



NORTHEAST CORRIDOR INFRASTRUCTURE AND OPERATIONS ADVISORY COMMISSION

840 First Street NE, Suite 440
Washington, DC 20002
(202) 847-0280
www.nec-commission.com

**Written Testimony of James P. Redeker
Chairman, Northeast Corridor Infrastructure and Operations Advisory Commission
Commissioner, Connecticut Department of Transportation**

**Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and
Security: "Passenger Rail Reauthorization: The Future of the Northeast Corridor"**

Monday, May 4, 2015

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, DC 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 FY2016-FY2020* (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 1970's.

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 game-changing 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.