Year 2 of the project, it raises costs, it creates unpredictability, it creates schedule problems.

We know we have a long-term problem—

Senator BOOKER. Right, and we're going to get to the financing in a little bit. And again, everybody feel free to jump in. Mr. Wright, you can.

But I just want to, again—look, I've never been one who cannot surrender to cynicism, and often the way to get people not to surrender to cynicism that we're not going to fix this problem is to motivate them by fear.

So the report on the tunnels, when I first read that, it struck fear in me that they have a 20-year life span and that shutting down one of those tunnels, I know clearly what that would do. For the Northeast Corridor in general, that report was wonderfully illustrative and was covering a lot of coverage. But is that same situation going on in other components?

Mr. COSCIA. Yes, absolutely.

Mr. REDEKER. I'll give you three examples, just because I've lived them in my tenure in Connecticut, and I'm not sure that fear is enough.

So, three incidents in Connecticut. The Norwalk Bridge, which failed on a Friday afternoon in a peak period, and did it again and shut down the entire Northeast Corridor because it's a single point of failure, just like Portal is. This is four tracks on one structure. When it opens, that's it. If it doesn't close, you don't have service anymore. That's a project that is long overdue in Connecticut because Connecticut doesn't get funding through the Amtrak sources, has not in history. But Connecticut at one point stopped the project because we didn't have enough money to complete it, so we stopped the planning. That was several administrations ago.

This administration brought it forward, and thanks to Sandy funding, which is just a one-shot deal from my perspective, we're going to be able to finish that bridge. But think about constructing a bridge that's the only place where you can carry four tracks on one structure that has to be replaced in its current location. So it's a challenge to do it, but the fear about whether it's going to fail again didn't bring the funding.

The second issue is that we had the derailment in Bridgeport. Now, here's a situation of serious lack of state-of-good-repair funding for long enough that the entire system was substandard. Inspections were made, but this was not caught, and we had a derailment that shut the entire Northeast Corridor down. And costs, according to Northeast Corridor Commission estimates, \$100 million a day, and that took several days to bring it back.

And then we had a substation that failed because during the reconstruction of the substation there was no redundant power, so we had no Northeast Corridor again.

Now, these are all north of New York, in Connecticut examples, but three incidents were not enough to bring attention to this issue at the Federal level yet.

I must say this, at the State level we've committed substantial resources to this issue, and I think, just to give an example, our current capital plan, which is moving through our legislature, has a 40 percent increase in the highest capital investment ever in the Northeast Corridor. Seventy percent of the next 2 years of funding is dedicated to the Northeast Corridor, so \$1.9 billion on top of our base capital plan for the Northeast Corridor.

And in a third year plan which we're putting forward, fully 30 percent of \$100 billion plan is to go into our rail investments along the Northeast Corridor because of the importance economically. I want to support the arguments.

So we need to combine the fear arguments with the outcome arguments. This is about our economy. It's about our future. And every dollar spent, and a 1.4 to 1 return, whatever it is, I just don't buy it. I think this is in the multiples. Our analysis shows investments in the Northeast Corridor are 6 to 8 times the dollar returned per dollar spent. That's the compelling argument.

We need to convince people about that, because that's what government should do. As you said, the fundamental principle of government is to build infrastructure, and the last time it was built was 118 years ago in Connecticut. It's time to rebuild it and bring it to standards.

But I'll make one final point. States up and down the Corridor are tapped out. We're tapped out on the rail side, we're tapped out on the highway side. And in addition to already funding about a third of the Northeast Corridor projects today, the states have signed on across the Corridor with all of the users to pay yet more. But it's not enough. It will never be enough to bring the system to a state of good repair, never mind achieve the growth that we need economically.

Senator BOOKER. Mr. Wright.

Mr. WRIGHT. Well, just to jump over to the other side of the river in New York, people are acutely aware of the deteriorated system that the subways had when I was growing up as a kid there, and others, trains derailed, caught fire, cars doors didn't open, and it was the massive investment in the city subway system in the 1970s and 1980s that has led to the resurgence of New York City today and the great economic growth that has happened there.

But that system is also being starved for funding. Right now, the MTA is looking for a \$32 billion, five-year capital plan, which is about half-funded and has about a \$14 billion gap in it. We're talking about \$6 billion a year that we're trying to get to kind of maintain and keep the city subway and bus systems running. That includes, of course, Long Island Railroad and Metro North.

Now, just kind of taking a very broad brush at this, the CEO of the MTA, Tom Prendergast, will say that that's a trillion dollar asset, the MTA, that all the subways and the buses and commuter railroads in New York add up to about a trillion dollars. When you

look at the rate of reinvestment that's necessary just to keep an asset going, that if tracks deteriorate, if train cars fall apart and other things and need to be replaced on, let's just say, a 30-year basis, then you need to be investing 3 percent on an annual basis just to keep your system running at the level that it currently is. On a trillion dollar asset, 3 percent would be \$30 billion every single year, not for a five-year plan that's half-funded.

So there's an enormous gap between the overall need. And again, depreciation is not just a financial concept. It is train wheels deteriorating, it is cables needing to be replaced, it is brake systems and signal systems and other things. So this is nuts and bolts hardware.

Senator BOOKER. I never even thought about that. When I was mayor, I had to negotiate with the Arena about what the capital maintenance would be, and you're right, 2 or 3 percent—

Mr. WRIGHT. Is a bare minimum.

Senator BOOKER.—is the floor.

Mr. WRIGHT. Absolutely.

Senator BOOKER. The same thing about these landlords investing in their building or else there would be a decay. So we are dramatically high.

Mr. WRIGHT. We are a fraction of 1 percent, as opposed to that 2 or 3 percent level, and that's chronic across the country.

The other thing I would say is that when I broke into this field 25 years ago, the United States had just had 50 years of post-World War II suburban growth, and there was an assumption I think in the field and everybody working that the future was going to look—that the 21st century would look largely the way the 20th century was, that cities would just barely hang on to their populations, that growth would continue moving further and further out from cities into the edges of the metropolitan regions.

What we've seen is a wonderful reversal of that over the last 10, 15, 20 years. We all know the story. The Millennials are moving back into cities. The Boomers as they retire want to be somewhere active, they want to move into cities. People keep coming to our shores from around the world, and they want to move to cities.

Senator BOOKER. Does that mean our estimates of capacity, and therefore wear on the system, are really low?

Mr. WRIGHT. I think that there's kind of baked into all of our assumptions much of that post-World War II suburban mindset and that we have to start thinking in a very different way about what the potential growth would be, because all of this, as Tony Coscia said, "all of this growth has kind of happened on the edges without us expanding capacity."

We are going to need our housing production, we think, in this region to go from roughly 60,000 units a year to 90,000 units a year. We're going to need to double the capacity in our major transit systems. This is just to keep up with the growth that we already anticipate. It's not to actually really support that growth and see how much better we could do. So we're not even talking at that level.

But I think in terms of the fear factor, reminding people what our systems were like 40 or 50 years ago should be a powerful

tonic, because I recall it from being a child, and I don't want to go back to those days, and nobody should.

Mr. MCNAMARA. To build on Mr. Wright's point, infrastructure transportation is important, obviously, for business to make decisions as to where to locate, but so also is the workforce and the availability of the work force. In New Jersey, we have a very qualified work force. But as Mr. Wright pointed out, the Millennials have a different lifestyle.

I grew up in Newark with a bunch of my friends who I'm still friendly with. We all in the 1970s moved out. Our children, none of our children live in the suburbs. They all live in an urban area near a transit system. Why? Because it's a different lifestyle.

We see from our industry standpoint, the construction and real estate industry, obviously we communicate about this stuff all the time, and there is a trend. We're not seeing office campuses built on 202 and others. If anything, we're looking at how to repurpose them so that they can go from being an office complex to a mixed use, something to regain the economic activity in the suburbs.

But Hoboken, Newark obviously, Panasonic, Prudential, the Marriott Hotel—Mayor, you know them all—shows a trend of going back to the inner cities. I think, like New Jersey transit, since people are moving back, they do want to live in the cities. Businesses want to be located where their workforce is. They should look at public-private partnerships around train stations, perhaps New Jersey Transit, so that they can build residential, retail, office complexes, perhaps tying in with universities that tend to locate or have been located around the transit centers—Rutgers, Stevens Institute, Camden has.

In Camden, we're starting to see some significant growth in Camden. A number of incentives have happened there that have created maybe \$600 or \$700 million in new capital investment there. One of the advantages is the rail system, the light rail system that comes down the river.

So we need to look at not only increasing them for the workforce but seeing what economic opportunities they might generate for revenues for our transit systems. I don't know, Chairman, if Amtrak could support that kind, or if it's something they could have responsibility to do.

Mr. COSCIA. Not only do we support it, but I have the—I guess it's a mixed blessing of spending a lot of time with my counterparts in some of the places, Senator, that you mentioned, and they've been often visitors, and it's been very interesting to hear about how they've developed high-speed rail networks in other parts of the world and things that they've taken advantage of.

One of the lessons we learned early on is that transit-oriented element creates an enormously positive opportunity to create a value-capture mechanism to be able to bring value into the system and invest further in that. Along those lines, Amtrak as the legacy owner of many real estate assets throughout our footprints, we own interests in real estate that we think can be better deployed in a way that will allow us to activate sites that are relatively inactive, and at the same time would create revenue opportunities for the company that can then reinvest.

We've begun a very aggressive program in that regard in places where we own significant real estate assets, like New York City, Philadelphia, Baltimore, Washington, D.C., where we have now very active programs of working with developers on creating high-density development opportunities around transit-oriented stations.

Senator BOOKER. So that's the multiplier effect. We see the fear, but the real hope and the vision for what we can create would be—and Newark's population is increasing for the first time in 60 years—is this incredible ecosystem that we could be creating that just has a multiplier effect of value, and this idea that we're number one, which is a cheer we hear as Americans all the time, but to get to that top number-one infrastructure really should be a goal because it does expand opportunity in ways we can't see.

Mr. McNamara is right about the dollar, the 42 cents on every dollar. That's national infrastructure returns. Indeed, as Mr. Redeker said, the region that we're in, the Northeast Corridor, it is more like six times, which is just pretty incredible.

I didn't want to gloss over the Gateway project in general, but it's not just money, Tony. I do want to get back to the Gateway, if we could. Just really quickly, it's not just money for Congress. Aren't there other things that Congress—and, Ms. Feinberg, you can answer this as well. Aren't there other things that Congress could do to be supporting getting to that first-class infrastructure that we all would want our country to have? Is that correct?

Mr. COSCIA. Yes, I think that absolutely is correct. There are a number of different things that would be helpful from the standpoint of giving Amtrak support and giving our stakeholders support for creating the kind of partnerships between Amtrak and its stakeholders that will allow us among ourselves to manage and better operate the railroad.

The best example I can give you of that—and Mr. Redeker has worked with us very much on this initiative as well—is that we need to create a better way of looking at governance in the Northeast Corridor for how we manage large-scale infrastructure projects. The system will benefit by having a governance relationship between Amtrak and the various stakeholders that allows us to oversee and manage large-scale capital projects in a way that's much more efficient than we have historically done in the past. That's an area where we think Congress' support would be very helpful in terms of ratifying things.

Senator BOOKER. I don't know if you read the book that talked about all the convoluted ways we raise the Bayonne Bridge and the difficulties with the project. Do you know what I'm referring to?

Mr. COSCIA. Yes, yes. I do.

Senator BOOKER. So Congress can play a role in helping to streamline all these cross-authorities that are going on. Is that right?

Mr. COSCIA. Yes, and I think that PRIIA offers a great platform to do that, because by adopting what PRIIA called for in terms of creating business lines within Amtrak that allow us to look at—we basically think Amtrak is in one business only, which is intercity passenger rail. We connect people between cities. And for all the reasons that Tom and others mentioned, this is an incredible growth opportunity, not just for now but for decades to come.

But in addition to that, we run state-supported services, which we have broken into a different business, and we also run long distance rail, which is a third business. And then finally we've created a fourth business, which is our asset management business, because we own legacy assets that can be deployed. We think by having PRIIA in its reauthorization further enhance those four separate businesses as operating units within Amtrak, it creates a better platform for us to be more effective partners to our states, our long distance partners and others, and other private parties as we look to monetize our asset base.

So in part, we think that PRIIA really did sort of open the door in an incredibly comprehensive way toward creating a new type of passenger rail system in the United States. We now have to act on that.

I mentioned something about long distance rail because there is an enormous community that's served by long distance rail. There are disabled and elderly in towns and in places where the only thing that happens in those towns is an Amtrak train runs through them. Now, I will tell you that from a policy standpoint, we will continue to run those trains, and we think it's important to continue to run those trains. But I assure you, Senator, that neither I nor any financial manager in the world will ever be able to turn those lines into things that run black ink. So that's obviously an area where we need that support.

Senator BOOKER. Well, I believe in you, first of all. If anybody could do it, you could.

Mr. COSCIA. Thank you.

Senator BOOKER. But what you're talking about, and especially the four business units you outlined, that's a great area for a bipartisan coalition. I know our staff is already talking, but I want to pounce on those areas. I get a lot of cooperation when I start talking about empowering folks, helping to streamline business outlooks and authority.

But before I go on to the next, Ms. Feinberg, do you have anything to add to that?

Ms. FEINBERG. Well, I completely agree with Mr. Coscia. I mean, I think one of the most important things on the Gateway project is also for all the stakeholders to come to the table. So you've got Congress, you've got Amtrak, but New York and New Jersey as well, to come to the table and move as fast as possible.

I mean, one of the things that I think everyone remarked on but that always strikes me when we're trying to focus on the importance of moving quickly is how much more expensive it is the longer we wait, right? So even with the negotiations that go on on the Hill between Republicans and Democrats about how to pay for things, the negotiations that happen between the FRA and OMB and other elements of the Administration, the thing that everyone can agree on is how much more this will cost us if we wait any longer, or if we wait, God forbid, for a tunnel to be out of service, or if we've got a bridge that just no longer works and we actually have to shut the place down.

Mr. REDEKER. There are a couple of points that I think we've made in the Commission policy document that I think really sup-

port this question of what can Congress do on the policy side, not just the funding side.

One is that we've adopted, not just the policy on allocating cost but rather on performance, and it's both the operating performance, so outcomes on the system performance once we spend money, but it's also about the production of projects and how they get managed and how transparent they are and how we report on them from a schedule and a budget point of view. And that's not just Amtrak. It's every owner who has that responsibility.

I think those perspectives, and one more that's in the policy document, and I think Mr. Coscia referred to it in his remarks, this question of harmonizing Federal programs. One of the dilemmas that we face which costs time and costs money is different rules and regulations and procedures and processes in environmental or funding or whatever it may be, that we are now, maybe for the first time as we focus on the entire Corridor, going to be mixing.

So we're going to be needing to take Federal transit dollars and Federal highway dollars and Federal railroad dollars and put them all into something, plus state dollars, and say let's make it all work. From a state that's tried to do that, it's not easy. So I think we've got a commitment among Commission members, particularly our USDOT partners, to begin that process, and we're thrilled about that because that is a piece of how do you expedite this.

I also think there's a private side of this which says how can we actually figure out a way to just do this like a company would that's a private sector company, not a Federal Government or state government project, and learn from that and break through the rules and regulations and create new ones that simplify and expedite projects.

I'd say this, that to get to that in Connecticut, we're proposing programs that are fully state funded just to avoid the regulations and to create our own streamlined processes because we haven't been able to break through that. It's not to say we can't, but in our book self-sufficiency may be the only way to do this to break through some of the restrictions and burdens we actually live with every day.

Senator BOOKER. I've got one more question, and then we're going to have to wind down. I really wanted to get more into funding mechanisms because I think that's the trick right now for Congress is to figure out the funding mechanisms. I just want to say a pet peeve of mine which you mentioned, Tony, that I think is worth highlighting, that just reinvesting in the Northeast Corridor's profit in the Northeast Corridor would create even more resources, but we're really being drained as a region. I know it sounds self-serving for a Senator from New Jersey, but you would agree with my take.

Mr. COSCIA. I think it's a false choice to say that we have two options, either invest in the Northeast Corridor, which we should because we're essentially burning the beams in our house for the fireplace, and eventually there will be no more beams and no more house. So what we are doing makes no sense whatsoever. But we're doing it because the other option right now would be abandoning large segments of the country that have no rail service.

So we're sort of asking for people to be honest with themselves about what kind of a policy judgment are we making as a nation about mobility options for people and not burying our head in the sand and saying, well, OK, right now Amtrak is doing pretty well and we're making money on the Northeast Corridor, so let's let them pay the bills so we don't really have to. It's just not responsible.

Senator BOOKER. So that's the last question, and anybody or everybody can take it, as my staff is starting to jump up and down and gesticulate. But what we're digging into is trying to figure out the best ways in the bill I introduced about trying to create a stable, long-term funding mechanism that could be relied upon so we can plan out getting back to a Class A Northeast Corridor rail service. So if anybody wants to highlight a message you would want to send to Congress about the ability to set up a stable funding mechanism, the urgency that exists, would be helpful.

Ms. FEINBERG. I think I can jump in. The stable, dedicated funding so that folks know that they can plan more than 1 year in advance, more than 6 months in advance, more than 2 years in advance, is just incredibly important. As you've said and as others have said, there is some ability for state DOT secretaries to do that planning for highways. Those in the aviation community usually feel like they can plan a little bit in advance. We just don't have that in rail, and it is critical, and it is a huge hole in operating service.

Senator BOOKER. The interesting thing is we're looking at the Federal Government, but do the states themselves at the table have to be making more of a commitment as well?

Ms. FEINBERG. Well, you know, it's almost a chicken or egg. It's an endless cycle that doesn't work well, because we can't ask Mr. Redeker to plan 10 years in advance and to plan massive projects that are going to be game-changers for Connecticut when he's just hoping that the Congress is going to be able to agree on something that gets him part of the way down the road. So I can say I wish states would plan more, but I absolutely understand that they're looking at us saying how in the world can we plan if the Highway Trust Fund is going to run out in May and no one has done anything yet to solve that problem? So I understand why we're stuck where we are.

Senator BOOKER. In many ways it has to be Congress first, in other words.

Mr. REDEKER. Well, I think the states have been first. Let's make that clear. The cost allocation policy is really a reflection of old users, mostly states, agreeing, up and down the Corridor, from D.C. to Boston, to contribute more, on top of what I think is misunderstood, an already substantial state contribution. That foot forward and that lead was really something that said please follow our lead, Congress. It really was a plea for Federal funding because there is substantially more dollars put on the table, albeit with expectations for performance, for projects, and for service. But states have already recognized the need to put more in and have put that absolute first step forward. We've made that commitment.

So I think it's time for the next commitment, and I think the incentive, if you will, that if Federal funding were made available

and there were matching funds to it, some states may not be able to stretch that far. But a Federal dollar with state match will still stretch further, and there will be states that will step up, yet again, to contribute more. So it really does take this momentum we've started and compound it, if we could find a predictable Federal source even with matching money.

Senator BOOKER. Mr. Wright, the final word.

Mr. WRIGHT. Well, I would just reiterate. Since Jim works for a Governor who has proposed a very ambitious \$100 billion investment for his state to make up for two generations of lack of investment, and Tony, of course, both at the Port Authority and at Amtrak, has done extraordinary work turning these things around, I'll kind of flip it to say what the states have done so far has been with very low expectations from Congress, and that's both the bad news and the good news, because if Congress and Washington were to suddenly start to step up, I think we would see more of these partners come forward.

The Tiger grants were a great example of what you can see happen locally when the funding is put on the table.

To Ms. Feinberg's comment, there's a kind of urban legend story in New York City about the seven subway extension, which was then a back-of-the-envelope analysis early in the process. The city wanted to extend the subway out to the West Side and was trying to determine whether or not to go for Federal funding. The kind of internal analysis they did was an expectation that they could probably count on a third of it being funded by the Federal Government if they went that route, but it would take so long that it would cost twice as much to deliver. So that was why the city essentially decided to forego any kind of state or Federal involvement to do that project. That's how bad things are right now.

So institutions matter, and security in the process matters. But again, I'll kind of close with trying to be uplifting the way you are, Senator. It's gotten to such a low point, we can only do better than that. We really could. If Washington were to step up and pleasantly surprise the states by putting new revenues on the table, by engaging, as Tony said, that PRIIA opens the door for new institutional alignments, and institutions matter, and starting to allow us to streamline this, we could really start to unlock enormous amounts of investment and potential in the system, and we just haven't yet. So that's also a good news story.

Senator BOOKER. Well, I have a lot of hope for PRIIA. I think that, number one, we're going to get more investment. The nature and the degree is to be seen. I think there will be some streamlining. I think we'll make some gains, even more gains, and your work is great on safety and security.

But I think this is really the test moment for us. There's a wonderful speech that's worth reading again by Daniel Webster at Breed's Hill, which most of us know as Bunker Hill, where he talks about—if I remember it correctly, he says that we can gather no laurels in a war for independence. Greater heroes than us have done that. In other words, the generation before has done great things. But he does this wonderful piece at the end of his speech about every generation having to do something for which they will be remembered. That's the call of every generation. And he calls

upon his generation at the time to be the generation of improvement.

It seems that we have this amazing inheritance. Really, what we got from that greatest generation was this amazing inheritance where we were number one in so many areas. We led the globe on indices that mattered, from social mobility to the percentage of our population graduating from college to infrastructure. Unfortunately, when I look at indices of competitiveness, and there are global indices of competitiveness—the World Economic Forum keeps incredible indices on global competitiveness and looks at countries and ranks them against one another, OECD countries, ranks them—what frustrates me as a new Senator is that our country has slipped from our greatest generation being number one across these indices to now just challenging issues, ones that this hearing is nothing about, but to be number one in percentage of your population graduating from college in a global knowledge-based economy is important. We used to be number one. Now we're about number 12. Other countries driving down the costs of their college education, Germany nearly free, Canada 5 percent of median earnings, England 7—we're 52 percent.

All these areas that make an economy competitive, we're slipping, and we've taken that number one ranking. This is the one that most perplexes me, because any fiscal conservative that uses a balance sheet analysis, what does a company do to be great, I would say this, if we ran this like America, Inc., it would be different.

What does a company do? It wants to invest in its physical plant. It wants to stay ahead of the competition and invest in its workers. Well, I already covered the education investment. Staying ahead of the competition is research and development. If you look at our percentage of GDP we're spending, or the percentage of our Federal budget we're spending on R&D, it's going down, and then the physical plant as well.

So if I just use pure capitalist, fiscal balance sheet analysis, we are doing everything that's counter-intuitive to our own long-term strength and benefit, and the only thing that I can say that's causing this is not careful analysis, which you all do. It's not a lack of resources. We are the wealthiest country on the globe. It's probably best termed, in the official graduate school political science terminology, it's the "mishegoss" in Congress.

So the obligation for us is to try to figure out and clear up that "mishegoss" and get us back to a nation that is focused on growth, expanding opportunity, and being the light unto other globes, other nations want to follow.

I'll end with that.

I had Japanese leaders come see me in my office and brag to me about their passenger rail service. I'm sorry, but I am one of those, at times, small-ego patriots that just didn't like that. They left my office, and I was very angry that we should be behind the Japanese, which had a country that was quite literally and tragically leveled in the 1940s. We were well ahead of them. For them to catch us and pass us in a matter of decades is just unacceptable to me.

So I want to thank you all for coming. I want to thank Senator Sweeney. He could not attend but, God bless him, he wrote out some great testimony that I'm going to include in the record, and I'm very proud to do that and very grateful to the Senator.

[The information referred to follows:]

TESTIMONY OF SENATE PRESIDENT STEPHEN SWEENEY, U.S. SENATE SUBCOMMITTEE  
ON SURFACE TRANSPORTATION

I would like to thank Senator Booker for bringing the U.S. Senate Surface Transportation Subcommittee to New Jersey for a field hearing focused on the critical role that passenger rail service, and specifically the Northeast Corridor, plays in the region's economy today and how further investment is vital to future job and economic growth.

New Jersey is the crossroads of the Northeast Corridor—Amtrak's Boston-to-Washington rail line that connects a market of 60 million people, including the Nation's most important financial, political and academic centers.

But the Northeast Corridor isn't just Amtrak: Of the 750,000 rail riders in eight states who travel on Northeast Corridor tracks daily, 228,000 of them—almost one third—are New Jersey Transit passengers. In fact, five out of six NJ Transit passengers travel some part of the Northeast Corridor each day.

New Jersey is part of an interconnected regional economy that we share not only with New York, the Nation's largest city, but also Philadelphia, the fifth-largest. We rely on the busiest and most advanced mass transit network in the country. Any long-term disruption or cutback of service on the Northeast Corridor would be catastrophic to the economy of New Jersey, the region and the Nation's economy, and unfortunately, that threat is real, and it is here.

The two 105-year-old rail tunnels under the Hudson River that carry Amtrak and New Jersey Transit trains between New Jersey and New York City were badly damaged by Sandy. In fact, Amtrak's Northeast Corridor, which is four and five tracks wide elsewhere, has to squeeze through a single track bottleneck in each direction when it hits the Hudson River.

These single-track tunnels operate at full capacity during the morning and afternoon rush, with three Amtrak and 21 NJ Transit trains going in one tunnel and out the other every hour. If one of those tunnels has to be closed for 18 months for repairs, we go from 24 trains an hour to six trains an hour.

Seventy-five thousand displaced rail commuters would flood the already crowded PATH system, exacerbate overcrowding at the Port Authority Bus Terminal, and create monstrous daily traffic jams at the George Washington Bridge and the Lincoln and Holland tunnels,

It would be an economic disaster and a commuter nightmare. That is why I have been saying for months that no project is more critical to New Jersey's economy than the construction of a new rail tunnel.

Fortunately, encouraged by the late Senator Frank Lautenberg, whose seat Senator Booker now holds, Amtrak began work on plans for a new Gateway rail tunnel almost immediately after the Access to the Region's Core (ARC) tunnel project was cancelled by Governor Christie in 2010. We are grateful that Amtrak is already well underway with construction of the \$185 million Hudson Yards concrete casement to preserve a right-of-way for the Gateway tunnel into Penn Station.

I am urging your committee to do everything possible to make sure that Congress provides funding for Amtrak to proceed immediately with the Gateway rail tunnel, and we will do everything we can on our end to make sure that the regional funding share is there.

Because the new Gateway rail tunnel would connect New Jersey and New York City, we have recommended that the Port Authority set aside the first \$3 billion from its planned sale of up to \$8 billion in non-transportation-related assets for the new tunnel, along with funding for a new Port Authority Bus Terminal.

The \$7.5 million Gateway tunnel is just the first half of a comprehensive plan that will expand rail passenger capacity for both New Jersey Transit and Amtrak, and jump-start further economic growth in our region

It includes reconstruction of the current two-track Portal Bridge, a swing bridge over the Hackensack River that carries 450 trains a day and sometimes gets stuck when it opens for barge traffic, with a taller replacement bridge, and the construction of an additional two-track Portal South Bridge to accommodate increased trains.

It includes expansion of the Northeast Corridor Main Line between Newark and Secaucus from two tracks to four tracks to handle more trains, enabling NJ Transit to provide “one-seat” rides during rush hour on the Bergen, Pascack Valley, Main, Raritan Valley, Montclair-Boonton and North Jersey Coast Lines.

And it includes construction of a new Penn Station South adjacent to the existing Penn Station to accommodate the projected doubling of rail ridership by 2040.

The economic benefits to these projects would be enormous. The new trans-Hudson investment is projected to generate \$10 billion in new Gross Regional Product annually, \$4 billion in new Real Personal Income annually, 44,000 new permanent jobs and 6,000 construction jobs during the course of the project. Proximity to rail lines with access to New York City service raises home values by up to \$34,000. And the millennials who will soon make up a majority of our workforce prefer to work in transit-friendly cities and towns. We need to capitalize on that by putting more money, not less, into our passenger rail network.

My colleagues and I stand ready to partner with you, our regional congressional delegation and Amtrak to do everything we can to advance the Gateway rail tunnel project and to expand the capacity and quality of passenger rail service in the region.

Senator BOOKER. But I've worked with this panel. I'm very excited about our new relationship. You all have been incredibly helpful to me in the past, and this is a very valuable morning and investment of your time. So, thank you very much.

And thank you, everybody, for attending.

[Applause.]

[Whereupon, at 11:13 a.m., the hearing was adjourned.]

## A P P E N D I X

PREPARED STATEMENT OF HON. RICHARD BLUMENTHAL,  
U.S. SENATOR FROM CONNECTICUT

I thank the Committee for putting together an important hearing on passenger rail and the Northeast Corridor.

Recent, tragic events on Amtrak demonstrate that passenger rail service is a critical link between people, jobs and opportunities, and we need to give it the same attention and priority that we give our roads, transit systems, aviation sector, and other transportation modes. In many places, passenger rail is just as significant—if not more significant—than these other forms of transportation. Along the Northeast Corridor, for example, passenger rail serves a greater percentage of riders than planes.

Passenger rail provides a host of benefits. It reduces congestion and takes people off our roads. It connects major metropolitan areas as well as small communities. It provides an economic lifeline that we can't live without. And along the busy Northeast Corridor, passenger rail service actually makes money—that's how popular and critical the service is.

In the Northeastern United States, loss of rail service could cost the economy nearly \$100 million per day. The recent days-long loss of Amtrak service between New York and Philadelphia will have dramatic economic consequences. Irresponsible actions that shortchange investments in Amtrak or contemplate reductions in service are misguided and undercut our regional and national economy.

I am committed to ensuring that we prioritize rail. My constituents depend on rail. New Haven, for example, is one of the ten busiest rail stations on the Amtrak network. Our focus should be on enhancing and expanding service—not minimizing it. And for that, we need to invest now.

On the Northeast Corridor, Amtrak and the passenger rail network have unmet needs that some estimate near \$50 billion. That isn't for pie-in-the-sky dreams of 250-mph bullet trains, but just basic maintenance and rebuilding, like five major bridges in Connecticut in dramatic need of repair and replacement. And there are aging bridges and tunnels elsewhere on the line, bridges that belong in a museum—not as part of a country's twenty-first century rail network.

I'm looking at ways to bolster investments and lay the foundation for these improvements so we can truly have high-speed rail throughout our region.

One key way to do this is the FRA's Railroad Rehabilitation and Improvement Financing Program (RRIF). The program is authorized to loan up to \$35 billion and fund up to 100 percent of a rail project's costs. These loans also come with low interest rates and with no cost to Federal taxpayers. RRIF could be especially helpful for major safety projects, like helping railroads install life-saving Positive Train Control (PTC) and rebuilding aging bridges and structures on the Northeast Corridor. But the RRIF program leaves most of the available funding on the table. FRA has issued loans totaling just a few billion dollars—a tiny fraction of what FRA is authorized to lend. This is a lost opportunity and why I look forward to working with the Committee to reform this program so it unleashes greater resources on Connecticut and the Northeast.

Again, I thank the Committee for having this hearing and laying an important foundation for reauthorization of passenger rail legislation that benefits the Northeast Corridor and our country overall.

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