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GETTING BACK ON TRACK: A REVIEW OF AMTRAK'S STRUCTURAL REORGANIZATION

(112–110)

HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

NOVEMBER 28, 2012

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U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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November 26, 2012

SUMMARY OF SUBJECT MATTER

TO: Members of the Committee on Transportation and Infrastructure

FROM: Staff on the Subcommittee on Railroads, Pipelines, and Hazardous Materials

SUBJECT: Hearing on "Getting Back on Track: A Review of Amtrak's Structural Reorganization"

PURPOSE

On Wednesday, November 28, 2012, at 10:00 a.m. in room 2167 of the Rayburn House Office Building, the Committee on Transportation and Infrastructure will receive testimony regarding the ongoing reorganization of the National Railroad Passenger Corporation (Amtrak). The Committee will hear testimony on what prompted the reorganization and what goals are to be achieved.

BACKGROUND

The Rail Passenger Service Act of 1970 (P.L. 91-518) created Amtrak over 40 years ago, charging it with the responsibility for providing intercity passenger rail transportation on a basic route system designated by the Department of Transportation. Congress designed Amtrak to be operated and managed as a for-profit corporation; however, it is provided federal appropriations to support its continued services. In fiscal year 2012, Amtrak received $1.418 billion in federal grants, including $466 million to support operations and $952 million for capital and debt service. Throughout its 41-year history, Amtrak has been the subject of many proposals for reform and revitalization of its structure and mission. It is currently undergoing a structural reorganization based largely upon its Strategic Plan FY2011-FY2015 (Strategic Plan). The Strategic Plan finds its roots in a 2005 Government Accountability Office (GAO) report and in a 2010 report on Amtrak's Strategic Planning by the Amtrak Inspector General.

2005 Government Accountability Office Report

In October 2005, the GAO issued a report to the then-Chairman of the Transportation and Infrastructure Committee Don Young entitled "Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability" (2005 GAO Report). The report was a comprehensive review of Amtrak's management intended to identify how Amtrak could better measure and monitor performance, develop and maintain financial controls, control costs, acquire goods and services, and be held accountable for the results. The report noted several key themes that emerged from reviewing those issue areas, including the need for "a strategic plan that includes measurable corporate-wide goals, strategies, and outcomes to guide the entire organization." (2005 GAO Report, p.5).

Specifically, GAO found that the lack of a strategic plan left Amtrak with no comprehensive mission statement; limited corporate-wide goals; no connection between annual goals and a corporate-wide mission or goals; and management tools focused on the short-term, not the long-term. The report noted that many leading organizations establish "clear hierarchies for performance goals and measures for each organizational level linking them to overall corporate goals." (2005 GAO Report, p.7). Strategic plans provide a foundation for instituting management initiatives, including organizational realignment; performance planning, measurement, and reporting; accountability for results; and improvements to the capacity of the organization to achieve its goals. GAO found that, though Amtrak had some departmental goals, without a corporate mission, Amtrak could not ensure that its departmental goals supported its overall corporate performance.

2010 Amtrak Office of Inspector General Report

In August 2010, the Amtrak Inspector General's Office (IG) released an evaluation report on Amtrak's Strategic Planning which looked at the attempts by Amtrak to develop a strategic plan and compared those planning documents to best practices in strategic planning. The IG explained that there was no one right way to conduct strategic planning, but identified common elements that included "an executive commitment, assessment of the internal and external environment, and defining a vision, goals and strategies to accomplish the organization's mission." (IG Report, p. 2). Specifically, the IG report set forth key elements for an effective strategic planning process:

- Mission – clarifies type of business, customers served, purpose of existence, geographic scope of activities;
- Vision – where the organization wants to be and results sought;
- Goals – establish clear, outcome-oriented, time-bound and measurable goals;
- Strategies – identifies what must be done to achieve goals;
- Metrics – indicates results and communicates if strategies have delivered intended outcomes;
- Programs and Activities – products and services aligned with the strategies to support the goals;
- Leadership and Ownership – requires senior executive leadership, focus, and commitment to planning;

- Assessment of Environment – knowing where you are, so you can identify what needs to change to get where you want to be;
- Values – beliefs central to the organization's existence;
- Communication – ensures execution, establishes accountability, and instills the values;
- Resource & Organizational Alignment – organization and its resources must be allocated based on the prioritized goals.

According to Amtrak officials, the elements identified in the IG report informed Amtrak's Strategic Plan FY2011-FY2015, which in turn is the basis for Amtrak's structural reorganization.

Amtrak Strategic Plan FY2011-FY2015 and Corporate Reorganization

Amtrak's strategic planning process came to fruition in November 2011 when it released its Strategic Plan FY2011-FY2015. The reorganization process is ongoing and subject to change as it develops; however, Amtrak expects that the process will be fully implemented by the end of FY 2013. Amtrak officers have told Committee staff that, even as the reorganization is being put into place, the company is beginning to see performance and accountability improvements. The Strategic Plan establishes a corporate-wide vision with five corporate goals to drive performance across the entire company. Those goals are: (1) safety and security; (2) customer focus; (3) mobility and connectivity; (4) environment and energy; and (5) financial and organizational excellence.

Having established the overarching corporate vision and goals the Strategic Plan sets forth seven corporate strategies to carry out those goals and inform the reorganization process. The corporate strategies are:

1. Continue the Safe-2-Safer program and expand its scope;
2. Integrate operational functions to maximize collaboration, efficiency, and improve service delivery;
3. Implement best practices related to human capital management to achieve the company's goals;
4. Expand the risk-management principles to implement a security program to deter terrorism and crime;
5. Expedite programs to make Amtrak accessible for all individuals;
6. Use systems and technologies to reduce energy usage and operating expenses; and
7. Establish a business line focus to better respond to the wants, needs, and expectations of customer segments and improve financial performance.

Amtrak's reorganization is structured around the establishment of six business lines:

1. Northeast Corridor Infrastructure and Investment Development,
2. Northeast Corridor Operations,
3. State Supported Services,
4. Commuter Services,
5. Long-Distance Services, and
6. Corporate Asset Development.

The business line focus will essentially break the company down into smaller pieces with each business line being held accountable for price and loss (P&L). Furthermore, each business line will establish its own strategic plan to meet the corporate goals. Doing so is intended to create more transparency for the management process and allows for more efficient decision making. In turn, placing one individual in charge of delivering the service should serve the corporate goals of maintaining a customer focus and establishing financial and organizational excellence.

Amtrak has begun to formulate an organizational chart, hire staff, and assign responsibilities. Under the President, there will be a General Counsel, four Vice Presidents and five Chiefs. The Vice Presidents will include a VP of Government Affairs; VP of Marketing and Sales; VP of Northeast Corridor Infrastructure and Investment Development (with responsibility for that business line); and VP of Operations, which will have oversight of the Commuter Services, Northeast Corridor Operations, State Supported Services, and Long Distances Services business lines (see Appendix). The five Chiefs will include a Chief Financial Officer (with responsibility for the Commercial Development business line); a Chief Information Officer; a Chief Human Capital Officer; Chief of Emergency Management & Corporate Security; and Chief of Police. Each of these individual vice presidents and chiefs will be held accountable for achieving the corporate goals as those goals apply to their respective responsibilities. The reorganization is expected to be fully implemented by 2014.

Recommendations and Improvements from the Inspector General

While the reorganization of Amtrak's corporate structure has been an ongoing effort under the current President, the Amtrak IG over the last several years has identified ways to improve the economy, efficiency, and effectiveness of Amtrak's operations and programs. Many of the IG's recommendations on such things as corporate governance, human capital management, information technology management, and train operations have complemented and informed the development of Amtrak's Strategic Plan and the reorganization itself.

Ultimately, the recommendations of the IG are intended to help Amtrak achieve its corporate-wide goal of financial and organizational excellence. The Committee will hear from the IG and Amtrak on how those recommendations are being implemented and the extent to which they are being addressed in the structural reorganization.

WITNESSES

Mr. Joseph Boardman
President
Amtrak

Mr. Ted Alves
Inspector General
Amtrak Office of Inspector General

Mr. James Stem
National Legislative Director
United Transportation Union - SMART

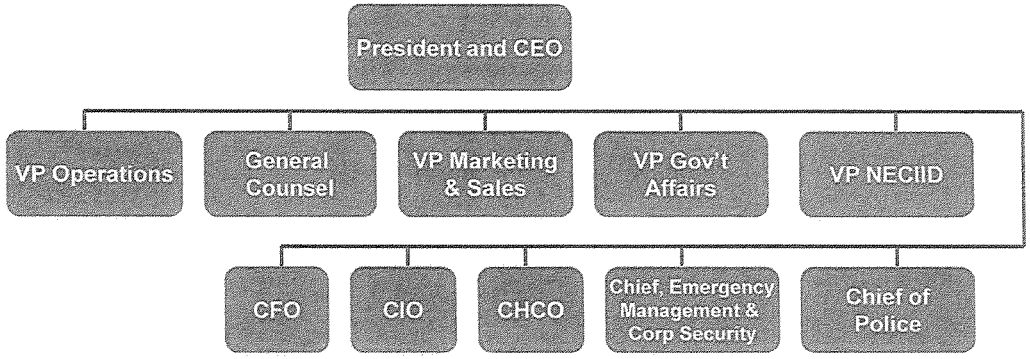
Appendix

Chart 1 – Amtrak's Draft Organizational Structure

Chart 2 – Amtrak's Draft Organizational Structure under the Vice President of Operations

Current organization

DRAFT



Operations

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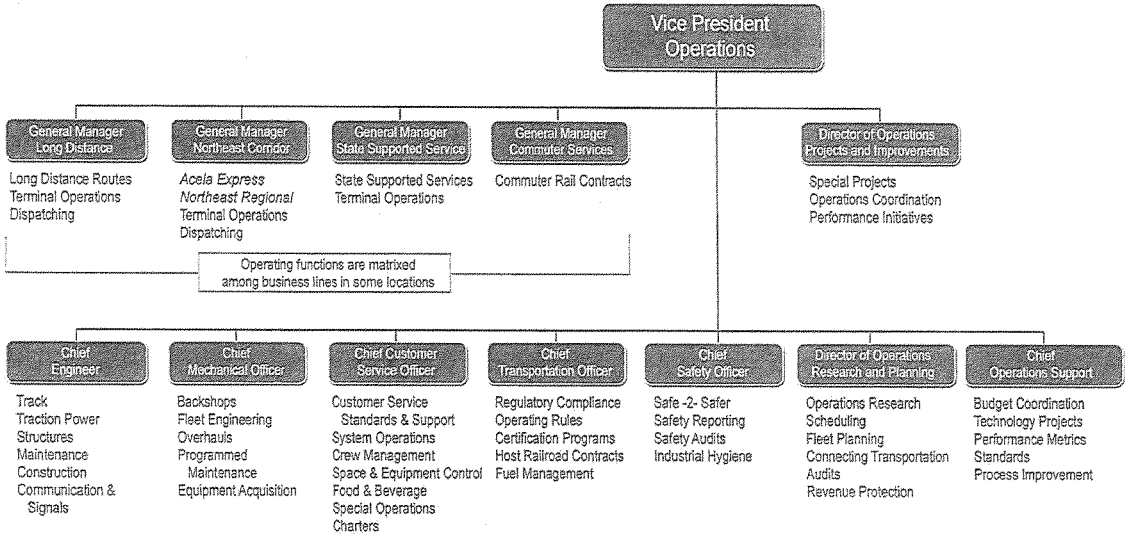

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GETTING BACK ON TRACK: A REVIEW OF AMTRAK'S STRUCTURAL REORGANIZATION

WEDNESDAY, NOVEMBER 28, 2012

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
WASHINGTON, DC.

The committee met, pursuant to call, at 10:00 a.m., in room 2167, Rayburn House Office Building, Hon. John L. Mica (Chairman of the committee) presiding.

Mr. MICA. Good morning. I would like to call this hearing of the House Transportation and Infrastructure Committee to order. We are pleased to conduct this full committee hearing on Amtrak, and the title of today's hearing is "Getting Back on Track: A Review of Amtrak's Structural Reorganization."

So welcome. We have one panel of witnesses today, and the order of business will be that I will start with an opening statement, provide some background, and will yield to Mr. Cummings this morning, and other Members who wish to be heard, and then we will turn to our witnesses. We will hear from all of them, then go to questions. But pleased to welcome, again, everyone this morning.

Now, this is one of a number we have actually held, fourth in a series of full committee oversight hearings on Amtrak and U.S. passenger rail policy in the United States. We actually have two more scheduled. One will be on Thursday, December 6th, and that will focus on the high-speed and intercity passenger rail grant program, and then we will have the final hearing on this important subject, Thursday, the 13th of December, and that will be on the Northeast Corridor.

Ironically, yesterday I was back in New York City actually looking at some of the flood and storm damage, and many of the transportation infrastructure facilities were adversely impacted, a huge amount of damage. I have to say how incredible New York City is, how resilient its people are, and how well they are coming back. I think they have got about 95 percent of their transit operations. Rail was particularly hit. Almost all of the East Side Lower Manhattan tunnels flooded, and just think of the massive effort put forward to get those trains running. They probably move about 20 percent of all the passengers in the world in New York City, and a hit like that was incredible, but I understand Mayor Bloomberg, who we met with yesterday, will be in town today, and we had discussions yesterday about FEMA, which our committee oversees, and also transportation infrastructure that was hurt. That may be the subject of additional scrutiny by the committee.

But today, again, we are focused on looking particularly at Amtrak's structural organization, and I might also recall that with the last hearing that we will be doing on the Northeast Corridor, our very first hearing was on January 27, 2011, when I became chair of the full committee. We did that in Grand Central Terminal, where we focused on the future of high-speed rail in the Northeast Corridor, and our last hearing on December 13th will focus on that same issue and the progress we have made since that hearing.

It is kind of interesting how you come about choosing topics for some of these hearings, and I have to reflect a moment. A lot of people when they go home, maybe they go to bed, maybe they count sheep or read a novel. I like to tuck copies of different trade publications at my bedside, and I was reading, it had to be after August because this is August 2012, Progressive Railroading had a great article which featured—well, the title is "At Long Last, A Longer View," and it focuses primarily on passenger rail service and Amtrak, and I thought it was quite interesting, particularly quite interesting because it outlined some of the work that Amtrak had been doing regarding its reorganization, its structural management, and responding to some of the previous studies that called for more accountability, more responsibility in the way Amtrak is structured, and that led me to say we really need—the committee really needed to look at where we are in this whole process and where we have been.

For just a minute to tell you where we have been, we have had a GAO study in 2005 that asked for Amtrak to develop a strategic plan that could clearly link the organization's management to overall corporate goals, and Amtrak is a corporation. I was intrigued by a comment that Joe Boardman, who is the president and CEO, made in this article when he pledged in the article, and I take his quote from the article, "to run this company more as a business and less as a Government entity." A quite inspiring goal and something we have been trying to achieve from this committee. So he set some of the bar. And again, back to 2005 reviews of Amtrak have called for improvement again in its organization and management strategy.

In 2010, the IG of Amtrak released another report, and as a result of that 2010 report, in November of 2011, Amtrak released their 5-year strategic plan with corporate goals and new organization structure, you know, targets that they intend to use to create more transparency and accountability. And that is what we will focus a great deal on today is where they are in that process, how they have come along. We will hear from the head of Amtrak, Mr. Boardman, we will hear from the inspector general, and we will also hear from a representative of workers and labor and see how they assess that progress.

The plan, the strategic plan that is now underway, hopefully we will hear to be fully implemented by next year, we will get an exact update again from Mr. Boardman and others. The plan that was devised takes Amtrak and organizes it into six business lines, a vice president or manager of business, and we will see how that has come to pass and how that reorganization is proceeding, and the purpose of that is to establish performance goals that are out-

lined in the strategic plan so that profits and losses can be addressed and also accounted for.

In the past, Amtrak managers have not, unfortunately, been held accountable for what has happened in their departments, and that is not my evaluation, it is the evaluation of several of these studies. Also in the past, there have been Amtrak-attempted reorganizations without clear goals unfortunately. I hope to better understand Amtrak's strategic plans, its corporate goals, and specific progress on its reorganization, and also learn how it will improve performance, accountability, and cost savings.

I approach this hearing with a very open mind. Amtrak's strategic plan is very important. I know it requires a transformative approach from what they have done in the past. It is not just rearranging the chairs on the deck of the *Titanic*. We want to make certain that there is positive progress.

From a fiscal standpoint, and everybody is focused on the fiscal cliff, and sometimes people give me a hard time for focusing on Amtrak, but we have this past year, put $1.4 billion into Amtrak in Government subsidies, almost half a billion in operating subsidies and close to a billion on some of the capital improvements, and over the years that commitment has remained pretty much the same, so we do have a responsibility with taxpayer dollars to make certain that this operation, which is highly subsidized, and we did do a hearing on that, I guess one of the past four hearings we did. Maybe they could put that up on the board, is the Cross-Modal Comparison of Federal Subsidies. Rode Amtrak yesterday, the average cost of my ticket coming back from New York, Government-subsidized, the average cost of $46.33.

[The information follows:]

Cross-Modal Comparison of Federal Subsidies

Passenger Transportation Mode	Average Subsidy/Passenger Trip
Aviation	($4.28)
Mass Transit	($0.95)
Intercity Commercial Bus	($0.10)
Amtrak	($46.33)

Source: Nathan Associates Inc., "Federal Subsidies for Passenger Transportation 1960-2009" (2008 data)

Fortunately, and I read through the report pretty carefully, Amtrak has made some progress in Acela so the loss isn't that great for Acela, but this is the average ticket subsidy, simply by taking the 29 million passengers or 28 if it was last year and dividing it by the underwriting subsidy. Other modes of city buses, 10 cents; mass transit, 95 cents; aviation, $4.28, and that was highlighted in a hearing that we—a previous hearing that we did. So we are trying to bring that subsidization for the system down.

Let me say in closing, I went through the inspector general's report last night, and I do want to hear at least the report that he is giving, and I am not sure how much of this he will address, but seven of the nine board members in PRIIA, we had some reorganization of the board of directors, but we now have seven of the nine board members on board. I also want to know about key personnel. We talked about hiring vice presidents and managers over some of these sectors, and that is mentioned in the inspector general's report.

Finally, the comment that the inspector general made that the company is clearly in the early stages of implementing many of these restructuring initiatives, and he further said that recent work shows the sustaining and effectively implementing these initiatives has the potential to significantly reduce Amtrak's reliance on Federal support, and that is the goal of this, it is not just to beat up Amtrak, although sometimes we do become very harsh critics when money is lost, or we see lack of progress in some areas, but our goal is to reduce the Federal reliance on Federal support, and that is one of the objectives of this hearing in addition to finding the specifics on the progress of their structural organization and reorganization.

I will introduce our witnesses shortly, but let me yield to Mr. Cummings, who is serving as ranking member at this point.

Mr. CUMMINGS. Thank you very much, Mr. Chairman, and it is certainly my pleasure to be here. I want to thank you for calling this hearing.

Mr. Chairman, quite often our Federal employees are unseen, unnoticed, unappreciated, and unapplauded. In my capacity as the ranking member of the Oversight and Government Reform Committee, I have heard so much criticism of our Federal employees and Government employees in general, and I want to take a moment here before I even start to thank Joyce Rose for her 25 years of public service on behalf of this committee and on behalf of this side of the aisle, and I know all of us feel this way.

[Applause.]

Mr. CUMMINGS. This is Joyce's, more than likely her last, it is her last hearing, and she has always worked fairly with all of our Members, and with our staff on this side, she has done everything in her power to make sure that not only that the Congress is served well, but that the country is served well, and so we hate to lose her, but we know, as someone said to me, Joyce, and I listened to this in a sermon by T.D. Jakes not too long ago, he said his son came to him, his son is a singer, and he was about to go off to college, and his son said, Daddy, you know, I am not sure this is the thing for me, you know. Singers may not make a lot of money, it may not be the right thing for me. And his father went up to him,

and he said, Son, if it is not the thing, it is the thing that will lead you to the thing.

And so this has been, this Transportation Committee has been a part of your journey, and we hope that it has been one that has been most meaningful, and we really thank God for allowing your destiny to lead you to us and for our destiny to lead us to you. And so we wish you well in your new endeavors as the president, that is quite a—I mean, you went from staff person to president—of Operation Lifesaver, which has the important mission of educating the public on grade crossing safety. May God bless you, and thank you so much for your service.

Mr. MICA. Will the gentleman yield?

Mr. CUMMINGS. Of course.

[Applause.]

Mr. MICA. If the gentleman will yield for just a second.

Mr. CUMMINGS. Of course, Mr. Chairman.

Mr. MICA. Again, there is probably no higher tribute than to have the other side of the aisle lead with the praise of your service to the committee, to the Congress, and to the country. Mr. Cummings and I know that you cannot be successful in our position without great staff, and certainly you have worked long and hard, 12 years for the committee, 25 years in Congress, a quarter of a century of commitment to public service. I don't think there is anyone that deals with the rail or transit issues in the Nation that doesn't know of Joyce Rose and her commitment to helping everyone.

We hadn't passed a passenger rail reauthorization in 11 years, I was the ranking member, and Joyce worked with myself, Mr. Oberstar, and we had great cooperation from both sides of the aisle, we passed the legislation called PRIIA, Passenger Rail Investment and Improvement Act of 2008, for passenger rail, which is right now the guideline we go by in the authorization, but if it wasn't for her dedication, commitment, and incredible knowledge—I just think of the knowledge that will be lost when she leaves her position—we couldn't have achieved that.

So, Joyce, on behalf of the majority side, which we have had the privilege to have you working with us, and again, from Mr. Cummings and the minority side, we are just eternally grateful, and we are paying a little special tribute to you today, and thanks again for your service. God bless you.

Ms. ROSE. Thank you.

Mr. MICA. Mr. Cummings, thank you for yielding.

Mr. CUMMINGS. So, Mr. Chairman, I thank you for scheduling today's hearing. Following the release in 2005 by the GAO of a report entitled Amtrak Management Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability, that was the name of the report, I was asked by then-Ranking Member Oberstar to serve as the lead Democrat on a special working group convened by this committee to evaluate that report's findings and make recommendations on subsequent action.

Certainly, Amtrak was facing challenges at that time, but among other observations, the Democratic Members of the working group noted in our view that Amtrak "faces difficulties in implementing

long-range strategic plans because of great uncertainty regarding its Federal funding each year."

During that era, Amtrak faced repeated proposals to cut or eliminate the Federal funding provided to it. Obviously, that made it difficult for Amtrak's leadership to focus solely on operating the company or on developing long-term goals and performance benchmarks. We hear a lot in the Congress about uncertainty. So subsequently under Chairman Oberstar's leadership, Congress enacted the Passenger Rail Investment and Improvement Act, and recommitted to the value of the service Amtrak provides. This commitment was expanded by President Obama and the Congress through the American Recovery and Reinvestment Act, which provided funding to begin many of the capital projects that had been tabled due to years of inadequate Federal funding.

It is clear that the investments we have made in Amtrak are supported by the traveling public. Fiscal year 2012 Amtrak achieved the highest ridership levels in its history. That is major news. Major. More than 31 million passengers took Amtrak in this fiscal year, and the service appears poised to continue to grow.

Against this record of success, and my colleagues on the other side of the aisle believe Amtrak needs to get back on track, as the title of this hearing suggests, it is only because they have once again been doing all they could do to try to derail the service. In fact, the Republican Presidential platform called explicitly for Amtrak's elimination.

Fortunately, that misguided platform was resoundingly rejected by the American people, who have instead supported the President's call to move forward by implementing policies that will expand investments in our Nation and support our continued economic recovery. The assault on Amtrak needs to end so that this company can stay on track and focus on its core mission of serving our Nation's mobility needs as safely, securely, and efficiently as possible.

I am very encouraged by the actions Mr. Boardman has taken to develop a strategic plan and to introduce an organizational structure that supports implementation of that plan and increases accountability at all levels of the organization. I might note that when the chairman was talking about subsidies, Mr. Boardman, I don't think it included Amtrak's commuter rail passengers. The actual subsidy is about $5 per passenger.

I would ask that in your opening statement, you address that so we will be clear on what that subsidy is. I don't want any confusion about that because I don't want people watching this to think that it is something that it is not.

That said, while we must conduct a thorough oversight over Amtrak as the overall entities receiving Federal funding, our committee has now held seven hearings at the full and subcommittee levels in the 112th Congress on Amtrak, and today, we are convening to examine a strategic plan that has not even been fully implemented. Appropriate oversight does not require micromanagement of all fashions of an entity's operations. Thus, while I look forward to the testimony of today's witnesses, I hope we will use this hearing to identify ways we can support the continued success

of Amtrak, enable it to grow to meet the increased passenger demands.

We should also seek ways to support continued implementation of the reforms Mr. Boardman has proposed, and give him and his leadership team the space they need to fully implement their plans rather than require them to return to the Hill every few weeks.

So with that, Mr. Chairman, I yield back and I want to thank you for yielding.

Mr. MICA. Thank the gentleman. Are there others who—anyone on this side? Ms. Napolitano?

Mrs. NAPOLITANO. She was first.

Mr. MICA. OK, Ms. Richardson.

Ms. RICHARDSON. First of all, I would like to thank Chairman Mica and Ranking Members Brown and Cummings for holding this hearing today which focuses on Amtrak's structural reorganization. It is noted that Amtrak has a record of 30.2 million passengers traveling on Amtrak in full year 2011, and with that, more than 300 daily trains that connect 46 States, including the District of Columbia and Canada, and additionally operates intercity trains in partnership with 15 States and contracts with 13 commuter rail agencies to provide a variety of services.

At times, this committee has been critical on the way Amtrak operates trains across this great country, but if Amtrak were truly as bad as some of the hearings have suggested, we would have seen headlines like, "Amtrak Has Record Low Ridership." In fact, that is completely the opposite. Instead, Amtrak's ridership is booming this year, with 11 consecutive monthly ridership records. In each month of this current fiscal year, Amtrak has posted the highest ridership total ever for that particular month, with the final month of September also expected to be a new record. In addition, in July was the single best ridership month in the history of Amtrak.

Unfortunately, the recently passed transportation reauthorization bill, MAP–21, rail title was noticeably absent in its final form despite many of our efforts here on this committee. The suggestion before this committee is that no Federal funds to Amtrak would be allowed to pursue any legal action in court, a 25 percent cut in funding, and even more alarming, not having a vision for high-speed rail network.

These possible legislative actions are detrimental to the transportation opportunities for all Americans. The alternative to build more roads, buy more cars, and consume more oil should not be our only solution. In fact, according to DOT, in comparison, in 1958 through 2012 the United States has invested $1.4 trillion in our Nation's highways, $538 billion in aviation, $266 billion in transit, and yet Amtrak, which was created in 1971, has received a small fraction of that funding at $41 billion.

When you consider that and compare it to the oil and gas industry, which has received roughly $41 billion in Federal subsidies, or more than half of those subsidies have been available to the energy sector. We have spent, to bring that together, we spent more in 1 year with the oil and gas and energy companies in their industry than we have spent in the entire life of the program of Amtrak. Clearly there seems to be an imbalance, and it is not one that should be continued.

Regarding the vision of high-speed rail, the Amtrak Acela service is one of those alternatives, and though it may only achieve the speeds of an average of 83 miles per hour along the NEC, surely that is significantly better than the long delays and crawling major interstate systems that we have. This committee should continue the role, as it always has, to facilitate the development of critical infrastructure and the continuation of one of America's greatest assets, and that is passenger rail.

I want to thank all of the witnesses before the committee today, and I look forward to hearing your testimony about how the reorganization of Amtrak can make it an even greater service to the American public. With that, I yield back.

Mr. MICA. Thank the gentlelady. Recognize Ms. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman, and may I associate myself with the remarks from Ms. Richardson, but I especially want to thank Congresswoman Ranking Member Brown and Elijah Cummings for bringing this issue along with you.

Amtrak is extremely important to California. We have three of the top five busiest corridors are in our California area. Two of them are supported totally by the State, but Pacific Surfliner, 2.8 million, is not. I see that there are some cuts coming through, and I am going to be looking at that very closely because it has a 2.8 million ridership. All three are State-supported services program, and as has been stated, the vitality must be supported for the State-supported services program. Same advice to the States to work with Amtrak to provide passenger rail service that complements the national network. It is important to all States, especially California, we are a donor State, because it gives more options to commuters and many intercity travelers while reducing highway congestion and pollution. California has been at the forefront of reduction of pollution in cars and several other areas, and we continue to look for ways to be able to get people out of cars and into public transportation.

The California Transportation Commission, they are voicing their opinion on—I talked to Transportation Secretary Brian Kelly, Deputy Secretary Brian Annis, and rail division manager Bill Bronte on how they view Amtrak's work with California and Caltrans. They are concerned with the changes to the State-supported services program in section 209 of the Passenger Rail Investment and Improvement Act, the PRIIA, because that forces the State of California to pay $20 million that are going to be taken out of that budget for them, operating losses on that Pacific Surfliner. It runs along the border of my area, which right now is the Alameda Corridor East that is the train transportation that brings in 40 to 50 percent of the Nation's goods to the rest of the Nation. We are watching the reorganization of Amtrak, making sure it doesn't hinder any State partnerships. These are critical because they are the ones who will, in the end, work with the local communities to ensure that we get more people to utilize it.

We are pleased that the reorg has created an executive level position of general manager. I look forward to meeting that individual and working with him. It is a very positive step since the States provide 50 percent of the revenues to Amtrak. We must have a senior Amtrak level position to work with States on their programs,

and this is especially important, section 209 of PRIIA negatively impacts States, especially in California.

I also wanted to add my 2 cents to Ranking Member Elijah Cummings' statement on the employees who run Amtrak. They have done a beautiful job. I hope they will continue, and we will continue to work with them to ensure that not only do they provide good service, but that they also are recognized for the work they do for our ridership.

So with that, I yield back the balance of my time, and I thank the chair.

Mr. MICA. Thank the gentlelady. Ms. Johnson?

Ms. JOHNSON OF TEXAS. Thank you very much, Mr. Chairman, and Ranking Member. My remarks will be very brief. In October 2005, GAO issued a report to then-Chairman Young concerning Amtrak's lack of a strategic plan, and the report identified that without a comprehensive corporate mission, Amtrak's business practices were lacking and could not ensure consistent and improved corporate performance.

In August of 2010, the Amtrak Inspector General's Office released an evaluation report of Amtrak's strategic planning and set forth key elements necessary for an effective strategic planning process. The IG's report formed the basis for Amtrak's November 2011 strategic plan for fiscal year 2011 to 2015. While the reorganization is not yet fully complete, there appears to be significant performance and accountability improvements, and I look forward to the testimony. It seems to me that they are doing exactly as we have desired. Thank you, and I yield back.

Mr. MICA. I thank the gentlelady. Others seek recognition? If not, what we will do is turn now to our three witnesses and welcome them again. Our first witness, and I will recognize him at this time, is the president and CEO of Amtrak, Mr. Joe Boardman. Thank you. Welcome, and you are recognized.

TESTIMONY OF JOSEPH H. BOARDMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMTRAK; TED ALVES, INSPECTOR GENERAL, AMTRAK OFFICE OF INSPECTOR GENERAL; AND JAMES A. STEM, JR., NATIONAL LEGISLATIVE DIRECTOR OF THE TRANSPORTATION DIVISION, SHEET METAL, AIR, RAIL, TRANSPORTATION UNION (UNITED TRANSPORTATION UNION)

Mr. BOARDMAN. Thank you, Mr. Chairman, Mr. Cummings, Members. I appreciate being here today, and Joyce, I will be on your board, so the questions will come from me for the future for OLI, but I am glad that you are there. You will bring the energy to a very important problem of safety for railroads, and I appreciate the work that you have done here.

Angela Cotey, who is sitting over in the corner, Mr. Chairman, who is the one who wrote that article, and I have already blamed her for this hearing this morning. She has already asked me for another interview, and I understand now no good deed goes unpunished in this process.

What I would like to really start with and talk about this morning is that I have been an Amtrak customer as a State Commissioner of Transportation, and even before that, and I was thinking

about this in my own company. I used Amtrak as the backbone of what we provided in transportation to the social service agencies where we had contracts because part of the high cost for social service agencies was to transport, especially a long distance. For example, in New York, from the central part of the State to Buffalo to the Cancer Center, instead of using an ambulance or a very high cost, we would transfer people to Amtrak at Utica or Rome or Syracuse in some way to get to the Buffalo center. And so Amtrak was, right to begin with, the answer to part of the reduction in cost savings that the Federal Government is interested in, and the State governments are interested in across the country and also contributes, then, to Amtrak's revenue as a result of that.

So as a customer, I am focused on customers, and what is it that a customer really needs to ride Amtrak or any other service for the future? And so when you look at a transformation of a major corporation, which Amtrak is, you really had to spend a lot more time in the diagnosis than you did in the execution.

So what you saw for the first year or two was looking at Amtrak as an organization first, how do they do their jobs and should they be done differently for the future? And what you found was in a lot of the past reorganizations a lot of box moving in the organizations, but not a lot of understanding of what the women and men at Amtrak really accomplished to deliver the services that we were really looking for.

So some things were good and some weren't, but now we have some results of what we are doing, and we have made some of these changes on an incremental basis as we have gone along. For example, we knew that a foundation of this had to be why the heck didn't Amtrak have any labor contract agreements for over 8 years, and why did we have that kind of a culture at Amtrak?

My perspective was that you needed to bring that group of people together in a very different way for the future. So the reorganization began almost immediately in terms of understanding the strength of this agency was in its men and women, the work that they did and how they worked with us or with management or not with management, and you needed a way to get in there, and the common thread of what a customer wants and what an employer wants and what an employee wants is safety. And so we went in under the basis of a Safe-2-Safer program, which was a different way of looking at safety than the railroad industry had looked at generally in the past, and the way I have learned about that was from Federal employees. Those Federal employees were part of the Federal Railroad Administration, and they saw that the level of safety got to a certain place and didn't go any lower. We had to change the way we were looking at safety. There has been that recognition, just in the past year by the freight industry as well. It is different than the structure of today, based on awards for safety, because what we really need is a behavioral-based safety program, which is what Amtrak now has in Safe-2-Safer. But it also brought together people to work in collaboration to resolve problems. You couldn't resolve problems in Amtrak without that kind of collaboration with the women and men that did that work.

Amtrak recorded its ninth ridership record in the last 10 years, and we have actually reduced our operating subsidy. And there is

a difference in our view of operating subsidy and capital subsidy, because Amtrak, in its first iteration in 1971, was taking over the money-losing passenger railroad system from the private freight industry. It did not include the Northeast Corridor then. It only included the long-distance trains across this Nation, and Congress contemplated, as did the Executive side at that time, that subsidies would be needed, although they expected that there would be some way that a profit would be made. The freight railroads were relieved of a great responsibility, but it wasn't until 1976 that you really got the Northeast Corridor and you had a different structure at that point in time.

And, Mr. Cummings, to address what you asked early on, when you really look at operating assistance, we cover 79 percent of our fare box in the company as a whole, but on the Northeast Corridor, we cover more than 100 percent of our operating costs. We use part of that revenue to go back to subsidize the long-distance trains because we know that the long-distance trains are an integral part of our network of mobility across this country.

So, in fact, there is not a subsidy to a passenger on the Amtrak corridor except when you add capital assistance. I understand that the need for capital assistance is so great on the Northeast Corridor that that subsidy need will continue for a long time. This was recently exposed in the storm Sandy, where we lost one of our substations because we didn't make the investment, we as a Nation, as a region didn't make the investment to make sure that the water didn't come into that substation and end the ability for us to have the full level of service into the Penn Station in New York City. The tunnel flood gates were so old, and were scheduled to be addressed as a part of the ARC program and are now scheduled to be done as part of the Gateway program. That is a discussion that this body needs to have for the future about how do we make those investments in infrastructure, and I am hearing that today in many areas.

So, really, a subsidized operating cost is really about the long-distance trains, where the business model doesn't work at the same level of service that there is along the Northeast Corridor, and the need to connect that service.

But we had to be careful coming in to reorganize Amtrak. You had to find out, and whether it was the GAO report or whether it was the IG report, we followed the IG structure in terms of developing a strategic plan. There is no question about that. And I think that Mr. Alves will say that in this process, and when we did that, we knew other elements of this had to occur as the GAO pointed out in its metrics.

One of the things that I feel that I brought to this process related to most of my career, going into failing bus systems and bringing them back, and delivering a different structure across the country for passenger transportation. While rail is a little bit different, it is still very similar in many ways. It is not about the boxes. It is about understanding what it is that we have to get done and then making sure that we are able to measure, have goals, that they are clear, and that we can measure them to see if they are successful.

Broadly, we see that in ridership. Broadly, we see that in reducing Federal funds. But our goals need to be much more specific so

that we can hold ourselves accountable and our employees accountable for what needs to be done to improve service to the customer because the customer is the major focus of what this company needs to be all about. It is not about moving trains. It is about moving people, and that is the foundation, and the people that you move have to be people that feel that they are fairly dealt with within the company.

So the foundation of what that is about in our reorganization is a commitment to the values, the integrity, the spirit of service, the desire to improve respect, entrepreneurial spirit, humility, knowing that while we have heroic acts, we don't have heroes. We need everybody, woman and man, to deliver what we are really looking for. It isn't about the CEO, it isn't about the union leader. It is about all that work in a collaborative fashion. And then we finally need—not finally, but perhaps sometimes first of all—forgiveness in the process. Because what you are looking for are people making decisions, and they have to make them every single day, and sometimes they don't make the right one, and they need to be forgiven when they have done it in the best way that they can and then learn from that for the future, and that is what we look for is that learning. I don't have a time clock here in front of me, it is not working.

Mr. MICA. We gave you double so far.

Mr. BOARDMAN. So I can step back and answer questions for the future. We do have a strategic plan. We do have an organizational process. It is different than it was in the past. It is a matrix organization rather than a siloed organization, and it isn't complete. In some ways, as I listened to folks, I said it is never going to be completely complete because things change.

For example, I am not so sure right this minute that we will hire a general manager of commuter services, because our commuter service has gone down. That has been the subject of a previous hearing. That may not be the best way to deliver that service for the future. We may rethink that, and that is one position we have not filled at this time. We have filled the general manager for long-distance, we have filled the general manager for the Northeast, we have filled the general manager for State-supported services, and I will stop, Mr. Chairman.

Mr. MICA. Thank you.

We will get back to you on questions. You have covered a wide range of what we are interested in hearing about, but we will turn now to the inspector general, Mr. Alves. You are welcome, and the inspector general of Amtrak, it is good to have you here and back again. Thank you.

Mr. ALVES. Thank you, Mr. Chairman. Good morning, Chairman Mica, Mr. Cummings, and members of the committee. Thank you for the opportunity to discuss how our reports have supported or complemented Amtrak's ongoing efforts to operate more effectively by focusing on customers and the bottom line. In line with the hearing's focus on Amtrak's ongoing reorganization, my testimony will center on reports related to improving Amtrak's operational and financial performance.

Before I address those reports, I would like to highlight the fact that our work generally supports ongoing Amtrak improvement ini-

tiatives. Over the last couple of years both the board of directors and Amtrak management have been focused on improving Amtrak's operational, financial, and customer service performance.

To illustrate, because the board now has seven of the nine members authorized by PRIIA, it has been able to reconstitute two important board committees, the audit and finance committee and the personnel committee. This has helped the board to provide stronger oversight of management activities. Similarly, Amtrak management has taken key actions, including issuing a strategic plan that meets best practice guidelines and provides a roadmap to help Amtrak become more focused on customers and the bottom line. The reorganization initiative that is the focus of today's hearing is directly linked to the strategic plan's commitment to organize around lines of business.

Turning to our reports, generally, Amtrak has taken positive action on our recommendations. For example, our August 2010 report found that although Amtrak had made various attempts to develop a strategic plan, none had been successful. The need for Amtrak to have a meaningful strategic plan was first identified in a 2005 GAO report. We recommended that Amtrak develop a strategic plan utilizing a process that incorporates best practices for strategic planning. Amtrak agreed, and the plan was issued in October 2011.

Amtrak's board of directors also requested that we review Amtrak's risk management processes. Our March 2012 report showed that Amtrak did not have a systematic, enterprisewide framework for identifying, analyzing, and managing risks. The board chairman and the president and CEO responded that once they understood the commitment required, they would provide guidance to management about Amtrak's plans to implement a risk management framework. We have discussed our views on the way forward with the board and understand that the board is in the process of determining how it will address this issue.

Starting in 2009, we issued a series of reports on human capital management. Our July 2011 report found that only limited progress had been made in implementing our prior recommendations. In response, Mr. Boardman agreed to make improved human capital management a priority. Since then, Amtrak hired a new chief human capital officer, and he has developed and is implementing an action plan to address our recommendations.

We also issued two reports on Amtrak's food and beverage program. In September 2012, we reported that food and beverage activities were being carried out by two departments, and their activities were not well coordinated. Management agreed to consolidate the two, and did so on October 1, 2012.

Since 1995, we have issued a series of reports identifying more than $83 million in overpayments on inaccurate invoices from host railroads. Amtrak agreed to improve its invoice review process and has done so. In addition, this year Amtrak recovered over $20 million of overpayments we had previously identified.

In conclusion, the company is focused on operating more like a profit-making business. It is in the early stages of implementing many of these improvement initiatives, and we believe that sus-

taining these initiatives over the long term and effectively implementing them will be the key to success.

Mr. Chairman, this concludes my testimony, and I would be glad to answer any questions that you or other members of the committee may have.

Mr. MICA. Thank you, and we will hold questions.

We are going to now recognize Mr. James Stem, and he represents the United Transportation Union's workers, and we are very pleased to have him back and also look forward to his testimony. You are welcome and recognized, Mr. Stem.

Mr. STEM. Thank you, Mr. Chairman and Ranking Member Cummings. We appreciate the opportunity to testify. There are about 19,000 Amtrak workers, and I, today, am bringing you their message. UTU represents about 3300 career professional Amtrak employees. I would also like to revise my remarks by adding the fact that I had the personal opportunity to work in rail passenger service for a railroad during the 5 years preceding the creation of Amtrak. I witnessed firsthand the decline of the equipment, the services that were there, the attempts by the railroads to get out of that business because liability was a major concern, and it was a money-losing prospect. I also had the opportunity to work on Amtrak trains during the next 10 years following the creation of Amtrak, and was embarrassed at the shape of the equipment that Amtrak inherited when they first started this process. So Mr. Boardman clearly identified this has been a major issue.

I would like to continue my remarks by pointing out that labor doesn't have expertise in business organizations. Our members are normally on the other end of that. Our interaction with Amtrak has been very positive in the creation of that plan. We have had no complaints from the field about Amtrak's reorganization, and we support this effort and commend Amtrak in modernizing their operations. We also commend Amtrak for applying modern technology in managing the resources that Amtrak has and their personnel.

Now that Amtrak is not operating from day to day in a survival mode with constant threats to its very existence, we are confident this well-planned organization will focus Amtrak's assets and workers in areas where the best improvements in service will happen.

Our Amtrak members are a part of the transportation team who operate trains, moving passengers to their destinations safely and on time. This activity requires simultaneous coordination with every aspect of the operation from mechanical inspections and repairs to maintenance and repairs to tracks and signals, to the positioning and cleaning of the equipment and dispatching of intercity and commuter trains to multiple destinations in many directions.

Making changes in one area of operations is not a simple issue because it also requires changes in other areas to ensure continuity. Eliminating and consolidating layers of management responsibility in this organization plan, in our view, is a very productive move. We are encouraged that Amtrak made reductions in management last year, and their new reorganization plan proposes to reassign even more management positions. Amtrak should earn the support of Congress for this upgrade in their organizational structure. Amtrak operates with safety and customer service woven together as top priorities. Our operating crews fully understand

that safety comes first, and on-time performance is the goal. This upgrade of operations furthers these priorities and positions Amtrak to meet the demand for significant increases in rail passenger service. Amtrak operating crews are among the most productive workers in this system. Every Amtrak employee should be placed in a productive position that supports the needs of customer service and the managed growth of our operations. Our members are ready and eager to work. Congress asked Amtrak to share a plan on how to improve services and reduce the travel times between our major population centers. The next generation plan provides a roadmap for that improvement and identified the funding requirements.

Amtrak's ridership set a record last year, as Mr. Cummings and Mr. Boardman indicated, and with an aging population, higher gasoline prices, and the total instability of fuel resources, highway and aviation congestion, millions of more travelers will choose to ride the train if the service is available and dependable.

Amtrak workers are prepared and well trained to provide services to our customers, but for us to succeed, Congress must provide Amtrak with consistent and predictable multiyear funding for modernization and capacity upgrades. Beyond reorganization, what Amtrak really needs is dramatic increases in capital investments. Amtrak's next generation plan for the Northeast Corridor is outstanding. It will cut the transit time in half between Washington and New York as well as between New York and Boston. Capital spending to increase speeds and upgrade Amtrak's infrastructure is the ticket to transporting Americans in a cost-effective and energy efficient manner.

We in labor are Amtrak's partners. We urge this committee to allow Amtrak the latitude to reorganize if they so see the need, but more importantly to authorize substantial amounts of additional funds for Amtrak's capital needs.

Amtrak also plays a central role in financing our railroad retirement system, which is a self-funded pension that this committee in 2000 and 2001 reformed. Changes in the Federal treatment of Amtrak, such as significant funding cuts or passenger rail privatization, could jeopardize the solvency of our railroad retirement system that affects 270,000 career railroad employees around the country. Americans want a national intercity rail passenger network, and Amtrak is uniquely able to fill that need. Highways and commercial aviation will not alone meet the Nation's future passenger transportation needs.

The coordination of air and rail passenger services should be mandated to free more air slots and provide timely rail services for shorter travel distances in 300-mile ranges. A modern, efficient, intercity rail passenger system is a necessary part of a balanced transportation system. Congress should recognize that intercity rail passenger service requires public subsidies, just as our airline and bus partners also. Many airline executives are on record today supporting the coordination of air and rail services to increase the capacity of our existing airports.

I also want to make sure this committee is aware of our full support for the expansion of our freight rail capacity as well. Amtrak and our freight railroads work together as partners. Both have capacity needs that can be mutual goals. We support the expansion

of Amtrak's services and understand that this expansion also must address the capacity needs of our freight rail partners. I will be happy to answer any questions.

Mr. MICA. Well, thank you, and thank you for your testimony. We share your commitment to making certain that Amtrak employees, particularly those long-serving, are treated fairly as we move forward, and also that we meet our obligations as far as their commitments, retirement, pension benefits and other items. I think we have always advocated that. Thank you for your leadership on issues, Mr. Stem.

Representing labor, I think Mr. Boardman had said that it was 8 years that Amtrak did not have a labor agreement in place. Is that correct? And I think you will recall at the time that I felt that that was uncalled for. But that was the case, wasn't it?

Mr. BOARDMAN. Yes, sir, that was the case.

Mr. MICA. And I didn't find that case with their brothers and sisters, union members in the freight systems, and that is why I thought Government-supported service, such as Amtrak, should be held to a higher standard, and I think also the unions actually had to go to court to get relief. But that is not the way to run a railroad or a passenger rail system. So I think history in that regard speaks for itself.

Mr. Boardman, when did you submit the 5-year strategic plan?

Mr. BOARDMAN. It was approved in, I think, October of 2011.

Mr. MICA. OK. Well, I point out that now I have the greatest respect for the opinion of the ranking member. Sometimes the other side accuses me of micromanaging. I don't consider my role as micromanaging when in 2005 GAO said they should have a strategic plan. In 2010 the IG also, Mr. Alves, didn't you also say they should have a strategic plan and there wasn't one? Is that correct?

Mr. ALVES. Yes.

Mr. MICA. It was. And then for the record, in 2011, I think I became chairman that year, Mr. Boardman did come forward with a strategic plan in I have November, you said October, but that was correct. So sometimes that role is one of oversight, also one of prodding, also one of making sure that what should be in place—I come from a business background. If this is a corporation which is subsidized heavily by public support, the very least they can do is have a business plan, and that plan should be flexible.

Let's take the inspector general's report and look at again the implementation of a strategic plan. Let me preface my remarks by saying that there is no one who is a stronger supporter of passenger rail service in the United States than this guy right here. It is cost-effective. I am a fiscal conservative. You can move more people for less. As far as the environment, energy, it is absolute winner. But we have to do it with the least amount of subsidy. And god forbid there should be a profit in some of these operations, but we could actually I think achieve that if we worked together on it.

So let's take the report together. First of all, the board of directors, in PRIIA we had organizational problems from the very top, the board. I was very pleased preceding this hearing, and I asked the question before, we went to a nine-member board and seven members of the board had been appointed. Two Democrat appointees were lacking. Yesterday, I am told, was it yesterday the

White House submitted these two nominees and I am pleased to see that, and I hope the Senate acts with due speed and everyone helps get the full complement of the board in place. Sometimes it takes a hearing to get action, whether it is implementation of a strategic plan or highlighting that the board should be filled. And maybe they did that of their own volition, but I am very pleased that it was done.

All right, let's look at the key folks in place, and you divide it into six divisions. I am very pleased to hear what you said about possibly not going forward with some of the commuter activities in the organization plan, at least from hiring additional personnel in that area.

We also find that, talking about ridership, Mr. Boardman, the highest percentage of increase in ridership is in State-supported routes, is that correct?

Mr. BOARDMAN. Yes.

Mr. MICA. OK. And next year, according to PRIIA—it is next year, isn't it, Joyce—that the States will now have to step up to the plate and pay full support. That is correct, Mr. Boardman?

Mr. BOARDMAN. Under section 209, yes.

Mr. MICA. Yes. Under 209, right. And that actually will help your bottom line pretty dramatically. It is about $100 million a year, some of the calculations in that range, is that correct?

Mr. BOARDMAN. I think, yes, that is within the range. I think it might be a little different than that, but yes.

Mr. MICA. I notice Mr. Joe McHugh sits behind you with a smiley face, was quoted in this article to say it is important to help States make the case for Amtrak so legislatures will invest in that. And that is one reason we want to hold your feet to the fire, to make your passenger rail service and the cooperative effort with the States attractive, and looking forward to working with you. But again we have a change in that activity and we will have to see how that evolved.

The other positions, are they all full, the vice president and managers, Mr. Boardman?

Mr. BOARDMAN. General managers; one of them is a vice president, that is the Northeast Corridor infrastructure and development, Stephen Gardner.

Mr. MICA. Yes, and he will be in here I think when we do the Northeast Corridor. We want to hear his report.

Mr. BOARDMAN. I don't know whether I will send him or not.

Mr. MICA. I would love to have him.

Mr. BOARDMAN. I understand that, Mr. Chairman.

Mr. MICA. We will just subpoena him as a last act.

Mr. BOARDMAN. I have to control everything he says, Mr. Chairman. No, I am kidding. And I have to now wipe the smile off Joe McHugh's face, is that what I need to do here?

Mr. MICA. He didn't have a smile.

Mr. BOARDMAN. OK. But we have moved forward I think in the business lines. But the other piece of this, which had I not been so long-winded on other parts of what I said earlier, is really the matrix part of this. And we have a structure of chiefs—chief mechanical officer, chief engineer, chief safety officer—and they set the standards and the budgets necessary for the business line

chiefs to carry out. In that way, you have not just a customer focus, but also a bottom line focus, and there is the expertise that is there necessary for us to make improvements in mechanical maintenance and improvements in safety and improvements in all the things that are needed to support these general managers to get their jobs done. Some of them are filled. Some of them are posted and they will also be finished off in this organization.

Mr. MICA. OK. Again, I look at the areas where we are losing money, or you will be losing—you may be losing some opportunities in providing some service and State-supported service.

Another area that the inspector general highlighted and has been of interest to the committee, we did a hearing on it, is the food service, and you have addressed some changes in that and improving some of the controls.

What was the recommendation, Mr. Alves, I can't find it here in the report, was it a consolidation of the two activities overseeing food service?

Mr. ALVES. Yes, part of the food service was provided or overseen in the Transportation Department, which is part of the Operations Department. The commissary and food delivery function was overseen in the marketing department. And what we found was that they weren't coordinating fully.

Mr. MICA. Has that been implemented, that recommendation, Mr. Boardman?

Mr. BOARDMAN. Yes.

Mr. MICA. OK. And, you know, again, I am not micromanaging, but if you are losing $79 million on food service with a captive audience 3 years ago, and that increases to $84.5 million this past year, you have a problem. Now, yesterday I did not order anything on Amtrak so I saved the taxpayers money as far as buying—purchasing food. But it is a problem. We want in the structural reorganization or organization the recommendations if they make sense and they can be effective that are recommended by the inspector general implemented. So it appears that that is being addressed.

Finally, let me address again a part of the report. It is talking about again Acela and some of the Amtrak services. It says, in contrast, availability and reliability remain the same or declined slightly for the remainder of Amtrak's equipment. Compared with Acela's train set availability, there is an improvement of 14 percent. The availability of the rest of Amtrak's equipment has stayed roughly the same compared with Acela's reliability improvement of 11 percent, and the rest of Amtrak's equipment is on average less reliable than before.

That is a concern. Mr. Boardman——

Mr. BOARDMAN. Yes, I can address that. We agree that it is getting older and therefore it is becoming more unreliable now in some ways. We have ordered new electric locomotives on the Northeast Corridor to make substantial improvement.

Reliability-centered maintenance we think is an excellent way to go. It is something that has helped us a lot with the Acela fleet. That is our premium service and certainly we want to maximize its use.

If we use the same plan with the rest of the company right now in the same way, we would probably be talking 600 to 700 more

employees. And so we don't see the balance yet that we need to increase the revenues necessary to pay for that, compared to where we are right now with the reliability. We really looked at that premium service differently because the fares were so much higher in that process.

Mr. MICA. OK. I didn't mention this before, but out of the report, just for the record, Amtrak's food and beverage service has incurred a direct operating loss of over $526 million in the last 6 years. A half a billion is not chump change, and just want that in the record.

Mr. BOARDMAN. I think we had it in the last record, but, yes, I understand.

Mr. MICA. Finally, also as recommended, and this is also from the report, the vice president of operations has agreed that Amtrak will develop a 5-year plan for reducing its direct operating losses.

Mr. Boardman, can you shed some light on that?

Mr. BOARDMAN. Well, it goes back to the entire structure of what we are trying to do in terms of accountability. And one of the issues at Amtrak early on was the lack of accountability and lack of even understanding of what a budget was and the management of a budget that people had available to them.

And so a lot of the strategic plan comes out in how are you going to measure the metrics and what are your goals. How do you get organizational excellence and what are you looking for in terms of financial excellence, in terms of maximizing revenue, optimizing our operating ratio, doing the normal business things that we need to get done, and holding each one of those folks accountable to a performance measurement system personally in their operation to get that done? So that is really the structure that the VP for operations and the whole company will begin to really do.

We saw early on, and I compliment Ted for recommending the commissary, but that was something we saw that we needed to change quite early. The problem is you have to operate the railroad while you are making these changes, so you have to be prepared to make the change in a way that makes sense and you have to have it tied in together to the rest of the structure. So we did that. And I think Ted and I talked about that early on, those kinds of things need to happen. We are still doing that as we are finding ways to make those improvements.

Mr. MICA. Thank you. For the record, General, will note that Amtrak is now taking all credit cards, at least on the Acela train that I was on, which is something you had recommended. We hadn't gotten implemented, but Mr. Boardman has made progress on that. And also they advise you to get a receipt from the cafe too. So you are making good progress.

Let me yield on that tone to Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

To Mr. Boardman, I want you to be real clear, and I know you are, but I want to make it real clear that on both sides of the aisle we want effectiveness and efficiency. And it does no one any good, including the employees, if we are not zeroing in on effectiveness and efficiency. And I assume from your comments that that is what you have been trying to do.

But let me just go to this area, and I want you to listen to me very carefully, Mr. Inspector General, on this issue, because you raised it.

When you tell me that in a year you were able to recover over $20 million in overpayments, I got to tell you that sends all kinds of whistles going on in my head. The first question is, why do we have the overpayments?

The second question is, you know, when you are talking about strategic plan and organization, there must be somebody who is responsible for making those overpayments, in other words, somebody in charge. And what have we done to address that? How much is still out there? Because I can tell you what happens up here is that if somebody has got something against you, they will take stuff like that and do some damage, and rightfully so. I mean, it is like setting yourself up.

So help me with this. Talk about these overpayments and talk about—I mean, does the strategic plan say we project that we may have X amount of overpayments.

And you are talking about measurements, Mr. Boardman. Does the strategic plan then say we will recover X? Because that means that somebody has got some money that they are not supposed to have, and that is money that we could be using to address our issues here. Go ahead.

Mr. ALVES. Thank you. I would like to provide some background on this issue. It had been a longstanding issue within Amtrak going back to when Amtrak was formed. This unit which paid the invoices from host railroads for Amtrak operating over their track, there really was no billing review process. For years the company relied on the inspector general to come in after the fact, years after the fact, and reconstruct the payments and identify overpayments.

I think in 2008 or so we recommended that as a basic business process that the company should have to review a bill before they pay it. The company agreed and they worked aggressively and hard to implement an improved billing review process.

The second issue that we had is that the billing review was in the same group that was structuring the agreements with the host railroads and we thought that was too close and there needed to be a separation of duties. So we also recommended that that billing review process be separated from the group that is negotiating and working with the host railroads. The company agreed to that as well.

It took a couple of years probably, and these things do take time, for the company to put that structure in place, develop processes and policies and work guides. But at this point the function is in existence and the group is reviewing railroad bills as they come in and before they are paid. So we think that the problem——

Mr. CUMMINGS. So are you saying that you think we have stopped the hemorrhaging——

Mr. ALVES. Yes.

Mr. CUMMINGS [continuing]. And now we need to sort of go backwards and see what we may have lost. I mean, is that a fair statement?

Mr. ALVES. What we are doing is we are finishing up the last of our railroad billing review audits. We have covered most of the

large amounts of money that are out there, and I think about the end of the year we will issue the final audit reports, and at that point we are going to turn everything over to the company. I am not sure that it is cost-effective at this point to go back, you know, 5 or 10 years and try and recover small amounts of money. So we think that we are covering the bulk of the money in our audit reports and the company can move forward productively from here.

Mr. CUMMINGS. Just one quick thing to you, Mr. Boardman. I just want you to talk about, you made a big deal, you spent a lot of your time talking about safety, and, you know, you talk about—and I want to know what you mean by that. You were saying that when you went and you tried to do your review you figured out that the thing was safety and you kept saying safety. What does that mean?

Mr. BOARDMAN. Well, it means that the system itself, if you don't have a safe transportation system, whether it is a bus system, aviation system, rail system, you won't have customers, because they won't trust the ability to get on the train and be safe, that you are not going to have accidents, that you are not going to have——

Mr. CUMMINGS. This is what I want, what you are saying right now. This is what I want to hear right now. Come on.

Mr. BOARDMAN. That you have well-trained employees; that they know what to do in an emergency; that we are capable of handling our passengers in a very safe, efficient manner.

Mr. CUMMINGS. And passengers were worried about that, is that what you were saying?

Mr. BOARDMAN. They could be, if we began to have those kinds of problems, and there are those areas and pockets where that existed, but it was also among employees. So it is not just the passenger, it is also the employees.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Mr. HANNA. [presiding.] Anyone else have any questions? Go ahead, Mr. Bucshon.

Dr. BUCSHON. Thank you.

Mr. Boardman, I am going to ask a fundamental question. Can a passenger rail line in this country be profitable?

Mr. BOARDMAN. Our Northeast Corridor is profitable, the way we operate it, in terms of the operating costs itself.

Dr. BUCSHON. And now as a Nation, across the country, if you add on the rest of what Amtrak does across the country, I mean, is it possible to be profitable in your view?

Mr. BOARDMAN. No, not without a policy decision by Congress, which is lacking here.

Dr. BUCSHON. What decision would that be?

Mr. BOARDMAN. Whether the Congress believes whether a basic transportation network in this Nation is necessary. They decided that in 1971——

Dr. BUCSHON. Right.

Mr. BOARDMAN [continuing]. And they have decided it several other times. But there needs to be a decision, just like there is a decision every day that we are going to invest in a highway system or an aviation system. For example, you have 50,000 employees of DOT that are focused on aviation and there is only 60,000 people

in DOT. So Congress has a lot to decide about what it wants in passenger rail across the Nation.

Dr. BUCSHON. So basically, though, passenger rail on its own without Government subsidization, it is not possible to be profitable.

Mr. BOARDMAN. Even the curbside buses, which are made a lot of today, without the subsidization of being able to pick up on the curb and not sustain all the overhead costs, not having to pay for the capital and the highways, could not be profitable. However, they are now, and fortunately here in Washington we have moved them into the terminal.

So the answer is yes, there is no mode of passenger transportation, including aviation, that can be profitable only from the fares.

Dr. BUCSHON. Yes, that makes sense to me.

Mr. Alves, you made a comment that said Amtrak needs to be run, and I think this is basically what you said, more like a profitable business. I mean, Amtrak was set up 40 years ago to be a profitable business, so it has taken us 40 years. What did you mean by that, for example, running more like a business and less like a Government agency? Are there specific things that need to be done? I mean, I know you have got the strategic plan and I understand that, but when people always say that, they say that all the time, we need to run Government more like a business or Government needs to run more like a business. I mean, that is a statement that can be made, but it seems like there is a lot of smart people that are working on this issue and it has taken 40 years and we are still arguing over the same points.

Mr. ALVES. It has taken a long time. And Amtrak actually is a business. It is not a Government agency and does not, I don't think, operate as a Government agency. It operates as a business. I think the focus here——

Dr. BUCSHON. In that respect, it does. But it operates like a Government, because when we lose money, that doesn't matter.

Mr. ALVES. Amtrak relies on the Government for——

Dr. BUCSHON. That just gets paid off by Congress, right?

Mr. ALVES. Amtrak relies on the Government for its existence and survival from the subsidy, both operating and capital subsidy. I think what is different now is that there is a focus within the company at the leadership levels, the board of directors and Joe Boardman, on making the company operate as efficiently as it can and focus on the customer.

This idea of delineating different customers and moving to lines of business and developing accountability mechanisms is really focused on the bottom line. And I think that is what has been significantly missing in the past. The past focus was on running the trains. We can run the trains, but can we do it as efficiently as we possibly can? I think that the new focus is driven by the strategic plan, and it is driven by the whole concept of organizing around lines of business and holding people accountable for achieving a goal, and that goal is in the future going to be much more focused on the bottom line and financial performance. That is my sense of what is happening in Amtrak.

Dr. BUCSHON. Thank you for that. I guess my sense is that from a congressional standpoint that there should be some financial pressures on Amtrak from Congress. Otherwise, we would never have any of the things that you are all trying to do to streamline the operation. I mean, I think the impression that we should always open-endedly fund things or increase funding to this agency or that agency or subsidize this organization or that organization without some degree of financial pressure for efficiency, safety and other things, is something I think that we need to avoid.

So obviously Congress wants to make sure you have the amount of money that you need to run your organization, but also there needs to be some financial pressure on an organization to be more efficient, and it sounds like what you are doing is just hopefully going to be very successful.

Thank you. I yield back.

Mr. HANNA. The gentleman yields back.

Ms. Norton.

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

This is a question for Mr. Alves and for Mr. Boardman.

Mr. Alves, in your inspector general's report, there is a troubling section on human capital management in which you have found, and I am quoting you now, "only limited progress" in implementing your recommendations, your human capital recommendations. And the most troubling sentence is the one that says, "In addition, Amtrak was increasingly at risk of encountering skills shortages as highly experienced long-time employees retire."

First I want to know where the gaps are when we are talking about safety and risk, and then I really have to ask Mr. Boardman, what is so difficult about creating training programs perhaps for employees that are already at Amtrak so that people who are already trained could train to the next level and replace those who are retiring.

I need to know more about the skills shortage risk, how serious it is and what can be done about it. And I might say in the short term as people experience—as there is some downsizing, for example, from the Congress, you may find more people retiring. Could I have a response on that?

Mr. ALVES. Yes. What we found was that Amtrak human capital management was very focused on transaction type things—making the payroll this month, processing the payroll, adjusting people's job description—and wasn't really looking at strategic issues.

Human capital practices have evolved over the last 20 years. Human capital management is now considered a strategic issue that drives performance in the company. We issued a report, and it didn't get a lot of traction in the company, we did a followup, and Mr. Boardman reacted positively and made it a priority.

The idea of losing skilled people is fairly common. It is a concern now throughout the country that older employees are retiring. You have to have new people coming in. They have to be the right people, they have to be trained and developed, and they have to be properly rewarded. And there wasn't a strategic focus on those issues at Amtrak.

Since Mr. Boardman made that a priority, Amtrak now has a new human capital officer. And one thing that Mr. Boardman di-

rected him to do was that within 3 months he wanted a plan to address those strategic issues. That plan was delivered. There has been a lot of work on it, and we meet periodically and get briefed on the progress and I think things are underway to correct those deficiencies. And I will let Joe talk to the details.

Mr. BOARDMAN. It is really not all that hard. The problem is everything is a priority. It is a priority to resolve union issues and have labor contracts. It is a priority to have internal controls. It is a priority to replace equipment. We didn't have a fleet plan in place until now.

Ms. NORTON. Let me stop you for a second, Mr. Boardman. Yours is a labor-centric business.

Mr. BOARDMAN. Yes, ma'am.

Ms. NORTON. No matter how you look at it. And we are not talking necessarily about, surely to some extent, but brand new people who would have to be trained. You have got people. There is surely a job ladder in your business.

And my question is very specific, and that is about training, as mentioned in the report, training, much of which would probably have been done on the job anyway if you are dealing with your own employees who want to move up. Why aren't there such training programs in place or are such training programs planned before you have a wholesale exodus of trained employees from Amtrak?

Mr. BOARDMAN. We are training. We are training now. A lot of what you have read is old news, and I think that the inspector general was relating to that. We have got a major change in how we manage human capital, and we have a regular training program that improves operating services. I think a lot of the——

Ms. NORTON. Including training people to move into spots that will be vacated by retirement?

Mr. BOARDMAN. Well, they are not all in place yet, and they will be.

Ms. NORTON. I just want to know the plan.

Mr. BOARDMAN. Yes.

Ms. NORTON. So that would be training, much of it for people who are already on the job who might move up?

Mr. BOARDMAN. Some of them will be trained. There will be succession plans for folks. We are in the middle of that now. That is part of this process. This is very early to have a hearing on what we have tried to accomplish in our strategic plan that we are moving forward with.

Ms. NORTON. Mr. Boardman, just might I suggest that, and especially in light of my next question, because you could see retirements the likes of which you haven't planned for.

Mr. BOARDMAN. One of them could be mine. But I understand.

Ms. NORTON. I certainly didn't mean you.

Mr. BOARDMAN. Well, I am going to be 65 next month.

Ms. NORTON. Oh, do you have to leave at 65?

Mr. BOARDMAN. No, I am just saying.

Ms. NORTON. You better start succession planning right away.

But in light of the fact that your business cannot proceed without trained people without putting those of us who board your trains at risk, as you listed your priorities, I can only ask, and we realize we are important, given the fact that you already have a very well

trained workforce, you do not have the kinds of accidents and the like that grab the headlines every other day, we would like to keep it that way and even improve it. So I am only asking that training, particularly of people who are on board, because that is already a trained workforce, proceed.

I do have to ask about your reorganization when you are taking your line businesses, and I understand the transparency there and I think it is good business practice. But Amtrak received about $1.5 billion, roughly speaking, in Federal funds, and about half a million of that was even for operations.

Now, the Budget Control Act, or the 2013 budget, I asked staff to get me the number, has a $116 million cut in it and it could be worse. If we don't go over the cliff, and I have to assume we are not insane and that we are not going over the cliff, there could be even deeper cuts as we sit and try to reconcile the differences among us.

Does this cut then imperil any of your plans and does your strategic plan take into account that you are likely to see cuts rather than increases over the next several years?

Mr. BOARDMAN. Well, yes, it does, in part at least. We are making improvements in efficiency by using new technologies. We have had an ability to have a voluntary retirement program. We have had some RIFs, reduction in force in certain areas in the company and tried to place them other places.

Ms. NORTON. I hope those voluntary retirements do not mean you shed the very skilled parts of your workforce——

Mr. BOARDMAN. Most of them, they were all in the nonagreement areas, so they were not the labor force agreement force. They were all in the management area. There are about 3,000 employees that are outside the union construct here. So, in many ways, it wasn't just moving, for example, the commissary over to the operating side of things to make it more efficient, it was also looking at what is it that Marketing is really doing. They are doing their work the same way now as they used to, for example with travel agents, which has changed substantially from what it was in the past. Those kinds of things we are looking at as well. So, yes, in part the kinds of changes that we are making in the strategic plan do help in that area.

Ms. NORTON. Mr. Chairman, if you could indulge me for one short question here.

You know, Mr. Boardman, that I have been particularly complimentary of your plan, not your strategic plan, your plan to bring high-speed rail, to redo Union Station. It is a very ambitious, very 21st-century plan. Does the strategic plan take into account Amtrak's overhaul of Union Station and of its operations in the long run for high-speed rail?

Mr. BOARDMAN. Well, yes, it does, and the way that it does that is in the infrastructure and investment development business line that we have been talking about, the one that Stephen Gardner is the vice president of. Because what we really looked at and asked is, what is one of the most important assets in the United States? And that is the Northeast Corridor, from Boston to Washington, and Virginia I think would like to move it right on to Richmond

and south. In the structure that we are dealing with, it has real estate potential, it has high-speed rail potential.

It supports 40 million people within 40 miles of that corridor, and we need to change how it is done. If you look at Union Station today, and I know you know it well, you see many vendors that are there providing services with spaces that all used to be dedicated to passengers. We need to recreate the space for passengers, because they are coming, and this high-speed rail will be coming. Whether I and my team are talented enough to make that happen, someone will make that happen for the future, because that is the most efficient way to move people in such a dense corridor as the Northeast.

Ms. NORTON. Thank you very much, Mr. Boardman.

Thank you, Mr. Chairman.

Mr. HANNA. You are welcome. Thank you.

Ms. Johnson, would you——

Ms. JOHNSON OF TEXAS. I have no questions.

Mr. HANNA. There is no one on our side. I have a couple of questions.

Incidentally, Mr. Boardman, it is a pleasure to see you.

Mr. BOARDMAN. Thank you.

Mr. HANNA. Knowing that you are from Rome and knowing that you went to Binghamton University, which I now have the pleasure of representing. Thank you.

Mr. BOARDMAN. Congratulations on your reelection.

Mr. HANNA. Thank you. It is a mixed bag, but thank you.

Mr. Alves, you mentioned that in the long-term plan there are benchmarks, to paraphrase what you said, which require accountability if they are not met. What does that mean in the real world?

Mr. ALVES. Well, actually what I was saying is that it is not so much that the plan has the benchmarks and accountability, it is that this entire process, starting with the plan, should lead to that. Amtrak is not there yet. The company is not at a place where people are being appropriately held accountable to valid metrics.

Mr. HANNA. What would you imagine that is, though? I mean, accountability in the public sector is difficult to require, it is difficult to understand, to pin down since there is not a profit motive and there are not necessarily stockholders, have no vested interest in outcomes, other than doing a good job, which I would hope that they all would. What would you imagine that looks like?

Mr. ALVES. Well, Amtrak has established, and I think that I will take a shot at it, but Joe will be able to answer it much more precisely and on target than I can.

Amtrak has established two key metrics. One is the operating ratio, which is how Amtrak's revenue compares to its expenses. Amtrak's operating ratio is less than 1 because we lose money. And the goal is to bring it up.

A second incorporates capital into that. So how much capital does Amtrak use to generate revenue against its expenses? They are like bottom line really excellent goals.

What has to happen, though, is that the accountability part is that everybody has a role to play, and their role is aimed at accomplishing Amtrak's strategic goals and contributing to those metrics. And they are then measured against how well they contribute

against that metric. And so there is a much more important focus on the bottom line.

As I said, Amtrak is in the very early stages. And these changes are going to take a while to take place.

Mr. HANNA. In terms of hard accountability, it is difficult to attain and difficult to enforce and very difficult to define.

Mr. ALVES. It may be difficult, but it needs to be done.

Mr. HANNA. Exactly. Go ahead, Mr. Boardman.

Mr. BOARDMAN. I don't think it is so difficult, Congressman. I think one of the things that is important here is—and I think Ted really talked about it—is the total operating expense over the total operating revenue.

What we are really looking for are these general managers to really understand how much revenue is coming in and what their cost is, and that they can be held to account for. Because we have a history. We know what those numbers are.

But we also have a performance plan for every specific individual, and we are calling it the SMART program. You know, you got to have an acronym to really talk about that. And that their goals need to be specific, they need to be measurable, they need to be achievable, realistic, and then they need to have a date on them which provides the time.

And they won't be perfect. They will be improving as we go forward. Each year we have made a lot of improvements in that area because humans need that time to really assimilate what it is that we really want them to do and what we need to do to protect.

We have had very weak internal controls, I think, as Mr. Alves has talked about, and we have had a very weak business process. And the reason for that is because for years it has been a survival mode, that we survive this year and are we going to survive into next year? And that has begun to change at Amtrak, I hope. And I just celebrated my fourth anniversary 2 days ago here at Amtrak. So the changes that are coming about I think are very business related.

Mr. HANNA. So I can tell the public not to send you a bill right now because you actually do look at them?

Mr. BOARDMAN. Yes.

Mr. HANNA. That is incredible on its face.

Mr. BOARDMAN. Part of the difficulty here is understanding the level and number of transactions along the route of the train each day, which is part of what Ted was talking about, is whether a train was late at a certain location or not and whether there was an incentive paid to a freight railroad as a result of that.

Mr. HANNA. You can understand some of the cynicism——

Mr. BOARDMAN. Absolutely.

Mr. HANNA [continuing]. That comes out of this Congress over Amtrak when you look at that, especially knowing that aviation is subsidized by a little over $4, mass transit is a little over 95 cents, intercity bus, which you know a great deal about, is a dime, and Amtrak in total, understanding what you said earlier, is about a little over $46. That is a substantial subsidy. Obviously the four modes of transportation are different.

But I want to ask Mr. Cummings if you have anything.

Mr. CUMMINGS. Yes, I certainly do. Thank you. I will be very brief, though.

Mr. Boardman, I just want to ask you about Baltimore. Our mayor, our train station in Baltimore, I was listening to your answer to Ms. Norton, and we want to know what the situation is with the Baltimore station. You know, the mayor had appointed me to chair a commission here recently to try to address the issue of the Baltimore station. I see your staff, they look like they are confused.

Mr. BOARDMAN. Well, let me just address it quickly. What I will do is give you a written response because I am not really up to speed on that.

Mr. CUMMINGS. Yes, please do. And that is OK, I am not worried about you being up to speed. I just want to make sure that it is on the radar, because we are very concerned about it. Baltimore is a major city and the train station is one that we are not happy about. We want people to feel a sense of vitality in our city. We have a mayor who is doing a great job. But that train station is very central, as it is in most cities. I don't know if you have been through there.

Mr. BOARDMAN. Absolutely. I go regularly.

Mr. CUMMINGS. It is not the prettiest picture. So I am just curious. I mean, you may have a general statement on that or you may have a specific statement.

Mr. BOARDMAN. Well, I mean, I was looking at the second floor there.

Mr. CUMMINGS. Yes, the second floor.

Mr. BOARDMAN. They used to have the power director's office up on the top floor and the second floor. And we looked at what would it a take for us to be potentially using that differently.

So, yes, we are there. We are looking at it. I don't have the specifics on what our plans are right this minute, but I understand your concern.

Mr. CUMMINGS. If possible, I would like to set up a meeting with your people so that we can at least make sure we are at least singing from the same hymn book and the same church on the same day.

Mr. BOARDMAN. Yes, sir.

Mr. CUMMINGS. So we can get some kind of—you know, I think it is just something that concerns us greatly. We just want to know where Amtrak is fitting in there and what your plans are, OK?

Mr. BOARDMAN. Yes, sir.

Mr. CUMMINGS. Thank you.

Mr. MICA. [presiding.] Thank you. Other Members have questions? No other questions.

Well, let me just as we conclude thank our witnesses. The purpose of this hearing and the two that we are planning is hopefully to be constructive, to make certain that things move forward in a positive fashion as far as Amtrak. Taxpayers have a huge amount of interest in this, $1.4 billion, as I said, last year, billions of dollars over the 40 years that we have subsidized the Amtrak operation.

Almost all public transportation is subsidized in some fashion. May not be able to eliminate that, but we can lessen it, as was stated by the goal of actually the Amtrak president, Mr. Boardman.

We are trying to make certain that we have as efficient an operation, well organized, with a strategic plan. Others had the opportunity to move forward with a strategic plan prior to my becoming chairman; it didn't happen. It is now happening now, and we want it to be constructed and also executed so that we have in place the very best practices, best structure, and one that can be flexible to change, to market requirements, to customer demands, and to also make certain that our employees who serve us and work hard each day for Amtrak are adequately rewarded.

We will, as I said, have two additional hearings, Thursday the 6th of December on high-speed and intercity passenger rail service grant program. That is the overall high-speed program which has been advocated by the administration. And then on Thursday the 13th we will conclude the series on passenger rail service with an examination of the progress we are making on the Northeast Corridor and high-speed rail.

Yesterday in New York one of the transportation officials said that it was a shame that the United States appears to be falling further behind in its efforts to build a high-speed rail system, particularly in the Northeast Corridor, which has the highest concentration of population, the best connections in the United States. And we will examine very carefully the progress that is being made, the plans that Amtrak has put in place to bring the Northeast Corridor into the 21st century of world-class high-speed transportation.

I think the gentlelady from California, Ms. Richardson, said that the speed of Acela is 83 miles per hour. Maybe, Mr. Boardman, is it 86 miles an hour on average, just for the record? Somewhere between 83 and 86. And I think it is in the high sixties going from New York to Boston, which just is not acceptable.

So the purpose of the hearings again are not only to deal with the consumer, as Mr. Boardman talked about, but also the taxpayers. And having been home during the Thanksgiving period and to several cities during the Thanksgiving period, I saw hundreds, literally thousands of Americans working so hard to pay their bills, raise their families, be responsible citizens. And they also send a good portion of their labor, sweat and tears to Washington and we have to be responsible stewards and trustees of their hard-earned dollars. And that is what we intend to do until we call the very last hearing to order.

So, with that, if there are no other questions from members of the committee, let me just do a little homework here. I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing. We will give it 2 weeks with the consent of the other side of the aisle. And I ask unanimous consent that the record remain open for those 14 days for additional comments and information submitted by Members or witnesses that can be included and will be included in the record of today's hearing. Without objection, so ordered.

Again, I want to thank our witnesses. We look forward to working with you, Mr. Boardman. Thank you for your fine efforts today, Mr. Alves, our respected inspector general, Mr. Stem, representing our workers. Thank you so much.

There being no further business before the Transportation and Infrastructure Committee, this hearing is adjourned. Thank you.

[Whereupon, at 11:52 a.m., the committee was adjourned.]

Corrine Brown
M.C. FL-03

Statement of
The Honorable Corrine Brown
Ranking Democrat, Subcommittee on Railroads, Pipelines and Hazardous Materials
Committee on Transportation and Infrastructure
Hearing On
"Hearing on "Getting Back on Track: A Review of Amtrak's Structural Reorganization"
November 28, 2012

I want to welcome today's panelists. I had the pleasure of working with Mr. Boardman when he was Administrator of the Federal Railroad Administration under former President George W. Bush. When President Obama took office in 2009, Mr. Boardman moved over to Amtrak as President. Mr. Boardman has a record of working with both sides of the aisle and he has proven to be one of the best presidents to oversee and manage Amtrak.

Since his appointment, Mr. Boardman has taken time to evaluate every aspect of Amtrak and work tirelessly to improve it. He and his team were able to bring to a close a decade-old labor-management dispute and enter into a new contract. He oversaw implementation of the Passenger Rail Investment and Improvement Act of 2008, which reauthorized Amtrak; has implemented a number of mega-projects that might never have been completed had it not been for the investment made by the American Reinvestment and Recovery Act of 2009; and most recently, has had to deal with the tragic aftermath of Hurricane Sandy.

Even with those immense challenges, just one month ago, Amtrak announced that 2012 marked the highest annual ridership record since the railroad started

operations in 1971, with 31.2 million passengers riding Amtrak. In fact, ridership on the Northeast Corridor is up 4.8 percent to a record 11.4 million, state-supported and other short distance routes is up 2.1 percent to a record 15.1 million and long-distance services is up 4.7 percent to their best showing in 19 years at 4.7 million.

Revenue is also up; it jumped 6.8 percent to a best ever $2.02 billion. In addition, Amtrak system-wide on-time performance increased to 83 percent, its highest level in 12 years.

I imagine, however, that being Amtrak – and being the president of Amtrak – is often a difficult task. Not only do you have the difficult job of running a company, in a tough economic environment, but you are also beholden to the will of whichever political party is in power.

Indeed, Congress has often made Amtrak's job of running a railroad more difficult. While I do feel that Congress has a duty to ensure Federal taxpayer dollars are wisely spent, I think we get into the weeds of Amtrak's business too much and end up costing the railroad more money in the end. Case in point: One year, we will tell Amtrak that they can use Federal funds for food and beverage losses. The next year, we tell them they can't. Another year, they are threatened with no Federal funding whatsoever, and then another the Bush Administration proposes to "restructure" the railroad through bankruptcy. How do you effectively manage a company if you cannot

plan for your future? That is something I would like to explore with Mr. Boardman in the near future.

Thank you.

SENIOR DEMOCRATIC WHIP

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RANKING MEMBER

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
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Eddie Bernice Johnson
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Statement for the Record
Congresswoman Eddie Bernice Johnson
House Committee on Transportation & Infrastructure
Wednesday, November 28, 2012
Hearing on:

Getting Back on Track: A Review of Amtrak's Structural Reorganization

I would like to thank the Chairman and Ranking Member for holding this hearing today. We here on the Committee should all share the common goal of improving Amtrak's performance, efficiency, and ensuring best corporate practices.

In October 2005, GAO issued a report to then-Chairman Young concerning Amtrak's lack of a strategic plan. The report identified that, without a comprehensive corporate mission, Amtrak's business practices were lacking and could not ensure consistent and improved corporate performance.

In August 2010, the Amtrak Inspector General's office released an evaluation report of Amtrak's Strategic Planning, and set forth key elements necessary for an effective strategic planning process. The IG's report formed the basis for Amtrak's November 2011 Strategic Plan for FY 2011-2015. While the reorganization is not yet fully complete, there appears to be significant performance and accountability improvements.

I look forward to the testimony of the witnesses, and hearing on the progress of the implementation of Amtrak's Strategic Plan.

PRINTED ON RECYCLED PAPER

TESTIMONY

OF

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BEFORE THE
COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
OVERSIGHT HEARING ON
"GETTING BACK ON TRACK: A REVIEW OF AMTRAK'S STRUCTURAL REORGANIZATION"

WEDNESDAY, NOVEMBER 28, 2012
10:00 A.M.
2167 RAYBURN HOUSE OFFICE BUILDING

Thank you for having me here this morning. I appreciate the chance to testify before the Committee on the topic of Amtrak's strategic plan and reorganization.

I came to Amtrak in 2008, after more than a decade of experience with the company – first as the New York State Transportation Commissioner, then as the Federal Railroad Administrator. I've worked in transportation since I was in college, and much of that time was spent turning around organizations that needed to change. That's a process that demands a lot of attention, and it's a lot like medicine – you spend a lot more time on the diagnosis than you do in surgery. There were some things that were right with Amtrak, and there were some things that needed work, too, and from the beginning, we've devoted a lot of time to figuring out where we want to go, developing a strategy to get us there, and working carefully and diligently to change our organization so that we can realize our goals.

While there are still plenty of challenges ahead, the basics for success are definitely here, and Amtrak is doing well. We just set the ninth ridership record in the last ten years, and we posted record ticket revenues, too. We've broken out of the narrow band of 18-20 million riders that our company lived in for decades, and we carried 31.2 million last year. Better ridership has helped drive an improved financial performance, and if you look at our operating support numbers in terms of constant value, in FY 2013 Amtrak will be getting by with about half as much Federal support as it had in 2004. With modern passenger-friendly amenities like wi-fi and eTicketing, we have improved revenues and cut costs, and those will benefit us greatly in the years to come.

We've cut our debt in half and FY 2012 was the best year in our history for on-time performance – another key driver of both cost savings and ticket revenue. This is a product of a

lot of mutually supporting efforts – things like careful investment to ensure the resilience of our system, but also managerial efforts designed to attack persistent problems such as delays that are the product of failure to get the trains ready to go on time – which has been more than halved over the last six years, and today affects fewer than 2% of Amtrak trains. In 2011, our train operations recovered 79 cents of every dollar, turning in the best performance of any passenger railroad in the nation; when you include the revenues derived from other revenue sources such as real estate and commuter business, the number rises to 85%.

These are real achievements, and they allow us the stability and the resources we need to take on the next step, which is transforming the company so that it can continue to provide competitive and attractive transportation services in a world that's changing rapidly. That means focusing on our customers – and we will do that by creating a strategy that prioritizes customer service and realigns the company to ensure our goals are understood and supported by capable and incentivized managers whose organizations are aligned to ensure that our people and resources are organized to deliver. When we're done, Amtrak will look more like a business and less like a government agency – and customers will find that our system is easier to use, more convenient, timelier, and more comfortable. It will still be recognizably Amtrak – but it will be an Amtrak that defines its mission in terms of making customers happy, and on the bottom line, not just moving trains.

I realize that neither strategic plans nor reorganizations are new to Amtrak. You couldn't miss it – when I took over, the "organization chart" was a 400 page document that reflected the way key functions had been chopped up, reunified, moved from here to there, and then joined up to something else. The complexity of the task meant that we had to move carefully, because a lot

of the key functions – the things that related to getting trains out every day – were misplaced, or poorly supervised, or split up between several different managers.

My goal has been to bring accountability and reliability to the organization, so that it can focus on the core of the business, which is serving our customers. To do that, we had to figure out not only where these processes needed to reside, but we had to convince the company that we were undertaking something fundamentally different. We initially approached the challenge not from the organization chart, but through the culture – and that's what makes this organization fundamentally different from the ones that came before it. In those reorganizations, the goal was to move the functions around to address a perceived need; the effect on the culture was an afterthought. In our reorganization, we started with the culture, rather than the chart, because we wanted to make sure that we would make changes that will endure, and that will fundamentally transform the way people in our organization deal with one another. That's a much bigger task, and it's part of the reason why this transformation may appear to be time-consuming.

I think it was important for us to do this, because the culture of the company is built up through decades of accumulated experience and attitudes, some of which predate Amtrak. We can't replace a culture or root it out, and there are some very positive aspects of the Amtrak culture, such as the dedication that kept our people working so hard during the recent "super storm Sandy." But we need to work on the way we as managers are perceived to behave, and by doing that, inaugurate a real change in the way our employees see us. That changes expectations and ultimately, as the culture changes, it changes behavior. It's a challenging goal, but when it succeeds, an organizational culture change produces the most worthwhile and enduring results.

That's why one of our first efforts was the behavioral safety program we call "Safe-2-Safer." We rolled this out on the system as quickly as we could implement it after I arrived, and it has two very clear, basic goals: one is to reduce the risk exposure our people face. The other is to teach people the basic behavioral techniques they will need to know to identify those risks, to communicate them to their colleagues, and to develop strategies to mitigate them. But behind these clear and immediate goals are other purposes that are meant to help us over the longer term. One is to give our people the skills they need to communicate and work in a more collaborative and less authoritarian fashion. Another is to build that sense of unity and team spirit that comes from working together toward a shared goal. The third is to make it clear to everyone that we care. The life, safety, health and welfare of every employee is an important trust, and we need to act and show that we care, so that our employees understand – and so that they, in turn, are motivated to act in the same way toward our passengers. We started the transformation process by improving safety, and before we're done, we will have improved customer service, too.

Cultural change of this kind isn't a simple or an easy process. It's hard to envision, and it's harder to explain, because it tends to come out in a score of individual anecdotes, rather than as a chart or a process with a clear beginning or end. But this kind of change is very important, because people see Amtrak through the prism of their individual experience, and that experience shapes their attitude toward the company and toward our passengers – in a word, our culture. And we want those attitudes to be as positive and responsible as we can make them, because engaged, effective and creative workers are at the core of the modern economy, and if we are going to keep up with the pace of change in the modern world, we are going to need a workforce

that knows it has a role to play and is willing to offer new ideas and new ways of improving our business processes.

Naturally, any process that's designed to support that kind of development must be ongoing and continual. It started with the programs aimed at changing the culture, and it has progressed through the creation of a strategic plan. Now we're in the process of aligning that corporate structure to execute our strategic plan. Our goal is an accountable organization that aligns managerial responsibility with incentives and measureable metrics to ensure people understand what they are expected to deliver, and that they have clear and quantifiable goals that let them know whether they have succeeded.

We created a strategic plan to outline our strategies for improving business performance and customer focus. This strategy explains Amtrak's vision for an operation that will improve our service delivery, financial performance, and customer satisfaction. We intend to become America's top intercity travel choice, and we will do this by building an organization that focuses our energies on the different customer travel markets and the operating characteristics of the individual services.

To realize this plan, we will need to change the corporate structure so that all of our resources are aligned to produce the results we want to see. The new structure won't look like a traditional railroad structure, with the system organized in three or four rigidly separated "stovepiped" functions. It also won't look like the idea of a completely decentralized organization, with a small corporate headquarters presiding over a handful of "mini-Amtraks." What it will be is something very different – a modern "matrixed organization." We will retain the traditional railroad technical functions, but their role will focus on setting standards and

managing system-wide assets, such as the mechanical backshops. The handling of the core business will be integrated, and the business lines, the technical organizations and the supporting departments will be aligned and incentivized to ensure they're working together to help the company accomplish larger corporate goals, rather than as semi-independent fiefdoms.

Each of these general managers will be responsible for service delivery, but we will integrate the railroad functions so that they control everything they need to deliver the results they will be accountable for. They will have a "matrix relationship" to the technical organizations within the operating department and to the departments that will deal with vital core issues – ranging from marketing and services to budgeting and security. And because it's not always possible to simply and easily divide up the resources that support specific business lines, general managers will be accountable for ensuring that the organizations they manage provide support to other components of the Amtrak system, even when they fall outside of the business line. The NEC General Manager will, for example, be responsible for terminal operations in New York – and that will include responsibility for ensuring that the long distance trains that start there get out of the terminal on time.

Currently, the various business lines are in the process of formation. We have formed the Northeast Corridor Infrastructure Investment and Development (NECIID) business line and the Corporate Asset Development business line is in development. The NECIID will manage the development of the Northeast Corridor, which is far and away Amtrak's biggest and most important piece of infrastructure. Corporate Asset Development will work at finding opportunities for us to use the capacity that's inherent in many of our key corporate functions –

our backshops and our highly skilled mechanical workforce, for example – to bring in work that we can do that will help improve the company's financial performance.

The four railroad operations business lines that will report to the Vice President of Operations are in the process of formation. These include NEC Operations, state-supported services, long distance trains, and commuter services. We have found managers for the first three and are focusing on them first, as they are in many respects the core of our business and our Federal mandate. The commuter services will come next.

We are in the process of doing this carefully and deliberately, in line with the principle of the Hippocratic Oath: "First, do no harm." We don't have the luxury of shutting the place down for even a few days to reorganize – we have to maintain round-the-clock service in 46 states every single day, so we have to be careful we don't disrupt the organization's functioning. There's not going to be a point when we flip a switch and the new organization lights up; it is going to be a progressive process, with opportunities for review and realignment to take the lessons we learn into account. It will be an iterative process.

This process does not have a clear end – but it does have a definite goal – and that goal is satisfying our customers. We serve a lot of different customers. Many are our passengers. Some are the states who contract with us for service. Others are commuter agencies and railroads that use our services or our infrastructure. We are making these improvements to serve them better, because we recognize that in a competitive environment, alternatives will arise if Amtrak does not act now to address their needs. In many places, the story of transportation in our lifetimes is one of contraction and reduction, as bus services leave town and subsidized air service is cut back or eliminated.

This decline in the competing modes has been one of the components of the growth in Amtrak ridership over the last decade. People are now coming to us – and the question of what they find when they come is of vital importance, because they come with a different set of expectations about travel. People now search for travel options and deal with transportation providers in ways that were unimaginable twenty years ago – let alone forty. They have high expectations when they travel, and we recognize that we must adapt to meet those expectations – and that if we don't, other options will be forthcoming, one way or another.

At its core, Amtrak is a great policy solution – with a cost recovery of 85%, we provide some of the lowest-cost, most efficient intercity passenger rail service in the world. Our challenge is to continue to improve, so that we can deliver the technical improvements that allow prospective passengers to connect with us, the physical improvements to our stations and trains to make their journeys comfortable, and the customer service improvements we will need to satisfy them and earn their business.

Nothing that we're proposing to do is simple – but it will deliver results. While the natural tendency is to focus on the changes to our organization and structure, those are ancillary changes. The real transformation must come in the organizational culture, particularly since the process of generational change is now underway. I believe this kind of thing is an imperative; we have a moral imperative to do whatever we can to help people learn to work in safer and more productive ways, and we have a business imperative to transform the company so it delivers better and more efficient service to our customers. We can do it, and we will – because we know how much is riding on this.

REPUBLICAN MEMBER QUESTIONS FOR THE RECORD
To Hon. Boardman, Amtrak President
Full T&I Committee Hearing – Getting Back on Track: A Review of Amtrak's Structural Reorganization
Wednesday, November 28, 2012, 10:00 a.m.

1. Could you explain what you mean by running Amtrak "more like a business and less like a government agency" and why this is important?

Answer to Question 1:

Amtrak intends to strengthen its focus on financial performance and customer service in the same way that private sector companies do.

The Amtrak Board of Directors and its executive team are committed to developing a corporate culture that is focused on the bottom line. Safety and security will always be our top priority, but business decisions will be made based on what produces the best financial results and advances the goals of our strategic plan. We will focus on cost efficiency; generating additional net revenues; and prioritizing investments to ensure that we are making the best use of finite financial resources. Operating more like a business also requires us to utilize better measures to track our performance, such as our operating ratio (operating expenses divided by operating revenues), and to constantly monitor how we are doing against those measures.

Running Amtrak more like a business also means meeting the wants, needs and expectations of all of our customers, including our passengers, state and local government partners and the commuter agencies and their passengers who depend upon our infrastructure and services. Our business is not operating trains, but rather getting our passengers to their destination while providing a travel experience that is better than competing modes, and meeting the expectations of our partners and their customers. Improving service to our customers will maximize revenue by increasing ridership, making passengers willing to pay more for our services and expanding our partnerships with states and other levels of government.

2. You note that after reorganization, Amtrak will define its "mission in terms of making customers happy, and on the bottom line, not just moving trains." Is it fair to say then, that Amtrak was not always focused on customer service and the bottom line?

Answer to Question 2:

Customer service and the bottom line have always been important to Amtrak. However, for most of its 40 plus years of existence, Amtrak has been in a survival mode due to inadequate and uncertain funding. This has made it very difficult to consistently provide reliable and efficient service that meets our customers' needs and optimizes financial performance.

The capital investments that Amtrak, the Federal government and our state partners have made over the past few years have begun the process of bringing our infrastructure and equipment to a state of good repair and enhancing the services Amtrak provides. These investments have contributed to significant improvements Amtrak has made in customer satisfaction, ridership, revenue, cost recovery and on-time performance. Focusing Amtrak's efforts on achieving further improvements in financial performance and customer satisfaction will enable us to maximize the benefits from these investments, and of the future investments that will be needed to maintain and improve our services to meet the growing demand for intercity passenger rail service.

3. How will the ongoing reorganization improve accountability for performance, both in terms of service and financial outcome?

Answer to Question 3:

Amtrak's reorganization will improve accountability for financial and operational performance, and for customer service, by creating business lines that have operational, financial and customer service responsibility for individual services. It will eliminate departmental silos, replacing them with a cross-functional organizational structure in which employees responsible for the various components of service delivery functions (train operations, equipment maintenance, station services, etc.) will be part of the same business line. Service delivery, and revenues and expenses, will be managed at lower levels of the company rather than by the CEO and department heads. Business lines will not only be responsible for meeting specific performance targets for safety, financial and operational performance, customer service, etc., but they will also be empowered to take the actions that are necessary to achieve these objectives.

4. Could you please explain where Amtrak is in the process of developing the enterprise risk management framework noted by Mr. Alves? Is this something that will be addressed through reorganization or is it something that is properly addressed once the reorganization has occurred?

Answer to Question 4:

Amtrak is implementing a strategy execution framework that will align strategic objectives, initiatives and individual performance expectations with corporate goals. This framework also creates systematic performance reviews at multiple levels of the company. Enterprise risk management is being built into this framework. Essentially, we are creating the processes and tools to help us best execute our strategy, and part of that process is managing the risks that may prevent us from being successful. While the literature on enterprise risk and Mr. Alves all recognize that developing comprehensive enterprise risk management is a multi-year task, we have begun this effort, with a particular focus on higher priority areas that are part of our financial and organizational excellence goal.

5. Regarding the concerns raised by Mr. Alves on the need for more testing prior to deploying the Strategic Asset Management program, what steps are being taken now to minimize the adverse effects of deployment?

Answer to Question 5:

Under direction of the new CIO, the Program Management Office (PMO) has implemented a toll-gate process for all projects prior to implementation; it includes review of the quality assurance (QA) testing and sign-off by the business. The PMO has the authority to delay a project's rollout if the project team does not demonstrate/document that proper testing has been completed.

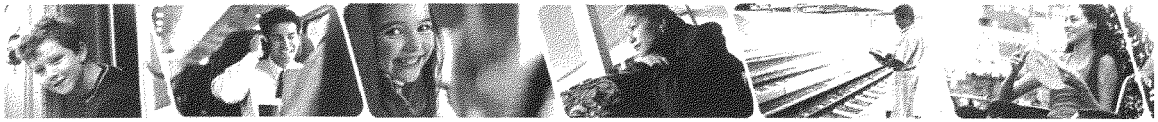
FYI: The long-term strategy is to create a shared services IT QA team (see attached presentation).

6. Mr. Alves noted in his testimony the significant savings the company could realize from implementing the IG's mechanical maintenance recommendations for the conventional Amtrak fleet. How is Amtrak addressing these recommendations and will the reorganization help to realize these potential savings?

Answer to Question 6:

The OIG report titled *Mechanical Maintenance: Improved Practices Have Significantly Enhanced Acela Equipment Performance and Could Benefit Performance of Equipment Company-wide* highlights several recommendations that Amtrak Management responded to on March 19, 2012. In that response, Amtrak Management stated that it would develop a project plan for a potential pilot program matching the maintenance staffing ratios of *Acela*, as highlighted in the OIG report, for the conventional equipment fleet. As Mr. Boardman states in his testimony six to seven hundred additional employees would be required on the conventional maintenance side to match the staffing levels of the *Acela* maintenance team using the ratios from the OIG report.

Development of a business case and value analysis is critical to understanding the true value of additional availability and reliability of the conventional equipment. Mr. Boardman continues to testify that the *Acela* service is a premium service that generates the highest ticket revenues, thereby justifying increased resources to maintain high reliability and availability. Regarding the conventional fleet, the balance between additional reliability and costs has not been determined. Therefore, Amtrak management decided to develop the abovementioned pilot plan, which is in development and will require EC review before it proceeds.



DRAFT

Software Quality Assurance
Testing Process and Procedures

A Strategic Proposal

December 2012

D DRAFT

Strategic Overview

- Establish a uniform process flow for testing phases of project delivery to ensure quality
- Establish defined testing roles for the project team
- Develop a flexible criteria based process based on the following:
  - Project needs – e.g. Complexity, Size, Number of Integration Points
  - PM discretion to determine what is appropriate for project
- Ensure a Faster deployment for Less Money
  - Less hidden costs for re-work, break fix
  - Less time to implement
  - Less time to test in UAT

Purpose

- In order to achieve the highest quality possible with all projects, QA Department is proposing the following test stages and artifacts that will ensure quality delivery
  - A defined set of artifacts to be included in the overall SDLC process to ensure end to end testing
  - Execute and disclose the process/results for each stage of testing to ensure technical, functional, integration points, performance, and end-to-end testing are all accounted for as appropriate
  - Ensure customers are part of the overall testing and deployment process, so they can approve and verify the overall project outcome

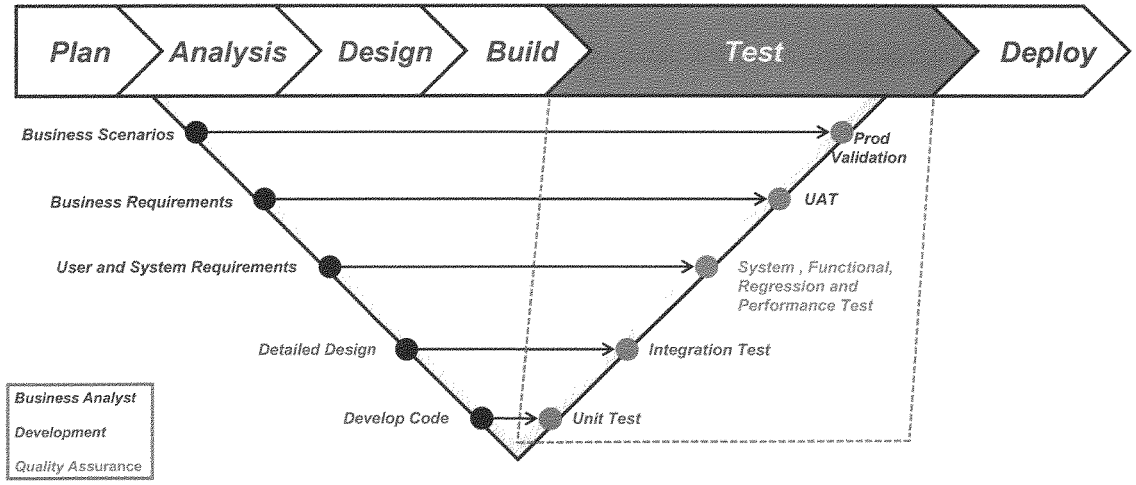
Critical Success Factors

- Creation of Key Testing Roles / Organization
- Centralized Testing Environment Management
- Centralized Testing Data Management
- QA Metrics and Reporting
- Testing Tool Maturation
  - Selection of a Robust Consistent Defect Tracking Tool (Quality Center , TFS, Redmine)
  - Usage of the Requirements Traceability Matrix (Quality Center or TFS)
  - Automation and Performance/Stress Testing (QTP and Load Runner)
- Adoption of Processes by the Business Units
  - Dedicated BA/User from Business for UAT Testing
  - Dedicated Product Owners
  - Clearly Defined Requirements to Include Functional, System, Security, and Performance
  - Closer Working Relationship Between Dev, QA, and the Business Analysts

Delivery Life Cycle – Testing's Role

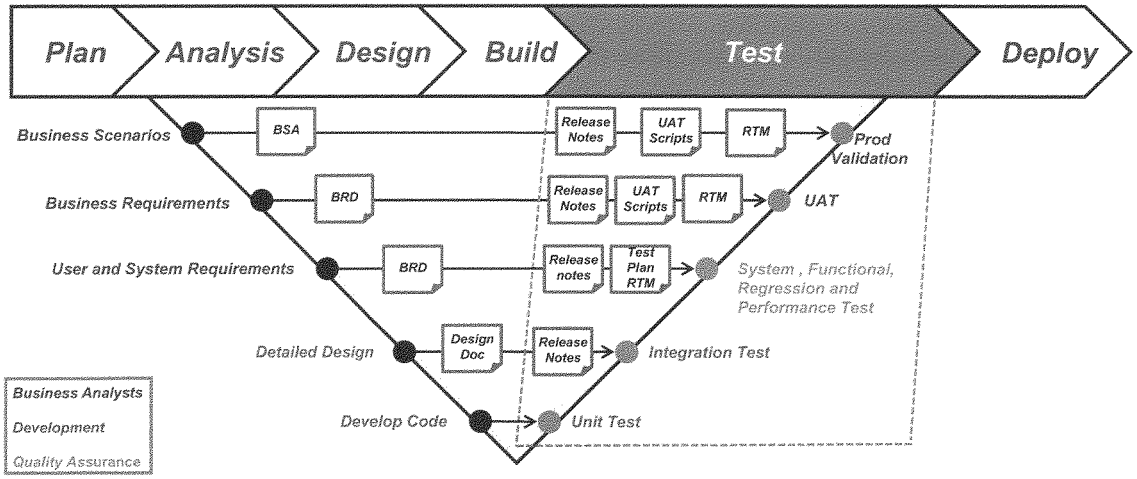
AMTRAK®

The quality of the deliverables produced during the analysis and design phases are critical success factors of the test phase. Each deliverable produced leading up the code development is a key input to a testing stage.



Testing Artifacts

Testing artifacts are created from the analysis and design deliverables which helps ensure the full solution requested by the business is testing successfully.

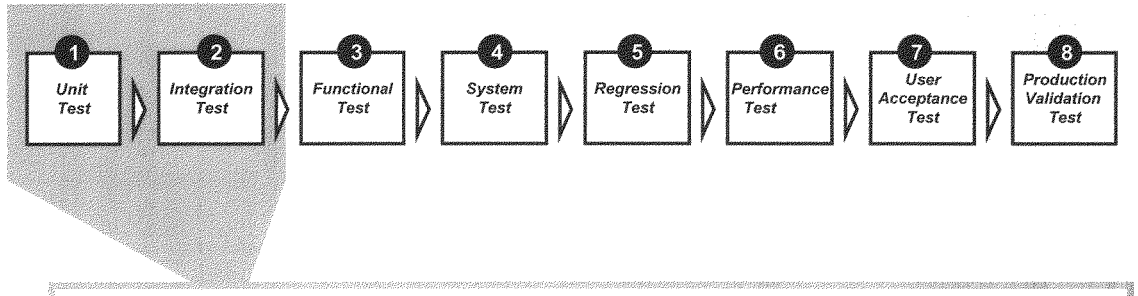


Testing Stage Definitions and Owners

AMTRAK®

	Testing Stage	Definition	Owners
1	**Unit**	Code level testing of each component that has changed	**Development**
2	**Integration**	Basic Integration testing (known touch points) of all components that interface internally or externally matched against requirements	**Development**
3	**Functional**	Test functionality changes compared against the requirements (via a Requirements Traceability Matrix)	**QA**
4	**System**	Verification & Certification of end-to-end testing of all touch points	**QA**
5	**Regression**	Manually verification that the existing functionality has not been adversely impacted by the changes	**QA**
6	**Automation**	Automated verification of previously manual test cases that tests existing functionality has not been adversely impacted by the changes	**QA**
7	**Performance**	Testing of the non-functional requirements – e.g. response time	**QA**
8	**User Acceptance**	User testing of the functionality against the business requirements	**BA**
9	**Production Validation**	Technical and User validation to ensure that the production deployment was successful	**PM**
10	**Smoke**	Validation of each environment to ensure all the components have migrated successfully performed at each hand shake to QA, UAT, Demo, and Production	**QA, BA, PM**

Unit and Integration Test Summary



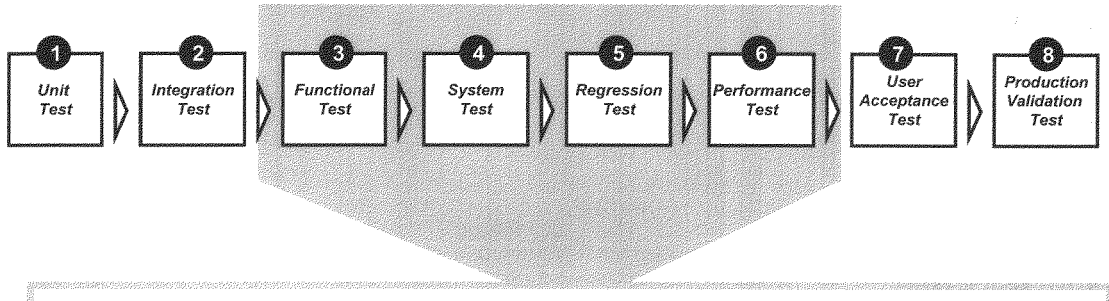
1 **Phase Owner**
Technical Lead

2 **Phase Executor**
Developer

3 **Environment**
Development Environment

4 **Deliverable**
Test Summary
Release Notes

QA Test Summary



1 **Phase Owner**

QA Lead

2 **Phase Executor**

QA Testing Team

3 **Environment**

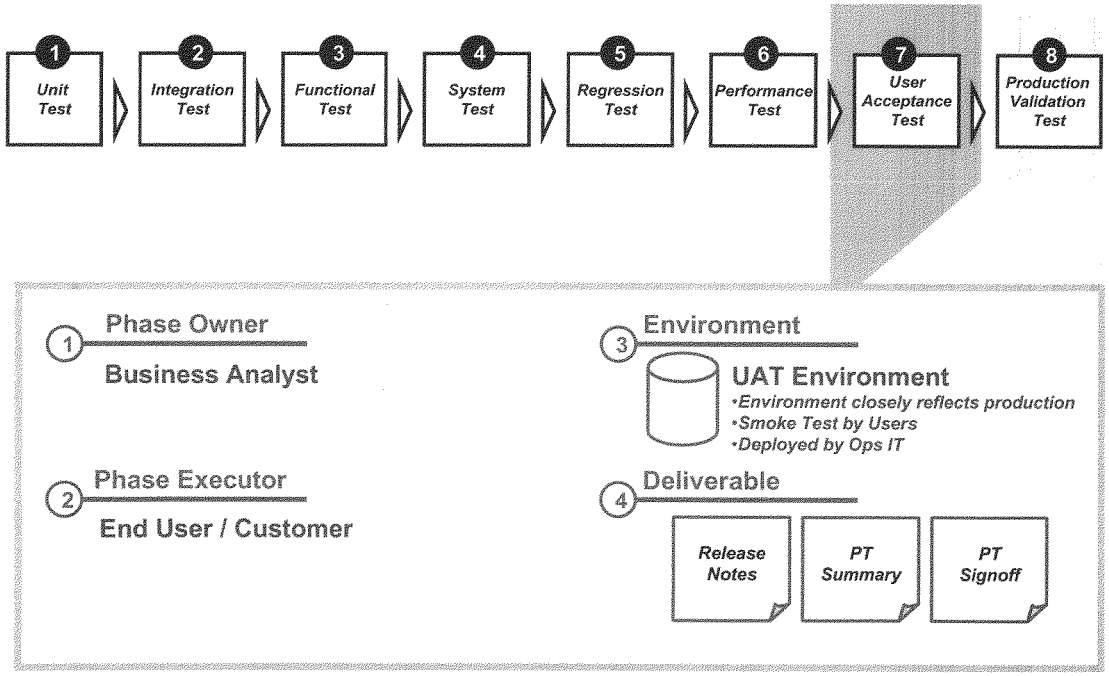
QA Environment

- *Environment closely reflects production*
- *Smoke Test with each iteration*
- *The bulk of the testing will be done here*
- *Deployed by QA*

4 **Deliverable**

- *Release Notes*
- *Test Summary Report*
- *RTM*
- *QA Signoff*

User Acceptance Test Summary



Production Validation Test Summary

AMTRAK®

1. Unit Test
2. Integration Test
3. Functional Test
4. System Test
5. Regression Test
6. Performance Test
7. User Acceptance Test
8. Production Validation Test

1 Phase Owner

Project Manager

2 Phase Executor

Ops IT

3 Environment

Production Environment
- *Smoke Test by Users*
- *Deployed by Ops IT*

4 Deliverable

- *Metric Report*
- *RTM*
- *User Signoff*

Key Roles and Responsibilities

	Role	Responsibility
1	**Project Manager**	The keeper of the schedule from cradle to grave to include QA testing
2	**Developer**	Unit and integration tests each component (set) against requirements from a technical perspective
3	**Subject Matter Expert (SME) - IT**	Validates the test cases against the requirements
4	**Subject Matter Expert (SME) - Business**	Validates the test cases against the business process / SOPs
5	**Business Analyst**	Maintains the Requirements Traceability Matrix (RTM) and ensures test cases tie back to requirements
6	**QA Manager**	Establishes quality test best practices/standards, manages testing tools, and manages the QA resources
7	**QA Lead**	Develops QA plan and leads testing for the individual projects
8	**QA Tester**	Performs initial end-to-end testing of functionality against requirements

Key Roles and Responsibilities continued

	Role	Responsibility
9	**End-User / Customer**	Validates functionality against requirements and process/SOPs
10	**Configuration Manager**	Reviews and ensures there is a clearly documented deployment plan, deployment scripts, data model and other needed artifacts to all be included in the Release Notes
11	**Test Data Lead / Data Architect**	Responsible for working with users to identify data needs and to manage data within environment
12	**Data Modeler**	Engineers the Data Model and produces a data dictionary with Valid Values, business rules and definitions
13	**Third Party Vendor**	Vendor outside of Amtrak that is developing and delivering code.

QA Deliverables

	Deliverable	Description
1	**Test Summary Report**	Summarizes testing completed at the end of a stage, prior to moving to the next stage/environment.
2	**Requirements Traceability Matrix (RTM)**	Ties all the test cases to the requirements.
3	**Test Environment Diagrams**	Depicts the structure of the testing environment to be included in the test plan.
4	**Test Plan**	Identifies the entrance and exit criteria for testing.
5	**Test Cases**	Detailed test cases that are tied back to requirements.
6	**QA Signoff**	Signifies functionality is ready for user acceptance testing.
8	**Release Notes**	Steps and scripts required to deploy code into each environment. Should be tested during each handshake.
9	**QA Metrics Report**	Quantifiable report that shows the number of pass/fail/blocked test cases and ties back to RTM.
10	**Data Model & Dictionary**	Appropriate meta-data for the relevant data items to be included in the test plan.
11	**Test Data**	Documented test data requirements and to be included in the test plan.

Tactical Steps to Implement the Strategy

- Development of QA Tactical Roadmap
  - QA Staffing Plan
  - QA Environment Hardware Plan
  - Testing Tools Evaluation
  - Development of a Consistent Methodology For Versioning Each Release
  - Implementation of New QA Processes and Procedures
  - Education and Adoption by the Business Units

Q & A

D DRAFT

QUESTIONS FOR THE RECORD
TO
MR. JOSEPH BOARDMAN
PRESIDENT AND CEO, AMTRAK
FROM
THE HONORABLE CORRINE BROWN
RANKING DEMOCRAT, SUBCOMMITTEE ON RAILROADS, PIPELINES AND HAZARDOUS MATERIALS
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON
"GETTING BACK ON TRACK: A REVIEW OF AMTRAK'S STRUCTURAL REORGANIZATION"
NOVEMBER 28, 2012

1. You mentioned in your written statement that you "intend to become America's top intercity travel choice" and then discuss how you plan to go about doing that. Congress has a responsibility to realize that vision as well. Each year, Amtrak must wait for an annual appropriation before it can plan how to manage its business for the year. On top of that, each Congress has had a different agenda for how it wants Amtrak to operate. What sort of impact does this have on your ability to effectively manage the railroad?

   Answer to Question 1:
   Amtrak's reliance on annual Federal appropriations (the amount of which are often unknown until well into the fiscal year) is a major challenge to efficient operations, particularly the planning and execution of multi-year capital projects. The Department of Transportation Inspector General noted in a January 2011 report that:

   > the company has had to develop its capital budget on a year-to-year basis without knowing how much funding Congress would provide. This method of planning has significantly affected Amtrak's ability to maintain safe and reliable infrastructure and equipment, and increased its capital program's annual costs.

   A consistent and predictable source of Federal funding would increase the Federal government's return on its investment in Amtrak. Some examples of effective funding models would include the trust funds and other multi-year funding mechanisms used to fund highways, mass transit and other transportation modes. Predictable funding would enable Amtrak to operate more efficiently, better manage capital projects; attract additional investment from other levels of government and the private sector; and facilitate efforts to recruit, maintain and develop a skilled workforce with the often unique skills our business requires.

2. How does your Strategic Plan address the concerns raised by the GAO in 2005 and the Amtrak IG in 2010?

   Answer to Question 2:
   Amtrak's strategic plan directly addresses the concerns raised by both the GAO and the Amtrak IG by defining a long-term vision for the company, setting clear and measurable corporate goals, and outlining several major strategic initiatives designed to achieve those goals. The plan serves as a compass by which important management decisions are made and allows for more effective budgeting and resource allocation. The Amtrak IG report elaborates the benefits that have followed from our plan – senior management is better aligned around a single vision, budget and staffing

decisions are being prioritized based on their strategic impact, and company leadership is able to make decisions more efficiently.

Amtrak's strategic planning process was developed in coordination with the Amtrak OIG to create an approach that meets the company's unique needs. The planning process was based on best practices from both the public and private sectors. To ensure the plan was robust and comprehensive, Amtrak included more than 150 employees and labor leaders in the process – making sure all geographic regions, functions and seniority levels were represented. A more detailed description of the planning process is included on pages 6 -7 of Amtrak's strategic plan: (http://www.amtrak.com/ccurl/30/12/Strategic-Plan-2011-2015.pdf).

3. In light of the fact that this is not Amtrak's first "reorganization", what makes you convinced that this restructuring will result in real changes?

Answer to Question 3:
To carry out its business strategy, Amtrak is aligning the operating elements of the company into business lines: Long Distance Service, Northeast Corridor Service, State Service, Commuter Service, Northeast Corridor Infrastructure and Investment Development, and Corporate Asset Development. The structure is new, although it draws on best practices. For most of its history, Amtrak has been organized into nationwide functional departments, which were subdivided into regional divisions. In 1995, Amtrak was split into three regional "strategic business units" that were semi-autonomous integrated entities, but in 2002 the corporation was consolidated back to national departments in response to financial losses and decentralized accountability and planning.

The new business line structure is an evolution that reflects Amtrak's distinct products, service types, customers, and revenue sources. The business lines also reflect the funding structure envisioned by Amtrak's authorizing legislation, the Passenger Rail Investment and Improvement Act of 2008. Aligning management into business lines reduces the "silos" created by the departmental structure, flattens the number of management layers, and improves accountability.

Amtrak undertook an extensive effort to learn from stakeholders and senior managers what worked best in previous management structures, and where improvements were possible. The lessons learned formed the basis for the new organization.

Key changes include consolidation of terminal management under terminal directors responsible for all local operations, and consolidation of management for train routes under managers within the business lines. For example, instead of reporting into different departments, employees within Washington Union Terminal will report to a terminal director responsible for all terminal operating functions. Likewise, individual routes will have designated managers responsible for service delivery, who will report to the respective general managers of the business lines. The result is better coordination, teamwork, and accountability.

4. One of the Inspector General's recommendations for an effective strategic planning progress for Amtrak was to include "metrics" that would indicate results and communicate if the strategies actually delivered the intended outcomes. Does your Strategic Plan include a way to ensure you are achieving the desired results and hold employees and business lines accountable?

Answer to Question 4:
Yes. After creating its vision statement, the company set clear goals around each of the major "themes" represented in the vision: safety and security; customer focus; mobility and connectivity;

environment and energy; and financial and organizational excellence. Multiple performance metrics were then established for each goal and improvement targets were set.

Amtrak has taken numerous steps to align department and individual employee performance plans with the goals and metrics set forth in the strategic plan. While this process is ongoing, efforts made thus far have improved accountability for performance and allowed for more objective evaluation of management effectiveness.

5. The Inspector General stated that, since 1990, Amtrak has made limited progress in making the stations it serves ADA-compliant. My understanding is that is a complex task. Some stations that Amtrak serves are owned by States or host railroads; the Federal Railroad Administration had not finalized a rulemaking on platforms. Will you bring us up to speed on what is going on with this and when we can expect to see these stations compliant with ADA?

Answer to Question 5:
Please see attached 3 letters.

6. What have the impacts of Hurricane Sandy been on the railroad? Please provide a list of Amtrak's specific damages and losses to us for the hearing record, as well as a list (and costs) for hardening infrastructure in the Northeast Corridor to prevent future problems.

Answer to Question 6:
Amtrak's $336 million request for emergency funding for Hurricane Sunday includes $276 million for measures that provide enhanced protection and improved recovery capability of Penn Station New York and its tunnels against future flooding or emergency disruptions.

This includes elements such as:

- Elevating and improving a major electrical substation at Kearny, NJ that supplies power to the NEC. This asset is situated on low-lying ground and it flooded during Sandy. Amtrak would replace it atop a platform high above the water line, with space to include additional electrical capacity in the future for the higher levels of rail traffic envisioned under the Gateway Program.
- Designing a high density signaling system for the East River tunnels, which would provide greater flexibility and capacity in the case of emergency or outage. (Amtrak lost the use of two of those tunnels during Hurricane Sandy, when they flooded).
- To provide permanent and substantial new levels of flood protection, redundancy, and capacity, Amtrak would advance design and early construction of elements of the Gateway Program. Owing to the encroachment of overbuild planned as part of the Hudson Yards development project, Amtrak must move now to construct a section of tunnel through the planned foundation, to ensure access to Penn Station for future tunnels and the Portal Bridge North project over the Hackensack River.

7. In his testimony, the Inspector General recommends that Amtrak adopt the Acela maintenance practices for improving the performance of Amtrak's conventional fleet. What are your views on this recommendation?

Answer to Question 7:
The OIG report titled "Mechanical Maintenance: Improved Practices Have Significantly Enhanced *Acela* Equipment Performance and Could Benefit Performance of Equipment Company-wide" highlights several recommendations that Amtrak Management responded to back on March 19, 2012. In that response Amtrak Management stated that it would develop a project plan for a potential pilot program matching the maintenance staffing ratios of *Acela* (as highlighted in the OIG report). As Mr. Boardman states in his testimony, six to seven hundred additional employees would be required on the conventional maintenance side to match the staffing levels of the *Acela* maintenance team if the ratios from the OIG report are used as the basis. The *Acela* service is Amtrak's premium service and generates a very high proportion of our ticket revenues, so devotion of increased resources to maintain high reliability and availability was justifiable, but the feasibility of such a program for the conventional fleet has not yet been determined. Development of a business case and value analysis will be critical to understanding the true value of the higher rates of availability and reliability for conventional equipment. Amtrak management has therefore decided to develop a project plan and business case that will evaluate a pilot program for additional technical resources to generate added value through increased availability and reliability of rolling stock in order to justify the increased resources that would be required. The pilot plan is being developed and will require Executive Committee review before proceeding.

8. In his testimony, the Inspector General mentions that a new Chief Human Capital Officer has just been hired and is implementing an action plan to address the IG's findings and recommendations on training and employee development. Please discuss a little more about what the action plan includes. Do you believe it will help reduce the risk that you will encounter skill shortages in the future, like the IG has suggested?

Answer to Question 8:
When the new CHCO joined Amtrak in August 2012, his first actions were to align the Human Capital (HC) organization to the achievement of Amtrak's Strategic Plan and address issues raised in the IG reports. The CHCO recognized the HC team could make contributions in three key areas:

- Partnering with the Business
  Human Capital Business Partners are now partnering with the business and the human capital centers of expertise in the creation and implementation of people strategies designed to successfully lead and deliver on the business strategy in collaboration with the business to ensure successful strategy execution. We are working to align every Human Capital process, program and policy to ensure its connection to Amtrak's Strategic Plan. We are transforming the way we work with the business and investing in our people to ensure we provide our customers with the best and most efficient service possible. This includes developing and executing a robust talent management strategy and process which includes strategic workforce planning and workforce analytics-understanding what the retirement trend is by job family and what are the critical competencies and skills we need to replace, designing appropriate training protocols for current employees to replace those leaving the organization and hiring and retaining people who possess the competencies and skills sets and aptitude needed. We will utilize focused and proven testing and selection methods that determine best fit performers for Amtrak based upon the necessary competencies and skills.

- Creating a Results-Oriented, High Performance Culture

Performance-based incentive programs will ensure a stronger link between individual performance, customer service and organizational outcomes. Beginning in April 2013, Amtrak will introduce a series of new initiatives to redefine the Amtrak employment experience with Amtrak Total Rewards and Integrated Talent Management ("Amtrak Total Rewards") for non-agreement employees. Amtrak Total Rewards is the broad spectrum of plans and programs designed to reward, recognize, motivate, engage, develop and retain our employees throughout their careers.

- Building Amtrak's Workforce of Tomorrow…Today
  More than a quarter of Amtrak's workforce will be eligible for retirement within the next five years, resulting in a knowledge gap in critical areas. In 4Q12, we established the Amtrak Learning Council, chaired by Human Capital but whose members represent all functions, to strategically manage our investment in training and our return on that investment. Throughout 2013, employees will learn more about our approach to Integrated Talent Management (hiring, developing, rewarding, engaging and retaining) which will touch every aspect of our employment experience – from the way we recruit and select employees, to the way we mentor, coach and develop them along the way, and manage their career progressions at Amtrak.

  - Establishing the Amtrak Human Capital Strategic Plan: A 3 year roadmap of execution

  The Amtrak Human Capital Strategic Plan was designed in partnership with members of the Executive Committee and approved by the Executive Committee and CEO. It outlines over a 3 year period, beginning in FY'13, what Human Capital will deliver to the business including training and employee development. Amtrak recognizes that having the right skills is critical to the success of the Amtrak Strategic Business Plan and thus understanding, developing, selecting and rewarding for the right skills and use of these skills is integral to the Human Capital Strategic Plan.

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AMTRAK

Joe McHugh
Vice President, Government Affairs
and Corporate Communications

May 11, 2012

Honorable Ray H. LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Honorable Jonathan M. Young
Chairman
National Council on Disability
1331 F Street, Suite 850
Washington, DC 20004

Honorable John Mica
Chairman
Committee on Transportation and
and Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

Honorable Nick J. Rahall, II
Ranking Member
Committee on Transportation and
and Infrastructure
U.S. House of Representatives
2163 Rayburn House Office Building
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Honorable John D. Rockefeller, IV
Chairman
Committee on Commerce, Science
and Transportation
United States Senate
254 Russell Senate Office Building
Washington, DC 20510

Honorable Kay Bailey Hutchison
Ranking Member
Committee on Commerce, Science
and Transportation
United States Senate
560 Dirksen Senate Office Building
Washington, DC 20510

Dear Secretary LaHood, Chairman Young, Chairmen Mica and Rockefeller and Ranking Members Rahall and Hutchison:

In accordance with the requirements of P.L. 110-432, Division B, Section 219, a copy of which is attached as Appendix 1, the following is an update on Amtrak's Accessible Stations Development Program (ASDP), after the U.S. Department of Transportation (USDOT) promulgated a Final Rule (Rule) on level boarding in September 2011. Amtrak is committed to ensuring that station components for which Amtrak is responsible comply with the Americans with Disabilities Act (ADA), and to the larger mission of ensuring that our trains are accessible to all Americans. This mission has remained unchanged, although the federal requirements have changed with the recent promulgation of the USDOT Rule on level boarding. This Rule, which USDOT has since clarified by the issuance of guidance documents, will result in additional, substantial changes to Amtrak's planned work program at numerous stations.

These changes will expand the necessary scope of work at many stations and, as a result, the ASDP will take longer and cost more. The extent to which the rule will lengthen the program and increase its costs is yet unclear due to the complexities discussed below. Nevertheless, Amtrak remains committed to our broader goal of ensuring accessibility and will keep stakeholders apprised as such details become known.[1]

Background on the Rule

Because the Rule, as clarified by December and March guidance documents, requires Amtrak to evaluate the unique characteristics of each station in the ASDP program (nearly 400) in order to determine how to comply with the new ADA boarding and platform requirements at that station, the publication of the Rule and guidance documents has necessarily had an impact on the program. Operations at each station are unique, and it has been a significant undertaking to research the various operational considerations at each station (including some information about freight operations to which Amtrak is not directly privy) and evaluate the information for accuracy. Since our last report, work has continued across the Amtrak system, but these regulatory changes have necessitated another close review of our program, and a reevaluation of our overall strategy. These efforts are ongoing, and while progress continues, the process of ensuring compliance is now far more complicated.

Prior to the promulgation of the Rule in September, Amtrak was energetically pursuing a compliance program that, with regard to platform accessibility, focused primarily on the use of station-based mobile lifts for individuals who use wheeled mobility devices from low-level platforms since the majority of station platforms used by Amtrak are owned by freight railroads, which generally have not permitted platforms higher than 8 inches above top of rail. A master schedule was developed to address 397 stations by the close of FY15, and design work was underway at 100 stations in FY11. Amtrak expected to complete work at 110 stations in FY12. Although Amtrak continues to pursue its plan, it was and is being necessarily modified, as a result of the Rule that was made "to ensure, at new and altered station platforms, that passengers with disabilities can get on and off any accessible car of the train." Amtrak and

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[1] As information, Amtrak's ridership nationally is growing, as is the number of our riders who have a disability. During FY11, we saw a 5.2% increase in riders with disabilities and a 7% increase in revenue among this demographic. In December 2011, we launched a new online booking path, which allows passengers with disabilities to purchase discounted (15% reduction) tickets online. Passengers can also use this new booking path to reserve accessible seats and spaces and make requests for assistance.

commuter rail services are now required to provide "level entry boarding" at new or altered stations "in which no track passing through the station and adjacent to platforms is shared with existing freight rail operations." Moreover, the Rule requires that Amtrak submit detailed reports for Federal Railroad Administration (FRA) approval on every station where it proposes to use any accessible boarding option other than level boarding platforms.

USDOT issued a guidance document in December, clarifying a number of questions that had been raised about the Rule, including a question regarding its effective date. In the guidance, USDOT stated that if a construction contract had been signed, including a commitment to a specific design, before February 1, 2012, then the new Rule would not apply. Among other issues, the guidance document also addressed the continued relevance of the 8-inch minimum platform height, the types of platform alterations that would and would not trigger the Rule and situations where level boarding is not physically feasible.

In March 2012, USDOT issued additional guidance, which clarified the degree to which the volume, nature and proximity in time of freight traffic at a station affects the requirement for level boarding. Specifically, USDOT clarified that only platforms adjacent to tracks that presently carry regular revenue freight traffic are exempt from the level boarding requirement. Therefore, in order to ascertain whether a level boarding platform is required, a freight usage determination must first be made for every track adjacent to every platform at each station. Moreover, a platform is not necessarily exempt from the level boarding requirement on the basis of other types of freight operations on the track (e.g., use by maintenance equipment, rare or token passage of freight trains, storage of ballast cars or parking freight trains overnight) or the fact that a freight railroad might potentially need to use the track in the future. Finally, if the use of the tracks for freight service ceases for a "significant" but still undefined period, level boarding will be required for the platforms adjacent to those tracks.

Impact on Accessible Station Development Program

Under these circumstances, a significant amount of work will have to be done before Amtrak can accurately evaluate the degree to which its compliance plans for stations will have to be altered. Ascertaining the degree, type and frequency of freight usage of the tracks adjacent to the hundreds of platforms served by Amtrak is a time-consuming and difficult task, which is further complicated by the fact that most station platforms are not owned by Amtrak, and therefore, the designs for those platforms must be approved by a third party. Nonetheless, Amtrak is doing everything it can to make the necessary

changes to the ASDP as expeditiously as possible and, to the extent that those changes have already been made or are in process, they are described below.

After the promulgation of the Rule, Amtrak instituted a policy in January 2012 to minimize the use of station-based mobile lifts at stations with annual ridership above 7,500. While the Rule permits station-based mobile lifts as one of several acceptable alternatives to level boarding where a platform is adjacent to a track that is shared with freight rail operations, it also establishes a mandatory performance standard for any boarding option that is chosen. Specifically, individuals with disabilities, including individuals who use wheelchairs, must have access to all accessible cars available to passengers without disabilities, and service to those individuals must be provided in an "integrated, safe, timely and reliable manner." Although this standard can be met through the use of station-based mobile lifts (and, indeed, Amtrak still plans to use that boarding option at many stations), Amtrak has decided that, consistent with the letter and spirit of the Rule, it will simultaneously pursue other boarding alternatives to the extent practicable. Although there has been insufficient time to develop and approve a specific design, this boarding alternative will likely involve some type of setback platform to meet the floor height of the majority of the trains that serve a station.

Amtrak intends to prioritize work at those stations with fewer than 7,500 boardings and alightings annually since the work at these stations will remain largely unchanged from the plans that were in place before the Rule and subsequent guidance were issued. For the vast majority of the stations in this group that share their tracks with freight traffic, level boarding is not required. We will be proceeding with station-based mobile lifts at these stations upon confirming the freight usage details. To continue to make significant progress, the design work for 108 stations that fit this description is proceeding.[2]

Design work is also progressing at twenty additional stations that have been identified as passenger-only stations, which require level boarding per the Rule.[3] Some of these stations already have level boarding platforms, and Amtrak's intent is to ensure that all the other elements in the station meet the applicable standards. Stations on this list, which includes seven of the top 25 busiest stations on the Amtrak system

[2] See Appendix 2 for a list of the 108 stations in the ASDP that fall below the 7,500 ridership threshold in FY11.
[3] See Appendix 3 for a list of the 20 stations currently in design served only by passenger trains that either don't already have level boarding or are in need of other accessibility improvements.

will go out for bid between October 2012 and August 2013, pending approval by the host railroads in some cases, and/or availability of sufficient labor. Amtrak is in the process of trying to identify which other platforms at which stations will have to be made into level boarding platforms pursuant to the Rule as clarified by the recent guidance documents. As noted above, once that is done, Amtrak will need to seek and obtain approval from the freight railroads that own the relevant tracks and platforms. Since this is likely to be a time-consuming and difficult process, Amtrak is simultaneously busy ensuring that it continues to make substantial progress on other less complex work.

Near-Term Work
By the end of this fiscal year, Amtrak expects to have completed 57 additional topographic surveys of stations and 57 additional ADA assessments to determine ADA compliance and the scope of work necessary. To date, Amtrak has conducted topographic surveys at 208 stations and ADA assessments at 122 stations.

Our goal is to progress a total of 28 stations to the "issued for bid" milestone in FY 2012, and 10 stations to the "procurement" milestone, which is the point where construction documents are released for solicitation to local contractors who will perform the necessary construction work at stations.[4] We expect to make further progress in FY 2013, with ADA assessments at an additional 35 stations, while an additional 99 stations are issued for bid. Amtrak also expects in this time frame to have an additional 116 stations progress to the procurement stage.[5]

Technical Issues
The solutions we will be using to address boarding needs at these stations will vary. As noted above, those stations that have fewer than 7,500 annual boardings and alightings are often positioned in localities that see substantial amounts of freight traffic. More than 70% of Amtrak's train-miles are run on tracks owned by other railroads, and, therefore, approximately 362 of Amtrak's 500-plus stations are adjacent to tracks that are shared with freight rail traffic. On these lines, the host railroad typically owns the right-of-way and sets the rules on the degree to which lineside infrastructure may encroach on the right-of-way,

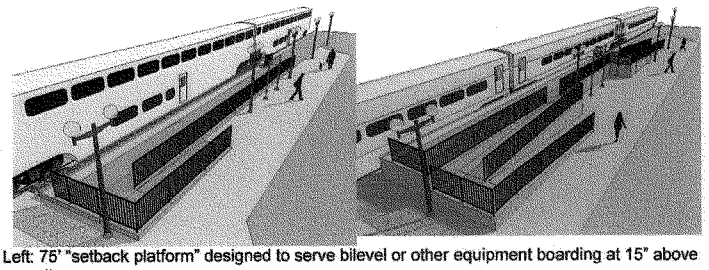
[4] See Appendix 4 for a list of the 28 stations to be issued for bid in FY12.
[5] See Appendix 5 for a list of the 250 milestones currently planned to be assessed, issued for bid or progressed to the procurement stage in FY13 at 124 stations.

since many freight carriers haul cars that are wider than Amtrak coaches. Depending on the railroad and the situation, the resulting gap between the car and a high level platform could be four feet (or more) in width. These circumstances present difficulties that must be overcome with some feasible solution. Amtrak is currently working to develop solutions to these problems and plans that will allow us to implement them, where necessary.

In many cases, the solution will be complex – further complicated by the variations in equipment type. There is no standard coach height; Amtrak primarily uses equipment that conforms to two broad categories of design – a single level car capable of discharging passengers at a level 48" above the height of the rail, and a bilevel car that discharges passengers at 15" above the level of the rail. The nation's commuter fleets have yet other floor heights, and some Amtrak services use bilevel equipment during cold weather and single level equipment during warm weather. Furthermore, we have swapped single level equipment for bi-level equipment when we have experienced shortages due to wrecks or other damage. For instance, many stations will need two or possibly three different level boarding solutions depending upon what equipment serves the station. All of these variations mean that there is no uniform fix.

For stations with annual ridership above 7,500 that do not currently have level boarding, and that will not be required to have level boarding under the Rule, our new policy is to minimize the use of station-based mobile lifts. Though a final design is not yet in place, the graphics below show examples of setback platforms that could be designed for stations that are primarily served by bi-level equipment (typically, though not exclusively in the West) and single-level equipment (typically, though not exclusively in the East). This type of platform would allow all of our passengers, including those who use wheeled mobility devices, to access our trains in the same manner, without having to use stairs or lifts.

Figure 1. Set Back Platform Concepts



Left: 75' "setback platform" designed to serve bilevel or other equipment boarding at 15" above the rail
Right: 75' "setback platform" designed to serve single level or other equipment boarding at 48" above the rail

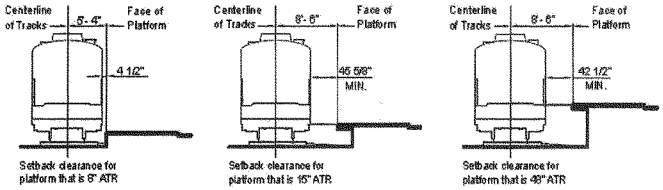
For routes that are currently served by bi-level equipment, which is designed to discharge passengers onto platforms that are 15" above the rail, Amtrak is evaluating various 15" setback platform options. For 15" platforms, the host freight railroads require the platforms to be "set back" from the rail by 45 5/8" or 50", leaving a gap between the train and the platform approximately four feet wide. Under these conditions, a bridgeplate or some other gap-crossing solution must be used to allow passengers to safely cross the gap between the setback platform and the car. The same setback requirements exist for platforms that are 48" above the rail, and therefore, a similar solution would be required to serve single-level equipment, which is designed to discharge passengers onto platforms that are 48" above the rail. In the above examples, the length of the proposed setback platforms (75 feet) is approximately ten feet shorter than a standard Amtrak car length, making it relatively easy for a train crew to position cars for quick and safe boarding by passengers.

Figure 2. Clearance Requirements for Various Freight Carriers, and the Gap Effect on Amtrak Equipment

Host Railroad	Setback Clearance for Platform that is 8" ATR	Setback Clearance for Platform that is 15" ATR	Setback Clearance for Platform that is 48" ATR	Resulting Horizontal Gap at 8"	Resulting Horizontal Gap at 15" and 48"		
				Amfleet	Amfleet (1)	Amfleet (2)	Superliner (3)
BNSF	5'-4"	8'-6" (4)	8'-6" (4)	4 1/2"	50 1/8"	42 1/2"	45 5/8"
CN	5'-4"	8'-6"	8'-6"	4 1/2"	50 1/8"	42 1/2"	45 5/8"
CP	5'-4"	8'-6"(4)	8'-6"(4)	4 1/2"	50 1/8"	42 1/2"	45 5/8"
CSXT	5'-4"	8'-6"	8'-6"	4 1/2"	50 1/8"	42 1/2"	45 5/8"
NS	5'-4"	8'-6"	8'-6"	4 1/2"	50 1/8"	42 1/2"	45 5/8"
UP	5'-4"	9'-0"	9'-0"	4 1/2"	56 1/8"	48 1/2"	51 5/8"

Notes:

(1) Gap between platform and bottom step edge
(2) Gap between platform and door threshold
(3) Gap between platform and door edge
(4) State Guidelines govern



Various solutions are being carefully studied and are under consideration to bridge the gap that will be created by the required freight clearances. In developing a solution to bridge the gap, Amtrak will work closely with the disability community and FRA to ensure that we are consulting relevant stakeholders and providing our passengers with effective and compliant boarding solutions.

To ensure that these communication efforts are effective, Amtrak has continued its program of quarterly meetings to update members of our Board, the disability community, the USDOT, the FRA, and the United States Access Board staff. We also recently hosted a tour of Washington Union Station for Access Board members, as well as staff from USDOT, which allowed them to see the state of various height platforms currently serving a variety of equipment types used by MARC, VRE, and Amtrak. Current boarding techniques including level boarding, car-borne lifts, and station-based mobile lifts were also reviewed.

Conclusion

While the issuance of the Rule and subsequent guidance has created new and different challenges to the program and the organization of the work, the fact that Amtrak had a dedicated cross-departmental group led by three executive committee members allowed us to quickly assess and begin to recast our ASDP. In the coming months, Amtrak expects to continue the ongoing work on designs and strategies to address level boarding and the accompanying gap issue. We will also continue our discussions with the host freight railroads regarding the critical issues that have been raised by the Rule. We will continue to keep the Administration and Congress informed of our progress including highlighting challenges or issues that arise in connection with our ASDP. Despite changes to our program as a result of the Rule, we are continuing with our compliance efforts to the maximum extent feasible and remain dedicated to this most important task of ensuring that our system is fully accessible to travelers with disabilities.

Sincerely,

Joe McHugh
Vice President
Government Affairs and Corporate Communications

Attachments

Joe McHugh
Vice President, Government Affairs and Corporate Communications

August 7, 2012

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

The Honorable Jonathan M. Young
Chairman
National Council on Disability
1331 F Street, N.W., Suite 850
Washington, DC 20004

The Honorable John Mica
Chairman
Committee on Transportation and Infrastructure
House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Nick Rahall
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives
2163 Rayburn House Office Building
Washington, DC 20515

The Honorable Jay Rockefeller
Chairman
Committee on Commerce, Science, and Transportation
United States Senate
254 Russell Senate Office Building
Washington, DC 20510

The Honorable Kay Bailey Hutchison
Ranking Member
Committee on Commerce, Science and Transportation
United States Senate
560 Dirksen Senate Office Building
Washington, DC 20510

Dear Secretary LaHood, Chairmen Rockefeller and Mica and Ranking Members Hutchison and Rahall and Chairman Young:

As the Amtrak executive responsible for making the stations we serve compliant with the Americans with Disabilities Act (ADA), I am providing you with this update on our company's progress in this area. This letter focuses on our plans for FY 2013 and includes some of the steps we are taking to increase level boarding and the challenges we see ahead. In our previous report, submitted in May 2012, we detailed the specific platform requirements that changed as a result of a United States Department of Transportation September, 2011 rule and the interpretive guidance issued by the Department of Transportation in March of this year.

This is a very large, multi-year undertaking that will require significant financial resources and staff time. The Amtrak Executive Committee supports the efforts of Gary Talbot, who is the Amtrak ADA Program Director. As such, he coordinates the ADA-related efforts of the company across its several departments.

Impact of the New DOT Platform Rule

In September, 2011, the DOT amended its regulations to require passenger rail providers such as Amtrak to ensure, at new and altered station platforms, that passengers with disabilities can get on and off any accessible car of the train, and to provide level-entry boarding where those platforms are adjacent to tracks that are used only by passenger rail. Prior to the promulgation of this rule, Amtrak had catalogued the complex pattern of ownership and responsibility for all stations[1], built cost estimates for our stations and developed a program designed to bring platforms and other components of those stations into compliance with the ADA rules and regulations as they then existed. It was immediately apparent that the new platform rule would require us to reassess our plans. We did so, and Amtrak has prepared a new comprehensive plan for compliance work that will guide both the near-term work scheduled for FY 2013, and the longer-term program.

In accordance with the new platform rule, we are required to provide level boarding at all stations where platforms are adjacent to passenger only rail, regardless of ridership volume. We decided that, consistent with the spirit of this new platform rule, Amtrak would strive to provide some form of level boarding at stations that recorded more than 7,500 passenger boardings and alightings per year. In FY 2011, of the approximately 390 stations served by Amtrak for which we have some degree of ADA responsibility, 280 stations posted more than 7,500 boardings and alightings while 110 posted fewer than 7,500 boardings and alightings. It should be noted that Amtrak operates different types of equipment for different services. For example, there are short-distance trains and long-distance trains that have three different boarding heights and some stations where the same platforms serve multiple types of passenger equipment.

Amtrak operates a 21,100 mile system, and 20,000 of those miles of track belong to other companies, principally freight railroads. Our platforms in these locations are owned primarily by the freight railroads but Amtrak typically has the ADA responsibility to ensure they are accessible. The challenge of

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[1] Amtrak serves over 500 stations; however, we own only 63 of the station structures. Nevertheless, we have at least partial ADA responsibility for some component (i.e., station structure, platform or parking lot) of approximately 390 stations.

reconciling the requirements of existing freight traffic with the needs of our passengers makes this a major task. The DOT has issued subsequent guidance on "existing freight operations" that clarifies the requirement and requires a detailed station-by-station evaluation to determine where level boarding is required. At stations where multiple tracks are available to carry freight – or multiple platforms exist for passenger loading – a platform-by-platform and track-by-track analysis and subsequent negotiation with the host railroad will be conducted to determine the proper approach. Finally, FRA approval will be required for certain platform designs before Amtrak can proceed with work.

The complexity of the challenge and the scale of the system have created a requirement for considerable additional analysis which will result in additional time and higher costs than estimated in 2009. Nevertheless, Amtrak is committed to this effort. To reinforce this commitment, on July 2, 2012, Amtrak President and Chief Executive Officer Joseph Boardman wrote to all employees that "as a public transportation provider, Amtrak is required to comply with this legislation by making sure that the equipment, facilities and services used by our passengers are accessible to people with disabilities in accordance with applicable regulations. I consider this to be an extremely important and moral responsibility for this company to embrace and to carry out".

FY 2012 Accessible Stations Development Program (ASDP)

Amtrak's revised program includes a complete master schedule for the stations for which Amtrak has some degree of responsibility for accessibility. Design and contract work is generally following the geographic bundling strategy described in previous reports. Projects are bid out for work as groups to allow a more cost-effective approach and quicker completion. A project management firm has been retained to oversee and manage the process.

Amtrak expects to spend approximately $50 million on our Accessible Stations Development Program (ASDP) in FY 2012. Nearly all of the 110 stations for which Amtrak has some degree of ADA responsibility and that have fewer than 7,500 boardings or alightings annually are currently in the early phases (e.g., survey, assessment, design) of the ASDP, and construction is underway at another nine. We had hoped to complete more stations, but the new platform rule required us to suspend the then-existing program, reassess our overall plan and reorder our priorities and work. The first two contract bundles included nine stations, and the major work elements at those stations will be completed in FY 2012.

These stations will have low level platforms and will use station-based mobile lifts. The total contract value is approximately $7.5 million.

Work is also progressing on identifying opportunities to provide level boarding or a solution close to level boarding at stations that have more than 7,500 boardings and alightings annually. Approximately 221 of Amtrak's stations with ridership above 7,500 boardings and alightings annually are served by tracks that carry freight adjacent to the platform. In most of these cases, the freight carriers set the clearance requirements at the stations we serve. In some cases, the mandated clearances for high level platforms would result in gaps of four or more feet between a passenger railcar and the setback station platforms, and this complicates the situation considerably. The FRA has requested that we work with the host railroads to route freight traffic away from platforms, allowing construction of level boarding platforms rather than setback platforms.

For those situations where level boarding is not feasible due to existing freight traffic, for example, Amtrak has convened a team to study and propose alternate designs that will satisfy both the requirements of freight service and the needs of our passengers. Various possibilities such as the use of lightweight bridgeplates that will be easy for crews to deploy quickly or mechanical boarding bridges are under study, and are expected to form part of an eventual solution set. We are also examining the possibility of prefabricated and easily deployable platforms and ramps in some locations. We expect to make good progress on determining the viability of this approach during FY 2013.

FY 2013 Accessible Stations Development Program

While the changes stemming from the new platform rule have necessitated some reevaluation and some corresponding shifts in our programs and work plans, Amtrak remains committed to the goal stated in our recent Strategic Plan, of expediting ongoing programs designed to make Amtrak service accessible for all individuals. We have worked hard to develop a program that will respond to the needs of passengers with disabilities and ensure that Amtrak complies with the ADA and the applicable Federal regulations. By the close of FY 2013, we hope to have construction work substantially completed at 19 stations and construction contracts awarded at an additional 25 stations, six of which will provide (or already provide) level boarding. Among the stations slated for contract award are the Sanford, Florida and Lorton, Virginia stations which serve more than a quarter of a million *Auto Train* passengers annually. When complete, these facilities will provide all *Auto Train* passengers with level boarding platforms at 15 inch

above top of rail (ATR). We will also commence design at 21 stations, five of which provide (or already provide) level boarding. All of this activity is in addition to the survey, assessment and design work already underway at stations throughout the country. In addition, we will be implementing those "special projects" identified on the attached document, including the installation of additional elevators at Washington Union Station to provide access to tracks 27 and 28. This coming year will be a critical one for us, as it will be the year in which we develop the experience and set the pace for coming years, while establishing a benchmark of useful work and proven solutions.

This is going to be a challenging year, and as we move forward we understand that the tasks we face are going to require considerable technical ingenuity, support from the freight railroads and other third parties, and financial support. In spite of these challenges, our program is progressing and we expect to increase our productivity as more stations move out of the design process and into the procurement and construction phases in the coming year.

The attached supplementary material will provide further details of our planned $80 million program for FY 2013. Amtrak is committed to that program, as we have both a moral responsibility and obligation to do so.

Sincerely,

Joe McHugh
Vice President
Government Affairs and Corporate Communications

Enclosures

FY13 ASDP Update

Projected Station Design and Construction

Start of Design

Count	Station	State
1	**Wilmington***	**DE**
2	Burlington	IA
3	Sandpoint	ID
4	Lafayette	LA
5	Lake Charles	LA
6	**Baltimore***	**MD**
7	**BWI Marshall Airport***	**MD**
8	**New Carrollton***	**MD**
9	Claremont	NH
10	Port Henry	NY
11	Rouses Point	NY
12	Westport	NY
13	Beaumont	TX
14	Del Rio	TX
15	Longview	TX
16	**San Antonio****	**TX**
17	Helper	UT
18	Provo	UT
19	Bellows Falls	VT
20	Castleton	VT
21	Windsor	VT
Total Start of Design		21

FY 13 Work Summary:

Category	Count
Substantial Completion*	19
Contracts Awarded*	35
Start of Design	21
*Overlap	(10)
Total number of stations with any type of activity or work	65

Contracts Awarded

Count	Station	State
1	Anniston	AL
2	Williams Junction	AZ
3	Winslow	AZ
4	Yuma	AZ
5	Barstow	CA
6	Ontario	CA
7	Palm Springs	CA
8	Pomona	CA
9	Victorville	CA
10	**Jacksonville***	**FL**
11	Okeechobee	FL
12	**Sanford****	**FL**
13	**Tampa***	**FL**
14	Gainesville	GA
15	**Savannah***	**GA**
16	Gilman	IL
17	Dyer	IN
18	Michigan City	IN
19	Rensselaer	IN
20	Fort Ticonderoga	NY
21	Port Kent	NY
22	Whitehall	NY
23	Alliance	OH
24	Bryan	OH
25	Elyria	OH
26	**Lancaster***	**PA**
27	Camden	SC
28	Denmark	SC
29	**Lorton****	**VA**
30	Staunton	VA
31	Randolph	VT
32	St. Albans	VT
33	Waterbury	VT
34	Prince	WV
35	White Sulphur Springs	WV
Total Contracts Awarded		35

Contracts Substantial Completion

Count	Station	State
1	Auburn	CA
2	Berkeley	CA
3	Guadalupe	CA
4	Lompoc-Surf	CA
5	Needles	CA
6	Redding	CA
7	San Luis Obispo	CA
8	Stockton (San Joaquin St.)	CA
9	Turlock-Denair	CA
10	Michigan City	IN
11	Rensselaer	IN
12	Port Kent	NY
13	Whitehall	NY
14	Alliance	OH
15	Elyria	OH
16	Staunton	VA
17	Randolph	VT
18	Waterbury	VT
19	White Sulphur Springs	WV
Total Substantial Completion		19

Legend

(bold)	Denotes Level Boarding
*	High Level Boarding Platform (48 inch ATR)
**	Low Level Boarding Platform (15 inch ATR)

FY13 Special Project Highlights

- Train Car to Platform Gap "Elimination/Mitigation" Project
  - Both passenger only and shared use setback platforms
  - Design requirement specification developed
  - Contractor to be selected and contract awarded for design and prototype of solution(s)
- Washington Union Station Engineering Feasibility Study
  - Rehabilitation of track 21 and rebuild of platform to 15 inch ATR
  - Level boarding platforms for tracks 15/16 and tracks 16/17
    - Both platforms built to 48 inch ATR
- Washington Union Station elevator design
  - Track 27/28 platform, currently has no elevator
- Passenger Information and Display System (PIDS)
  - National program to be developed
  - ASDP Initiatives (5 stations)
- Wilmington Station Elevator Study
  - Engineering feasibility study for redundant elevator

NATIONAL RAILROAD PASSENGER CORPORATION

Joe McHugh
Vice President, Government Affairs and Corporate Communications

December 26, 2012

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

The Honorable John Mica
Chairman
Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Jay Rockefeller
Chairman
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2163 Rayburn House Office Building
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The Honorable Kay Bailey Hutchison
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate
560 Dirksen Senate Office Building
Washington, DC 20510

Dear Secretary LaHood, Chairmen Rockefeller and Mica and Ranking Members Hutchison and Rahall, and Chairman Young:

As the Amtrak executive chairing the company's executive steering committee which directs our program task force to bring the stations Amtrak serves into compliance with the Americans with Disabilities Act, I am pleased to provide you this update on our progress. Amtrak experienced record ridership in FY 2012, including among our passengers with disabilities. This letter focuses on summarizing the work we accomplished in FY 2012, and provides a brief outline of our plans for advancing compliance work at some of our stations in FY 2013. Also discussed are our plans for a gap mitigation solution, which have advanced since we submitted our last report.

Amtrak is very proud of the service we provide to passengers with disabilities. While Amtrak ridership as a whole grew by 3.5% between FY 2011 and FY 2012, by every available measure, the number of passengers with disabilities who chose Amtrak rose at a disproportionately higher rate. The recorded number of passengers with disabilities rose by 16.8% in FY 2012. This increase, which is measured in terms of the number of passengers applying for the discounts Amtrak offers to passengers with disabilities, probably reflects both the improvements Amtrak has made in our Amtrak.com booking system, as well as customer choice.

Fiscal Year 2012 Progress

Accessible Stations Development Program (ASDP)
By the end of FY 2012, as part of our Accessible Stations Development Program (ASDP), construction work was underway at a total of nine stations, all of which are located in California. Work included internal and external station improvements. Work at the following stations is expected to be complete by the end of calendar year 2012:

Auburn	Guadalupe
Berkeley	Lompoc-Surf
Turlock-Denair	San Luis Obispo

In addition to the construction at the stations mentioned above, we finished the designs for another 11 stations and are progressing the designs for an additional 33 stations. We also continue to review all stations and identify any that are required to be level boarding per the September, 2011 DOT level boarding rule. In addition, for stations where we have not provided level boarding per the new DOT rule, we have submitted station narratives to the Federal Railroad Administration (a total of 24) for review and have so far received approval for 15 of them. The attached chart outlines this work.

Washington Union Station Elevator Additions
Our FY 2012 capital program also includes some projects that will improve accessibility even though they are not components of the program outlined above. One such project is installation of an elevator that will provide access to lower-level station tracks in Washington Union Station. In addition to the stub-end tracks at the concourse level that are generally used today for *Acela*, *Northeast Regional* trains and MARC commuter trains, the station includes several "through tracks" that pass through the station and leave it via a tunnel that connects the station to the CSX-owned lines leading across the Potomac River. These lower-level tracks in the station are used by many MARC trains, by the VRE trains, and by the Amtrak trains that serve Virginia and points south. These tracks are served by three island platforms, all of them accessible from the station via stairs or escalator, but one platform currently lacks an elevator. To remedy this deficiency, Amtrak is currently working to design and build an elevator that can be installed in the narrow space at the south end of the platform. This project is currently at the design stage. Similar work has been advanced in several other stations where state of good repair needs afforded us the opportunity to address an accessibility or ADA compliance need. At New York Penn Station, for example, the rebuilding of the ticket counters allowed us to improve ticket window accessibility

(including the installation of induction loop technology for people who use hearing aids), while a rebuilding of the parking lot at Buffalo-Depew Station in New York afforded us an opportunity to improve the parking and accessible paths through the parking area.

New Platform Design Policy
As discussed in our August 2012 update to Congress, Amtrak has adopted a platform design policy that affirms its commitment not only to satisfying the legal requirements for those platforms for which it has legal responsibility, but also to the goal of enabling as close to independent access as possible for all Amtrak passengers who board and alight our trains, including passengers with disabilities. In addition to implementing the USDOT 2011 Level Boarding Rule, the new policy states that Amtrak intends to minimize the use of station-based mobile lifts and aggressively pursue more integrated boarding solutions at stations where ridership was greater than 7,500 annual boardings/alightings in FY 2011. This policy was put into place in FY 2012 at about the same time construction was progressing on the nine California stations.

Most of the boarding platforms at stations with ridership above 7,500/year are directly adjacent to tracks that are used by both passenger and freight railcars. Freight railcars often have wider loads and/or clearance envelopes than Amtrak's passenger railcars, which means that where there is freight traffic on the track adjacent to a platform and the platform is built higher than 8 inches above top of rail (ATR), the platform likely needs to be further set back from the centerline of the track, creating a larger horizontal gap between the edge of the passenger railcar and the boarding platform. This larger horizontal gap precludes a full-length level boarding platform as defined by the applicable regulations (and the DOT rule does not require full-length level boarding platforms at these stations). In order to provide a compliant boarding solution as defined by the ADA and one that meets Amtrak's goal of enabling as close to independent access as possible, Amtrak must develop a solution that eliminates/mitigates this gap between Amtrak's passenger railcar floor and the boarding platform.

This challenge is complex and has several facets. At all boarding platforms where passengers board/alight Amtrak's passenger railcars, a gap is present to allow a railcar to safely pass a boarding platform. The gap often has both vertical and horizontal dimensions. The gap can vary depending on many factors including but not limited to: railcar floor height, railcar width, railcar load, natural wear of the railcar, type and height of boarding platform, presence of freight traffic on the tracks adjacent to the boarding platform, curvature of tracks, "super elevation" of one rail (usually within a curve), type of track construction, and maintenance tolerances.

Amtrak's passenger railcars' floor is designed to be either level with or slightly higher than the height of the boarding platform, however, some instances do exist where the passenger railcar floor is lower than the height of the boarding platform. The vertical dimension of the gap can range from a negative value (passenger railcar floor height is below the boarding platform) to several feet positive (passenger railcar floor height is above the boarding platform). The vertical gap can exceed 51 inches in height depending on the type of equipment used and the height of the boarding platform.

The horizontal gap varies in large part due to the width of Amtrak's passenger railcars served at a specific boarding platform and whether freight traffic is present directly adjacent to the boarding platform. As described in more detail in the August, 2012 letter, the clearance envelope for freight traffic is dictated by the host railroad and its needs based on the width of the freight railcars and its loads, which pass on the tracks adjacent to a given boarding platform. As the height of the boarding platform is increased, the host railroad will generally increase the clearance required to the boarding platform to ensure its wider freight loads will be able to clear the higher boarding platform. This increased clearance creates a much larger horizontal gap between Amtrak's passenger railcar floor and the leading edge of the boarding platform than what would be experienced if the boarding platform were adjacent to passenger-only tracks. As noted above, freight railcars and their loads are often wider than passenger railcars and any narrowing of the clearance envelope could negatively impact the host railroads' ability to move freight adjacent to a given boarding platform. This preservation of wider clearances creates the horizontal gap Amtrak aims to address.

As noted above, Amtrak has adopted a policy that seeks to expand level boarding or level-boarding type solutions; the policy provides, "It is Amtrak's intent to minimize the use of station-based mobile lifts at stations with more than 7,500 annual boardings/alightings, and aggressively pursue more integrated boarding solutions at such stations whenever practicable." By agreeing to pursue a more integrated boarding solution at locations that have freight traffic directly adjacent to a boarding platform, the new higher height boarding platforms (both 15 inch ATR and 48 inch ATR) will likely have to be set back a considerable distance from the centerline of the track, due to the required freight clearances. This set back distance creates a much wider horizontal gap between the passenger railcar floor and the leading edge of the boarding platform. In some cases, the horizontal distance may be greater than 4 feet.

Platform Gap to Train Equipment Solution Is the Critical First Step

It is Amtrak's goal to develop a solution(s) to eliminate/mitigate the gap that exists between a passenger railcar and the boarding platform. The gap elimination/mitigation solution selected shall provide seamless level boarding that enables all passengers to board/alight Amtrak's passenger railcars, including passengers who use wheeled mobility devices and passengers who choose to avoid climbing up/down the onboard stairs.

A request for proposals has been sent out to the engineering industry to design and build a prototype system that can be used to bridge these gaps. We will be reissuing a request for proposals as we received limited response on the initial bid. We are hopeful that a number of proposals will come back on the second solicitation so that the winning proposal can become the basis for the gap mitigation solution at many of Amtrak's stations. Amtrak expects to begin work on a prototype solution during calendar year 2013.

Passenger Information Display System
Work has continued on our Passenger Information Display System (PIDS), which is instrumental in providing train status and general information to the traveling public in stations and on platforms, including passengers with hearing and visual disabilities. The pilot PIDS program, which began in 2008, allowed us to develop a proof of concept solution and signage standards. Prototype systems were installed at Aberdeen, Baltimore, and New Carrollton, Maryland. During FY 2010 and FY 2011, after experimentation and evaluation, train information signs at Washington, DC were updated to reflect the ADA-compliant look and feel of the prototype solution and the full PIDS system was installed at the newly restored station in Wilmington, Delaware. The interior of the Rochester, NY station had train information and visual messaging signs installed. In FY 2012, full PIDS installations were completed at Sacramento and the new station in Bloomington-Normal, Illinois. Other progress was made in FY 2012 in partnership with various States: design work was undertaken for New Haven, Connecticut and fourteen other stations (9 of which were funded by a grant from North Carolina DOT). Five additional stations were slated for installation, but the projects were placed on hold pending funding availability.

Amtrak.com accessibility improvements
We have also made improvements to Amtrak.com. Passengers are now able to book accessible space and apply rail fare discounts for passengers with disabilities at Amtrak.com (in addition to the previously available options for making such reservations, by phone or in stations). This new capability was made publicly available starting in the first quarter of FY 2012. Prior to 2012, passengers with disabilities could book online, but were required to contact an Amtrak call center by telephone to apply for the discount or to make any special service requests (SSRs). The availability of a new booking path has made it easier for passengers with disabilities to obtain such service requests, and the quantity of reservations for passengers with disabilities nearly tripled from FY 2011 to FY 2012.

FY 2013 Program Plan

For the past couple of years, increasing revenues have meant that we have been able to reinvest those dollars in needed capital projects. While Federal capital support has remained strong, reductions in Federal operating support (combined with unique circumstances such as the purchase of new single level

long distance cars) have forced Amtrak to reassess our budgetary plans for FY 2013, with virtually all key programs taking substantial funding reductions.

To that end, the overall capital funding available for Amtrak's Engineering Department has fallen from $730 million in FY 2011 to $308 million in FY 2012, and then to $290 million in FY 2013. While capital budgets have been trimmed significantly across the company, Amtrak has worked to keep the FY 2013 budget for ADA work at the FY 2012 level; this will, in practice, entail a reduction from the planned amount of $80 million to a minimum of $50 million. Congress has not finalized the FY 2013 appropriations and, while we are currently operating under a continuing resolution for FY 2012, we continue to progress increasing accessibility at a number of stations and across the Amtrak system as a significant portion of our capital budget.

At this funding level, we will support completion of the construction work begun in 2012 on the nine stations in California that are mentioned earlier. Construction work is slated to begin at the following fourteen additional stations:

Lorton, VA	Randolph, VT
Prince, WV	St. Albans, VT
Staunton, VA	Waterbury, VT
White Sulphur Springs, WV	Whitehall, NY
Amsterdam, NY	Dyer, IN
Fort Ticonderoga, NY	Gilman, IL
Port Kent, NY	Rensselaer, IN

This work is planned and the bundled construction contracts are in the process of bidding for 11 of these stations. The remaining stations are planned to go to bid by March 2013. Also, during FY 2013, design work will be progressing at an additional 66 stations.

In FY 2013, Amtrak will work towards finalizing a national, standard PIDS solution that will serve as the template for installation nationwide concurrent with PIDS projects our state partners have requested. In addition, PIDS implementation projects are planned at St. Paul in Minnesota and Dearborn station in Michigan.

Conclusion

While the Accessible Stations Development Program is proceeding at an amount lower than originally forecast, the work that is completed in FY 2013 will materially advance the process of ensuring compliance. The attached chart outlines accessibility work completed in FY 2012 and budgeted for

FY 2013. Ultimately, our budget for accessibility work is a part of our capital budget and funded by Congress. The final decision of what amount we can spend on our FY 2013 program will be decided when the FY 2013 Transportation, Housing, and Urban Development appropriations bill is finalized as law. For FY 2013, we developed a plan in excess of $50 million but until we know what our FY 2013 funding will be, we can only commit to about the same amount as we spent last year.

We have accomplished most of the preliminary milestones required for an effort of this scale and scope. We have set the standards, created the necessary design work, partnered with the freight railroads, local organizations and Federal and state authorities to ensure a due respect for the historical fabric of our stations and the communities they serve. We will make significant progress in 2013, and the work that we have done to date has laid the groundwork for what we expect will be an even larger and more successful effort in 2014.

Our next update will be in conjunction with our FY 2014 Grant and Legislative Request, which will be submitted in February, along with our Five Year Financial Plan and our FY 2014 Budget. We remain wholeheartedly committed to the goal of making sure our stations and our system are accessible to all Americans. I am proud of the work we are doing to increase accessibility and bring work to communities across the nation.

Sincerely,

Joe McHugh
Vice President
Government Affairs and Corporate Communications

Enclosure(s)

FY12 ASDP Update

Design and Construction Work Completed in Fiscal Year 2012

Designs Completed	
Count	**Station**
1	Auburn, CA
2	Berkeley, CA
3	Guadalupe, CA
4	Lompoc - Surf, CA
5	Needles, CA
6	Redding, CA
7	San Luis Obispo, CA
8	Stockton, CA
9	Turklock - Denair, CA
10	Gilman, IL
11	Dyer, IN
12	Michigan City, IN
13	Rensselaer, IN
14	Amsterdam, NY (interior only)
15	Port Kent, NY
16	Ticonderoga, NY
17	Whitehall, NY
18	Randolph, VT
19	St Albans, VT
20	Waterbury, VT
Total	20

Contracts Awarded	
Count	**Station**
1	Auburn, CA
2	Berkeley, CA
3	Guadalupe, CA
4	Lompoc-Surf, CA
5	Needles, CA
6	Redding, CA
7	San Luis Obispo, CA
8	Stockton (San Joaquin St.), CA
9	Turlock-Denair, CA
Total	9

Construction that Progressed	
Count	**Station**
1	Guadalupe, CA
2	Lompoc-Surf, CA
3	Needles, CA
4	Redding, CA
5	San Luis Obispo, CA
6	Stockton, CA
Total	6

Construction Substantially Completed	
Count	**Station**
1	Auburn, CA
2	Berkeley, CA
3	Turlock-Denair, CA
Total	3

FY13 ASDP Update

Design and Construction Work Projected for Fiscal Year 2013

Designs Progressing	
Count	Station
1	**Wilmington, DE ***
2	Lafayette, LA
3	Lake Charles, LA
4	Burlington, IA
5	**Baltimore, MD ***
6	**New Carrolton, MD ***
7	**BWI, MD ***
8	Claremont, NH
9	Port Henry, NY
10	Rouses Point, NY
11	Westport, NY
12	Alpine, TX
13	Beaumont, TX
14	Cleburne, TX
15	Del Rio, TX
16	Longview, TX
17	McGregor, TX
18	Mineola, TX
19	Taylor, TX
20	Helper, UT
21	Provo, UT
22	Bellow Falls, VT
23	Castleton, VT
24	Montpelier, VT
25	Windsor, VT
Total	25

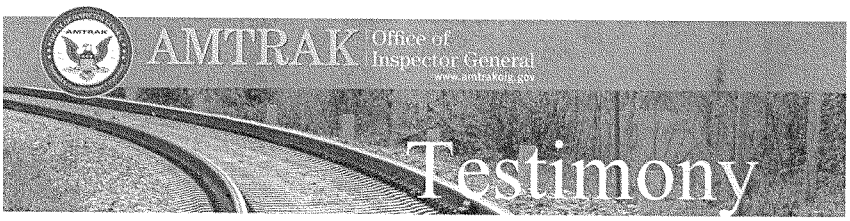
Legend	
(bold)	Denotes Level Boarding
*	High Level (48 inch ATR)
**	Low Level (15 inch ATR)

Designs Completed	
Count	Station
1	Anniston, AL
2	Williams Junction, AZ
3	Winslow, AZ
4	Yuma, AZ
5	Barstow, CA
6	Ontario, CA
7	Palm Springs, CA
8	Pomona, CA
9	Victorville, CA
10	**Jacksonville, FL ***
11	Okeechobee, FL
12	**Sanford, FL ****
13	**Tampa, FL ***
14	Gainesville, GA
15	**Savannah, GA ***
16	Sandpoint, ID
17	**Port Huron, MI ****
18	Detroit Lakes, MN
19	Staples, MN
20	Browning, MT
21	Cut Bank, MT
22	Glasgow, MT
23	Libby, MT
24	Malta, MT
25	West Glacier, MT
26	Wolf Point, MT
27	Devils Lake, ND
28	Rugby, ND
29	Stanley, ND
30	Elko, NV
31	Alliance, OH
32	Bryan, OH
33	Elyria, OH
34	Connellsville, PA
35	Harrisburg, PA
36	Huntingdon, PA
37	**Lancaster, PA ***
38	**North Philadelphia, PA***
39	**Philadelphia, PA***
40	Camden, SC
41	Denmark, SC
42	**Lorton , VA ****
43	Staunton , VA
44	Prince, WV
45	White Sulphur Springs , WV
Total	45

Contracts Awarded	
Count	Station
1	Gilman, IL
2	Dyer, IN
3	Rensselaer, IN
4	Amsterdam, NY (station interior only)
5	Port Kent, NY
6	Ticonderoga, NY
7	Whitehall, NY
8	**Lorton, VA ****
9	Staunton, VA
10	Randolph, VT
11	St. Albans, VT
12	Waterbury, VT
13	Prince, WV
14	White Sulphur Springs, WV
Total	14

Construction Progressing	
Count	Station
1	Dyer, IN
2	Gilman, IL
3	**Lorton, VA ****
4	Staunton, VA
5	Prince, WV
6	White Sulphur Springs, WV
Total	6

Construction Substantially Complete	
Count	Station
1	Guadalupe, CA
2	Lompoc-Surf, CA
3	Needles, CA
4	Redding, CA
5	San Luis Obispo, CA
6	Stockton, CA
7	Rensselaer, IN
8	Amsterdam, NY (station interior only)
9	Port Kent, NY
10	Ticonderoga, NY
11	Whitehall, NY
12	Waterbury, VT
13	Randolph, VT
14	St. Albans, VT
Total	14



Before the Committee on Transportation and Infrastructure,
House of Representatives

Amtrak Improvement Initiatives: Sustained Attention and Effective Implementation Keys to Success

Statement of Ted Alves
Inspector General
National Railroad Passenger Corporation

Wednesday, November 28, 2012

10:00 a.m. EST

Not releasable until 10:00 a.m. Wednesday, November 28, 2012

OIG-T-2013-001

Good Morning Chairman Mica, Ranking Member Rahall, and Members of the Committee:

Thank you for the opportunity to discuss some of our recent report recommendations and the actions that Amtrak has taken in response. Over the last 2½ years, we have issued 39 reports on a wide variety of Amtrak programs and activities (see appendix).

Today, in line with the hearing's focus on Amtrak's ongoing structural reorganization, my testimony will center on reports related to improving Amtrak's operational and financial performance and the actions Amtrak has taken in response to them. The reports contribute to one of Amtrak's strategic goals—achieving financial and organizational excellence.

Before I address those reports, however, it is important to note that over the last couple of years, the Board of Directors and Amtrak management have taken several steps to improve Amtrak's operational, financial, and customer-service performance. The Board of Directors plays a key role in ensuring that the company accomplishes the goals established in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) in an efficient and effective manner. The Board now has seven of the nine members authorized by PRIIA. The Amtrak Board of Directors has also now been able to reconstitute two important Board committees: the Audit and Finance Committee and the Personnel Committee. The two reconstituted committees have provided the process and structure to help the Board conduct oversight and ensure that management is held accountable for instituting disciplined processes and achieving financial and operational goals. With this structure, the Board now has greater capacity to fulfill its governance responsibilities over Amtrak programs and operations.

Similarly, examples of key actions by management include Amtrak's development of the 2011–2015 *Strategic Plan* that was issued in November 2011. Amtrak notes that the plan provides a comprehensive roadmap for evolving Amtrak into a company more focused on the bottom line, and whose employees' roles and efforts are in sync with common goals. The plan sets forth (1) Amtrak's vision, values, and leadership philosophy; (2) factors that could affect goal achievement; (3) corporate strategies; and (4) business line strategic plans. The organizational realignment initiative that is the focus of today's hearing is directly linked to the implementation of Amtrak's strategic plan. Other key management actions include hiring senior executives to lead improvements in human capital management and information technology.

The company is in the early stages of implementing many of these initiatives. Our recent work shows that sustaining and effectively implementing these initiatives has the potential to significantly reduce Amtrak's reliance on federal support. Using a risk management approach to improve management controls is also needed to help Amtrak focus on improving financial results. The reports and recommendations I will discuss today support and/or complement, and in some cases were a catalyst, for the management improvement initiatives that the Board of Directors and the company have undertaken.

RECOMMENDATIONS HAVE SUPPORTED AND COMPLEMENTED IMPROVEMENT INITIATIVES

Overall, Amtrak has generally taken positive action on our recommendations; the company has implemented many of them, and is in the process of addressing others.

Summarized below are our key recommendations addressing the areas of governance, human capital management, information technology management, and train operations and business management.

Governance

Office of Inspector General (OIG) governance work has focused on enhancing the stewardship of company resources by evaluating senior leadership's processes, policies, and activities to identify areas in which corporate risk can be reduced and governance can be improved. Our key recent reports on governance have addressed strategic planning and enterprise risk management. As summarized below, our recommendations were agreed to by the company and the recommendations on the strategic plan have been implemented; the risk management recommendations are in the process of being addressed.

- The need for Amtrak to have a meaningful strategic plan was first identified in a 2005 report issued by the Government Accountability Office.[1] Our August 2010 report found that although Amtrak had made various attempts to develop a strategic plan, none were successful.[2] We also found that developing a strategic plan could assist Amtrak's leadership in effectively aligning organizational efforts around a single vision and ensuring the effective use of resources. In summary, we recommended

[1] *Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability* (GAO-06-145, October 2005).
[2] *Amtrak's Strategic Planning* (Evaluation Report E-10-01, August 17, 2010).

that Amtrak develop a strategic plan utilizing a strategic planning process that incorporated the key elements of effective strategic planning. Amtrak agreed, and the plan was issued in November 2010.

- Amtrak's Board of Directors, in March 2011, requested that we review and report on Amtrak's corporate risk management framework and risk management processes. The Board stated that it wanted to better understand the company's approach to managing risks. Specifically, the Board stated its belief that a risk management framework and process were critical governance practices that help private- and public-sector organizations provide assurance that financial, operational, and regulatory risks are understood and appropriately mitigated. The Board also recognized that operational and regulatory risks must be controlled and that a disciplined process must be in place to manage all significant risks that the company faces.

  Our work showed that Amtrak did not have a formal, coordinated, systematic enterprise-wide framework for identifying, analyzing, and managing risk.[3] The company also lacks a sound system of management controls that encompasses policies, processes, people, and technology, and serves the needs of all stakeholders by directing and controlling activities with good business savvy, objectivity, accountability, and integrity. For too many programs at Amtrak, sound control systems do not exist; we believe that this is a systemic issue that needs to be strategically addressed on a company-wide basis as part of a risk management process.

  Amtrak senior executives agreed with the need to improve their risk management practices. The company then took initial steps toward addressing this issue by committing, in the 2011–2015 *Strategic Plan,* to establishing an enterprise risk management (ERM) framework based on industry best practices. In summary, we recommended that, in the long term, the Board of Directors and Amtrak's President and CEO take action to develop and implement an ERM process for the entire organization, to include the Board. The Board Chairman and the President and CEO stated that it is imperative that the Board discuss our recommendations with an answer to the time, resources, and priority needed to make such a commitment. They said that once the Board has had an opportunity to understand the commitment this will take, guidance will be provided to management, and the company will provide the OIG with more detailed information about Amtrak's plan to implement

[3] *Amtrak Corporate Governance: Implementing a Risk Management Framework is Essential to Achieving Amtrak's Strategic Goals* (OIG-A-2012-007, March 30, 2012).

enterprise risk management. We have discussed our views on the way forward with the Board and understand that the Board is in the process of determining how to address a risk management framework issue.

Human Capital Management

Amtrak employs approximately 18,000 agreement-covered (union) employees and approximately 3,000 non-agreement-covered (management) employees located throughout the United States. Our work has focused on identifying opportunities for Amtrak to improve the efficiency and effectiveness of its human capital management policies and practices.

- Starting in 2009, we have issued a series of reports on human capital management to include training and employee development. Our most recent report (July 2011) found that only limited progress had been made in implementing our prior recommendations.[4] As a result, Amtrak was continuing to suffer from outdated human capital management, training, and employee development processes that hindered its ability to perform effectively. In addition, Amtrak was increasingly at risk of encountering skills shortages as highly experienced, long- time employees retire.

  In summary, we recommended and Amtrak's President and CEO agreed to (1) make improved human capital management, training, and employee development an Amtrak priority; and (2) direct the Chief Human Capital Officer to revise the Human Capital Action Plan to include actions that are responsive to our recommendations and with reasonable implementation time frames. A new Chief Human Capital Officer has been hired, and he has developed and is implementing an action plan to address our findings and recommendations.

Information Technology Management

Passenger railroad businesses are labor- and capital-intensive; they rely increasingly on modern information technology to improve labor and asset productivity and deliver safe and reliable customer service. Our recent work in this area has included a series of reports on the implementation of the Strategic Asset Management program. The company has generally agreed with our recommendations; it has implemented some and is in the process of implementing others. Most significantly, however, it did

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[4] *Human Capital Management: Lack of Priority Has Slowed OIG-Recommended Actions to Improve Human Capital Management, Training, and Employee Development Practices* (E-11-04, July 8, 2011).

not agree with our recommendation to perform more testing before deploying a new major system.

- Over the last couple of years we have issued several reports on Amtrak's Strategic Asset Management program.[5] The program is one of Amtrak's highest-cost and most significant information technology enhancement efforts. At an estimated cost of more than $193 million, this program is expected to help Amtrak transform and improve key business areas; implement best practices; integrate business processes; and provide timely information for financial reporting, management decision-making, and the optimization of financial and operational performance. Amtrak agreed with and is implementing recommendations for improving system controls and other programmatic weaknesses. Yet one area in which Amtrak did not agree with our recommendation was the need for more testing prior to deploying the system.

  In our May 2012 follow-up report, we pointed out that although program managers anticipated a certain level of implementation issues, the number, significance, cost, and time needed to address them have all been greater than anticipated. The fact that significant issues continue to surface indicates that the system is not yet stable. As a result, the company was still dealing with adverse effects on business operations and financial performance some 17 months after deployment.

Train Operations and Business Management

Amtrak operates over 300 daily trains on over 21,000 miles of rails. It serves 528 stations in 46 states, 3 Canadian provinces, and the District of Columbia. Our key reports in the area of train operations and business management have addressed mechanical maintenance, food and beverage service, the Americans with Disabilities Act (ADA), and a series of reports on incentive and service payments to host railroads. In general, the company has been responsive to our recommendations in the food and beverage and invoice-review areas. However, in the area of mechanical maintenance and ADA, implementation actions are in process.

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[5] *Strategic Asset Management Program: Opportunities to Improve Implementation and Lessons Learned* (OIG-E-2012-012, May 31, 2012), *Strategic Asset Management Program: Further Actions Should be Taken to Reduce Business Disruption Risk* (001-2011, June 2, 2011), and *Strategic Asset Management Program Controls Design Is Generally Sound, But Improvements Can Be Made* (105-2010, January 14, 2011).

- In May 2012 we reported that Amtrak had made significant progress in improving its mechanical maintenance processes and procedures since our 2005 report on this issue.[6] However, our work also showed that improvements in equipment performance have been uneven. Acela, which represents about 10 percent of Amtrak's total fleet of equipment and was the first fleet to employ reliability-centered maintenance, has seen significant improvements in reliability and availability. These improved maintenance results have allowed Amtrak to deploy two additional Acela trainsets, generating over $50 million in additional revenue since the trains were put into service.

  In contrast, availability and reliability have remained the same or declined slightly for the remainder of Amtrak's equipment. Compared with Acela's trainset availability improvement of 14 percent, the availability of the rest of Amtrak's equipment has stayed roughly the same; and compared with Acela's reliability improvement of 11 percent, the rest of Amtrak's equipment is, on average, less reliable than before.

  If the availability of the conventional fleets were improved to the level of the Acela equipment, Amtrak could provide the same level of service with over 120 fewer conventional cars and 45 fewer conventional locomotives than presently required. Based on the estimates in Amtrak's *Fleet Strategy*,[7] we calculated that this would save Amtrak almost $600 million in fleet procurement costs over the next 15 years.[8]

  In summary, we recommended that the Vice President, Operations, adopt the Acela maintenance practices for improving the performance of Amtrak's conventional fleet. These practices are in the process of being implemented.

- We have issued two recent reports on Amtrak's food and beverage program. Over the last 6 years, Amtrak's food and beverage service has incurred a direct operating loss of over $526 million. Losses in food and beverage have been a long-standing issue, requiring federal subsidies to support food and beverage operations. The company has agreed with our recommendations in this area.

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[6] *Mechanical Maintenance: Improved Practices Have Significantly Enhanced Acela Equipment Performance and Could Benefit Performance of Equipment Company-wide* (OIG-E-2012-008, May 21, 2012).
[7] Amtrak *Fleet Strategy* (Version 2), February 2011.
[8] These savings do not account for any additional costs potentially required to achieve this improved level of equipment availability.

In a September 2012 report,[9] we identified two areas in which food and beverage program management could be improved—accountability for program results and program-wide planning. We believe these management weaknesses stemmed from a fragmented program management structure. Specifically, food and beverage activities were being carried out by two departments. The Marketing and Product Development Department managed commissary and support operations, while the Transportation Department managed on-board service personnel and their activities were not well-coordinated.

On July 19, 2012, the Vice President, Operations, announced the establishment of a Chief of Customer Service position within the Transportation Department. The Vice President later stated that the Chief of Customer Service would have accountability for improving Amtrak's food and beverage service program. Marketing and Product Development's food and beverage service activities were transferred to Operations on October 1, 2012.

Further, Amtrak has taken action or has plans to address the three recommendations contained in our June 2011 report.[10] First, as recommended, Amtrak has established a loss-prevention unit and has plans to develop an internal control action plan. Second, Amtrak's President and CEO, as we recommended, has agreed that Amtrak will conduct a test of cashless sales. Finally, also as recommended, the Vice President, Operations, agreed that Amtrak will develop a 5-year plan for reducing its direct operating losses.

- ADA became law in 1990 and required that intercity rail stations be made accessible to persons with disabilities by July 31, 2010. There are 482 Amtrak-served stations that are required to be ADA-compliant. Since 1990, Amtrak had made limited progress in making the stations it serves ADA-compliant.

  Our September 2011 report showed that while Amtrak had developed an October 2010 updated plan for ADA compliance, gaps continued to exist.[11] The underlying cause of the limited program progress and planning weaknesses had been the program's fragmented management and lack of accountability for results. Seven departments were involved in program management, with no one office or official

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[9] *Food and Beverage Service: Initiatives to Help Reduce Direct Operating Losses Can Be Enhanced by Overall Plan* (OIG-A-2012-020, September 7, 2012).

[10] *Good and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps,* Report No. E-11-03, June 23, 2011

[11] *Americans with Disabilities Act: Leadership Needed to Help Ensure That Stations Served by Amtrak Are Compliant* Report No. 109-2010, September 29, 2011).

held accountable for results.

In summary, we recommended that Amtrak address the program's fragmented management structure and lack of accountability for results, weaknesses in program cost estimates, and gaps in the ADA-compliance plan. Amtrak generally agreed with our recommendations and said that the final decision for programmatic responsibility will be reevaluated as the corporation is aligned with its soon to be released strategic plan.

- Since 1995, we have issued a series of reports identifying more than $83 million in overpayments on inaccurate invoices from host railroads. These inaccurate invoices for on-time-incentive payments and services went undetected because of weaknesses in Amtrak's invoice-review processes.[12]

  We have recommended that Amtrak make needed improvements to the host railroad invoice administration-review process. Amtrak agreed and in October 2010, the group responsible for reviewing host railroad monthly invoices and approving them for payment was moved from the Transportation Department to the Finance Department, reporting to the Chief Financial Officer. This organizational change was made in response to the recommendations to provide separation of duties between the invoice review group and the group responsible for negotiating and preparing host railroad agreements. Also, over the past year the company has increased staffing for that unit and developed detailed invoice policy and review procedures. These actions should facilitate complete and thorough invoice reviews prior to payment. Also, the company recently entered into a settlement that provided Amtrak with about $24 million in credits and cash payments.

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In conclusion, the keys to improving the efficiency and effectiveness of Amtrak's operations and service are (1) sustaining and fully implementing its ongoing strategic initiatives and (2) continuing to develop and implement new initiatives, including a risk management framework to continuously improve the efficiency and effectiveness of its operations. Such a sustained focus should, in turn, reduce the amount of federal funds that Amtrak needs. In that regard, my office will continue to identify opportunities to sustain those efforts, follow up on the company's plans for implementing an enterprise risk management framework, and identify new improvement opportunities.

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[12] *Amtrak Invoice Review: Undetected Errors Resulted in Overpayments* (OIG-A-2012-019, September 5, 2012).

Mr. Chairman, in closing, I want to thank the Committee for its support of the Amtrak OIG. This concludes my testimony, and I would be glad to answer any questions that you or other members of the Committee may have at this time.

Appendix

Audit and Evaluation Reports Issued Since January 1, 2010

Report Number	Report Title	Issue Date
OIG-A-2012-017	Annual Financial Statement Audits: Observations for Improving Oversight of the Independent Public Accountant	September 27, 2012
OIG-E-2012-23	Railroad Safety: Amtrak is Not Adequately Addressing Rising Drug and Alcohol Use by Employees in Safety-Sensitive Positions	September 27, 2012
OIG-A-2012-021	American Recovery and Reinvestment Act: Some Questioned Invoice Charges and Minimal Benefit from Duplicative Invoice-Review Process	September 21, 2012
OIG-A-2012-020	Food and Beverage Service: Initiatives to Help Reduce Direct Operating Losses Can Be Enhanced by Overall Plan	September 7, 2012
OIG-A-2012-019	Amtrak Invoice Review: Undetected Errors Resulted in Overpayments	September 5, 2012
OIG-A-2012-016	Claims Program: Use of Best Practices Would Strengthen Management Controls	August 14, 2012
OIG-A-2012-014	Human Capital Management: Weaknesses in Hiring Practices Result in Waste and Operational Risk	July 19, 2012
OIG-A-2012-013	On-Time-Performance Incentives: Inaccurate Invoices Were Paid	June 29, 2012
OIG-E-2012-012	Strategic Asset Management Program: Opportunities to Improve Implementation and Lessons Learned	May 31, 2012
OIG-E-2012-008	Mechanical Maintenance: Improved Practices Have Significantly Enhanced Acela Equipment Performance and Could Benefit Performance of Equipment Company-Wide	May 21, 2012
OIG-A-2012-007	Amtrak Corporate Governance: Implementing a Risk Management Framework is Essential to Achieving Amtrak's Strategic Goals	March 30, 2012
OIG-E-2012-009	Human Capital Management: Controls Over the Use of Temporary Management Assignments Need Improvement	March 28, 2012
OIG-E-2012-010	Acela Car Purchase: Future Revenue Estimates Were Initially Overstated	March 28, 2012
OIG-A-2012-006	Incurred-Cost Contract Audit: Contract Modification Charges for Extended Indirect Overhead Costs Not Supported	February 17, 2012

Report Number	Report Title	Issue Date
OIG-A-2012-005	Amtrak Invoice Review: Inaccurate Invoices Were Paid, But Progress is Being Made to Improve the Invoice-Review Process	February 16, 2012
OIG-A-2012-004	On-Time-Performance Incentives: Inaccurate Invoices Were Paid Due to Weaknesses in Amtrak's Invoice-Review Process	February 15, 2012
OIG-A-2012-003	Wireless Network Security: Internal Controls Can Be Improved	December 7, 2011
OIG-A-2012-002	Incurred-Cost Contract Audit: Bridge Construction Modification Settlement Agreement Cost is Adequately Supported	November 7, 2011
OIG-A-2012-001	Passenger Rail Investment and Improvement Act of 2008: Amtrak Has Made Good Progress, but Continued Commitment Needed to Fully Address Provisions	October 26, 2011
109-2010	Americans with Disabilities Act: Leadership Needed to Help Ensure That Stations Served By Amtrak Are Compliant	September 29, 2011
009-2011	Acela Car Purchase Draft Request for Proposal: Additional Requirements and Pre-Award Audit Clause Needed to Help Assess Proposed Cost and Price	September 21, 2011
E-11-04	Human Capital Management: Lack of Priority Has Slowed OIG-Recommended Actions to Improve Human Capital Management, Training, and Employee Development Practices	July 8, 2011
E-11-03	Food and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps	June 23, 2011
908-2010	American Recovery and Reinvestment Act: Infrastructure Improvements Achieved but Less than Planned	June 22, 2011
914-2010	American Recovery and Reinvestment Act: Fewer Security Improvements than Anticipated Will be Made and Majority of Projects Are Not Complete.	June 16, 2011
001-2011	Strategic Asset Management Program: Further Actions Should be Taken To Reduce Business Disruption Risk	June 2, 2011
403-2010	On-Time-Performance Incentives: Inaccurate Invoices Were Paid Due to Long-standing Weaknesses in Amtrak's Invoice-Review Process	April 21, 2011

Report Number	Report Title	Issue Date
E-11-02	Evaluation of Amtrak's FY 2010 Fleet Strategy: A Commendable High-Level Plan That Needs Deeper Analysis and Planning Integration	March 31, 2011
E-11-01	Operation RedBlock: Actions Needed to Improve Program Effectiveness	March 15, 2011
105-2010	Strategic Asset Management Program Controls Design Is Generally Sound, But Improvements Can Be Made	January 14, 2011
219-2010	Price Proposal Audit: Amtrak Should Negotiate a Price Adjustment to a Major Acquisition Contract	January 12, 2011
504-2009	Incurred Cost Audit: Amtrak's Track Replacement and Related Improvements Contract	December 22, 2010
503-2009	Incurred Cost Audit: Amtrak's Design/Build Improvements Contract	December 13, 2010
508-2009	Questionable Contract Language Related to Interest Payable Under Kiewit Contract C069-93228 Sounder Preventive Maintenance Track Replacement and Related Improvements, Seattle, WA And Kiewit Contract C069-06834 South End Track and Related Improvements	December 2, 2010
407-2003	BNSF On-Time Performance Incentives: Inaccurate Invoices and Lack of Amtrak Management Review Lead to Overpayments	September 24, 2010
E-10-01	Amtrak's Strategic Planning	August 17, 2010
912-2010	American Recovery and Reinvestment Act of 2009: Assessment of Project Risks Associated with Key Engineering Projects	May 14, 2010
406-2005	CSX On-Time Performance Incentives: Inaccurate Invoices and Lack of Amtrak Management Review Lead to Overpayments	March 30, 2010
104-2008	Improvements Needed in Vendor Repair and Return Process	March 23, 2010

OIG MISSION AND CONTACT INFORMATION

Amtrak OIG's Mission	The Amtrak OIG's mission is to • conduct and supervise independent and objective audits, inspections, evaluations, and investigations relating to Amtrak programs and operations; • promote economy, effectiveness, and efficiency within Amtrak; • prevent and detect fraud, waste, and abuse in Amtrak's programs and operations; and • review and make recommendations regarding existing and proposed legislation and regulations relating to Amtrak's programs and operations.
Obtaining Copies of OIG Reports and Testimony	Available at our website: www.amtrakoig.gov.
To Report Fraud, Waste, and Abuse	Report suspicious or illegal activities to the OIG Hotline (you can remain anonymous): Web: www.amtrakoig.gov/hotline Phone: 800-468-5469
Congressional and Public Affairs	E. Bret Coulson, Senior Director Congressional and Public Affairs Mail: Amtrak OIG 10 G Street, N.E., 3W-300 Washington, DC 20002 Phone: 202-906-4134 Email: bret.coulson@amtrakoig.gov

REPUBLICAN MEMBER QUESTIONS FOR THE RECORD
To Mr. Ted Alves, Amtrak OIG
Full T&I Committee Hearing – Getting Back on Track:
A Review of Amtrak's Structural Reorganization
Wednesday, November 28, 2012, 10:00 a.m.

1. **Your testimony notes that Amtrak could save almost $600 million in fleet costs over the next 15 years if your recommendations regarding mechanical maintenance are adopted for the conventional fleet. Could you further explain those savings and how you arrived at them?**

   Yes, as described in our recent report on mechanical maintenance (OIG-E-2012-008, May 21, 2012), improving the reliability and availability of the conventional fleets to a comparable level as that achieved with the Acela trainsets would result in significant financial benefits to Amtrak and significant passenger experience benefits to its customers. As with Acela, better reliability and availability would lead to improved on-time performance. Not only would this directly support Amtrak's goal to improve customer satisfaction, but improved on-time performance would also have an impact on increased ridership and ticket revenue.

   In addition, there are other compelling financial benefits that come from improving maintenance practices. For example, if the availability of the conventional fleets were improved to the level of the Acela equipment, Amtrak could provide the same level of service with over 120 fewer conventional cars and 45 fewer conventional locomotives than presently required. Based on the estimates in Amtrak's February 2011 Fleet Strategy, this would save Amtrak almost $600 million in fleet procurement costs over the next 15 years. These estimated savings would be reduced to the extent additional costs are incurred to achieve the improved level of equipment availability.

2. **You noted in your testimony your work on enterprise risk management, could you explain a little further what that means and the benefits it provides an organization?**

   Certainly, first, it is important to note that enterprise risk management is a formal, systematic company-wide process that includes identifying and assessing risks, establishing plans for mitigating risks, monitoring the effectiveness of those plans, and reporting regularly on risks and effectiveness of the mitigation actions to company leadership including the Board of Directors.

   That process can provide many benefits, but at this point, for Amtrak, I believe the process would yield two key benefits. First, it provides a mechanism to identify and deal effectively with potential future risks that can adversely affect company operations and the achievement of strategic goals and objectives. In the case of Amtrak an example would be identifying risks that would negatively impact revenues and or increase costs of operations. A risk management process would add assurance that revenue and cost risks are mitigated and that the Chief Executive Officer and Board of Directors are informed of risks and can approve mitigation plans.

   Second, a mature risk management process has, at its foundation, sound, effective, and efficient business processes and internal controls. These two elements help ensure that risks affecting all areas of the business—such as human capital, safety of operations, and customer service—are addressed as a routine part of managers daily responsibilities. As noted in my testimony, this is an area where Amtrak can improve. Overall, our work shows that Amtrak, in general, lacks an organization-wide system of internal controls to provide reasonable assurance that operations are being carried out in an effective and efficient manner.

3. **Does implementing a risk-management framework for the company align with President Boardman's goal of running Amtrak more like a business? If so, how?**

   Yes, in my view it does because it establishes a best business practice that has been adopted by many world class private sector for-profit companies. For example, over the past 10 years boards of directors have become increasingly

aware of their responsibilities related to effective oversight of management's execution of enterprise-wide risk management processes. In 2004, the New York Stock Exchange (NYSE) adopted governance rules that require audit committees of NYSE-listed firms to oversee management's risk oversight processes. Then, in 2008, Standard & Poor's began explicitly evaluating an issuer's enterprise risk management processes as an additional component of their credit ratings analysis.

4. **In your testimony you mentioned that your office made recommendations regarding human capital management and that Amtrak has now hired a Chief Human Capital Officer who has developed a plan to implement your recommendations. Can you please explain the benefits this will have for the company?**

   We believe there will be many benefits. As we described in our 2009 report (E-09-03, May 15, 2009), there is a real danger that Amtrak will lose skilled craftsman and technical expertise faster than it can replace them. In fact, over a quarter of Amtrak's workforce will be eligible for retirement within the next five years. To help Amtrak address this critical issue and to improve the efficiency and effectiveness of Amtrak's management of its human capital, our report made 24 specific recommendations—including recommendations to reorganize human capital management within one department and to create a human capital officer position for the company to provide a single point of accountability for leading the strategic transformation in the management of human capital that must occur if Amtrak is to continue to be successful in the future.

   Investments in recruiting, developing, motivating and retaining highly qualified employees with the skills that are critical to Amtrak's current and future needs are required for Amtrak to maintain its position as the acknowledged leader in intercity passenger rail within the United States. To ensure these investments are spent wisely and targeted in the right areas, Amtrak's new Human Capital Officer is developing and implementing a comprehensive, corporate–wide human capital strategy that is tied to the company's strategic plan (strategic goals and objectives) and has the support of Amtrak's senior leadership and its Board of Directors.

5. **Do you think Amtrak will meet its deadline of finishing its reorganization by the end of fiscal year 2013? Why or why not?**

   We have not formally reviewed Amtrak's reorganization efforts, so I am not in a position to provide a precise answer. However, what I can say is that the keys for success in Amtrak meeting its reorganization deadline and achieving other improvement initiatives are sustained attention to and effective implementation of changes. If those two things do not happen, my view would be that the chances for meeting the deadline are not good. I would also note that I do not believe the completion date is the most important thing. While, I believe the actions should be timely, I am most concerned that they are comprehensive and they get it right.

6. **With regard to your testimony on information technology, did Amtrak give you an explanation as to why it did not perform more testing before deploying a new major system with respect to information technology management?**

   Yes, they provided us with their views during the course of our work and in their management comments in response to our draft report. In summary, Amtrak management stated that there might be some system performance issues after the Strategic Asset Management (SAM) deployment. However, they believed that they had conducted adequate testing to minimize them. Their judgment was the system performance issues could be handled as they arose during the implementation without causing significant disruptions to business operations. (001-2011, June 2, 2011).

   However, our post-implementation review of SAM showed that while program managers anticipated a certain level of implementation issues, the number, significance, cost, and time needed to address them have been greater than anticipated. As a result, the company is still dealing with adverse impacts on business operations and financial performance some 18 months after the deployment. (OIG-E-2012-012, May 31, 2012).

TESTIMONY OF

JAMES A. STEM, JR.
NATIONAL LEGISLATIVE DIRECTOR

SMART – TRANSPORTATION DIVISION

BEFORE THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE

HEARING ON
"GETTING BACK ON TRACK:
A REVIEW OF AMTRAK'S STRUCTURAL
REORGANIZATION"

NOVEMBER 28, 2012

SMART - Transportation Division
National Legislative Office
304 Pennsylvania Avenue, SE
Washington, DC 20003

Chairman Mica, Ranking Member Rahall, Members of the Transportation and Infrastructure Committee, my name is James Stem and I am the National Legislative Director of the Transportation Division of the Sheet Metal, Air, Rail, Transportation Union (SMART) The SMART Transportation Division, formally the United Transportation Union, is an organization representing approximately 80,000 transportation employees with active rail members working in all operating crafts (engineers, conductors, trainmen, switchmen). My message today is on behalf of the more than 3,300 career Amtrak employees that are represented by UTU.

Thank you for the opportunity to testify and comment on Amtrak's reorganization plan.

At the outset, our expertise is not in business organization or the oversight of workers as our members are on the receiving end of all this. We have had no complaints from the field about Amtrak's reorganization plan and support this effort to modernize Amtrak's operations.

We commend Amtrak for applying modern technology in managing Amtrak resources and personnel. Now that Amtrak is not operating from day to day in survival mode, with constant threats to its very existence, we are confident this well-planned reorganization will focus Amtrak's assets and workers in areas where the best improvements in service will happen.

Our Amtrak members are part of the transportation team who operates trains moving passengers to their destination safely and on time. This activity requires coordination with every aspect of the operation from mechanical inspections and repairs, to maintenance and repairs to tracks and signals, to the positioning and cleaning of the equipment, and dispatching of intercity and commuter trains to multiple destinations in many different directions.

Making changes in one area of operations also requires changes in other areas to ensure continuity of operations. Eliminating and consolidating layers of management responsibility in this reorganization plan is a productive move. We are encouraged that Amtrak made reductions in management last year and their new reorganization plan proposes to reassign even more management positions.

Amtrak should earn the support of Congress for this upgrade in their organizational structure. Amtrak operates with safety and customer service woven together as top priorities. Our operating crews fully understand that safety comes first and on-time

performance is our goal. This upgrade of operations furthers these priorities and positions Amtrak to meet the demand for increased rail passenger services.

Amtrak operating crews are among the most productive workers in the system. Every Amtrak employee should also be placed in a productive position that supports the needs of customer service and managed growth of operations. Our members are ready and eager to work. Assign us a train and provide instructions on where to go, and our members will show up for duty and get Amtrak passengers to their destination safely and on time.

Congress asked Amtrak to share a plan on how to improve services and reduce the travel times between major population centers. The Next Generation Plan provides a road map for improvement and identifies the funding requirements.

Amtrak's ridership set a record last year, and with an aging population, higher gasoline prices and highway and aviation congestion millions of more travelers will choose the train if the service is available and dependable.

Amtrak workers are prepared and well trained to provide services to our customers, but for us to succeed Congress must provide Amtrak with consistent and predictable multiyear funding for modernization and capacity upgrades.

Beyond reorganization, what Amtrak really needs is dramatic increases in capital investments. Amtrak's Next Generation Plan for the Northeast Corridor is outstanding. It will cut the transit time in half between Washington, D.C.'s Union Station and New York's Penn Station, as well as between New York and Boston.

Capital spending to increase speeds and upgrade Amtrak's infrastructure is the ticket to transporting American's in a cost effective and energy efficient manner.

We in labor are Amtrak's partners. We urge this Committee to allow Amtrak the latitude to reorganize if they wish, but more importantly, to authorize substantial amounts of additional money for Amtrak's capital needs.

Amtrak also plays a central role in financing Railroad Retirement, which is a self-funding pension, unemployment and disability benefit system that covers almost one million active and retired railroad workers. Changes in the federal treatment

of Amtrak, such as significant funding cuts or passenger rail privatization, could jeopardize the solvency of the system. We hope that any policy proposals generated by Congress will continue to preserve the sound financial health of Railroad Retirement.

Americans want a national intercity rail passenger network and Amtrak is uniquely able to fill that need. Highways and commercial aviation will not alone meet the nation's future passenger transportation needs and demands. The coordination of air and rail passenger services should be mandated to free more air slots and provide timely rail services for shorter travel distances.

A modern, efficient, intercity rail passenger system is a necessary part of a balanced transportation system. Congress should recognize that intercity rail passenger service requires public subsidies, just as our airline and bus partners do. Many airline executives are on record supporting the coordination of air and rail services to increase the capacity of our existing airports.

Congress is spending $40 billion annually on highways, which is more than has been spent on Amtrak in its entire 41-year history. While some say we can't afford vital public investment in Amtrak now, the fact is that our nation cannot afford NOT to make these investments.

I also want to make sure that this committee is aware of our full support for the expansion of our freight rail capacity as well. Amtrak and our freight railroads work together as partners and both have capacity needs that can be mutual goals. We support the expansion of Amtrak services and understand that this expansion also must address the capacity needs of our freight rail partners.

Thank you for the opportunity to testify and I'd be happy to answer any questions the Committee may have.

QUESTIONS FOR THE RECORD
TO
MR. JAMES STEM, JR.
NATIONAL LEGISLATIVE DIRECTOR, SMART UNITED TRANSPORTATION UNION
FROM
THE HONORABLE CORRINE BROWN
RANKING DEMOCRAT, SUBCOMMITTEE ON RAILROADS, PIPELINES AND HAZARDOUS MATERIALS
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HEARING ON
"GETTING BACK ON TRACK: A REVIEW OF AMTRAK'S STRUCTURAL REORGANIZATION"
NOVEMBER 28, 2012

1. In his testimony, the Inspector General stated that Amtrak suffers from outdated human capital management, training, and employee development processes that hinder its ability to perform effectively. In addition, Amtrak is increasingly at risk of encountering skills shortages as highly experienced, long- time employees retire. Do you agree with those statements and do you agree with the Inspector General's recommendations to Amtrak to (1) make improved human capital management, training, and employee development an Amtrak priority; and (2) direct the Chief Human Capital Officer to revise the Human Capital Action Plan to include actions that are responsive to our recommendations and with reasonable implementation time frames?

ANSWER:

I do agree with the encouragement from our Amtrak Inspector General for Amtrak to update their human resources programs and to also strengthen their training programs.

During the past decade while Amtrak has constantly been under attack from a few members of Congress and other interests attempting to return Amtrak Acela passengers back to the Delta Airlines Shuttles to New York or Boston, or to put those passengers back in their automobiles, Amtrak could not operate with a normal business plan. Any customer service business in transportation would normally have multiple experienced employees to work as foremen and supervisors for track, signal, and equipment repair. With the understanding that it takes years of training, experience, and mentoring to obtain the skills required to repair and replace equipment, track and bridge structures, signals, and station facilities, the Inspector General put his finger on the human capital that Amtrak must make as a top priority investment.

This issue is also directly related to the "Overtime issue", where Amtrak only has a limited number of highly trained professionals with the necessary skill sets and must utilize these highly trained employees on multiple shifts, instead of utilizing other available employees. A well trained and coordinated workforce will be a part of Amtrak's success in the future.

We also agree with the Inspector General's recommendation to the Chief Human Capital Officer to be responsive with reasonable implementation time frames. The urgency of updating

the training processes and adding the needed employees in a timely manner is also underscored by the attempts to reduce overtime payments to experienced employees.

2. This Committee continues to have hearing after hearing criticizing and attacking Amtrak. What kind of impact does this have on your employees and morale?

ANSWER:

Obviously Amtrak employees are required to be well trained, proficient in the use of computer systems and hand held communication devices, and also obviously well informed concerning the unfortunate attacks on Amtrak services generated by the US House Transportation and Infrastructure Committee. The high levels of professionalism required for all Amtrak employees, including the direct interaction with the public, has not suffered from these constant attacks.

The unreasonableness and the pettiness of some of the Amtrak attacks originating in this committee have become matters of humor for many of the seasoned Amtrak passengers in their interaction with our Amtrak operating crews. The attempts to either stop all food services on Amtrak trains or to require a private vendor to provide the services obviously received much attention from the revenue passengers that ride the trains daily and utilize the food services.

One member of Congress that rides Amtrak almost daily offered a humorous conclusion to the many attacks: "They are trying to stop the food service so people will not ride the trains – That did not work so their next attempt will be to stop all toilet facilities on Amtrak trains!"

Our Amtrak employees are a very resilient group that are very proud of their chosen occupation and the significant contribution that passenger rail makes to our society. Their disappointment in the multiple attempts to destabilize Amtrak and our Northeast Corridor has not rubbed the polish off their professionalism. The record number of our citizens that are choosing to ride Amtrak trains all over the country also helps keep their chins high and a smile on their face.

It will take more than a comparison of the cost of a diet coke to remove that smile.

3. What are your views on the "Safe 2 Safer" program?

ANSWER:

We strongly support Amtrak in the implementation of the Safe 2 Safer program. This program is not intended to replace the current safety and security practices, but is an approach to making the current programs even more effective. This program is a risk reduction multiyear

approach that will start with the CEO and the executive team, all supervisors, and then front line employees.

Safe 2 Safer aims to reduce injuries by creating a more collaborative environment in which employees are enabled to change at-risk behaviors to safe behaviors. This is accomplished through training, coaching, and greater accountability for supervisors, and broader employee engagement through peer-to-peer feedback. By fostering and sustaining a more collaborative environment, the program aims to make enduring changes in our attitudes toward safety, how we relate to one another, and ultimately how employees and supervisors all work together throughout the company.

We also would like to offer our congratulations to Amtrak President Joe Boardman for having the vision and the courage to implement this risk reduction program system wide on Amtrak.

4. What are your views on the changes that Amtrak is implementing, and do you have further recommendations?

ANSWER:

The only thing constant in life is Change, and change is the hardest thing for most people to accept. Amtrak has been making changes in their management structure recently, based upon long term planning and human resource requirements. As my testimony indicates, we support the new management structure that Amtrak has chosen and applaud the continuing focus on safe and on time operations.

Amtrak, like every other business operation in our great country, must change and embrace modern technology applications and the accompanying requirements for updated training. We have Amtrak Conductors that were working on Amtrak trains in the 1970's that are today meeting their passengers with new electronic devices containing all the information concerning the passenger and their ticket that was contained only the ticket office in the 1970's.

We also have many maintenance and repair crews utilizing new technology that did not exist five years ago. This new application of technology required additional training for the employee, is much more efficient and accurate, and also requires much less supervision.

We look forward to working with Amtrak and this T&I Committee to provide Amtrak with the expertise and the funding to meet the fast growing demands for Amtrak passenger services.

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