Statement of the
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Before the
Committee on Transportation and Infrastructure
United States House of Representatives

"Progress Report: Hurricane Sandy Recovery – One Year Later"

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Chairman Shuster, Ranking Member Rahall and members of the Committee: It is my honor to testify with my colleagues from the Department of Transportation and other Federal agencies and discuss the Federal Railroad Administration's Sandy Recovery efforts since the storm hit more than a year ago. In this testimony, I will summarize the Northeast Corridor's role from a national perspective, offer a summary of safety concerns and actions we took following the storm, give an update on our management of recovery funding to date, and an overview of our NEC FUTURE study.

The Northeast Corridor – A Unique American Asset

The Northeast Corridor (NEC or Corridor) has an extensive history, one which spans nearly 175 years. Long before Logan, John F. Kennedy, or Reagan National airports were built, and long before Interstate 95 came into being, the Northeast Corridor was the key artery for moving Americans among the major metropolitan areas of the Northeast. The first segments were constructed in the 1830s, and most of the significant sections were in place by the 1870s. The major bridges and tunnels built in the early 20th Century (and still in use) unified these segments into the Corridor we know today.

The NEC is a not a single, simple rail line – rather, it is a complex rail system in a complex ecosystem that is shared by interlocking networks of intercity, commuter and freight operations. It is one of the most heavily traveled rail corridors in the world, with more than 260 million annual passengers and over 250 businesses shipping freight over the line. The NEC serves an area that includes four of the ten most populous U.S. metropolitan areas, and that produces twenty percent of our gross domestic product while occupying less than two percent of the country's land mass.

Northeast Corridor – By the Numbers

Length:	457 miles
States Served:	8 + Washington, D.C.
Daily Passenger Trains:	2,200+ (spine) | 225+ (connecting corridors)
Daily Freight Trains:	50+ (operated by 7 freight rail companies)
Annual Amtrak Passengers:	11.4M (spine) | 3.6M (connecting corridors)
Annual Commuter Passengers:	247M (operated by 9 commuter railroads)
Market Share Rail/Air:	75%/25% (New York-Washington, DC)

Today, the Northeast region faces a series of challenges that must be addressed if the region is to maintain its global economic competitiveness and quality-of-life:

- **Population growth:** By 2040, an additional 6 million people are projected to live in the areas directly served by the NEC.

- **Mobility:** The Northeast is home to many of the United States' most-frequently-delayed airports, including four of the top five in 2011: Newark Liberty, LaGuardia and John F. Kennedy (New York), and Boston Logan. Highways in the Northeast are also highly congested; Interstate 95, which largely parallels the NEC, is routinely listed among the busiest and most congested roadways in the Nation.

- **Air quality:** Nearly 75 percent of residents in the region served by the NEC live in a nonattainment area for ozone pollutant levels.[1]

The economic vitality of the Northeast depends on our ability to meet these challenges. Substantial investments in the region's airports, transit systems, ports, and roadways are all part of the answer, but the Administration firmly believes that improving the Northeast Corridor should be central to the region's long-term mobility strategy. The NEC is currently capacity-constrained, however, and the region lacks an integrated, consensus-based plan for coordinated Federal and State rail investments. The Northeast Corridor FUTURE program, discussed further below, is intended to fill that gap.

Hurricane Sandy

In late 2012, America found out what life would be like without the Northeast Corridor when Hurricane Sandy came ashore, devastating the livelihoods of citizens all along the Eastern Seaboard.

Amtrak was fully shut down in the New York area for two days, and full service was not restored for weeks. Four of Amtrak's tunnels flooded, causing significant damage to its signal systems and burning out pumps. Track was damaged by washouts, debris slides, and damage to ballast, and six hi-rail and work trucks were lost. Amtrak had $2 million in damage to one of its power stations, and had to remove 80 trees from its right-of-way, including 15 that had damaged the catenary. Overall, Amtrak had $31 million in infrastructure and equipment damage, and $41 million in lost revenues. Freight railroads in the region generally did not have serious damage, except for the New York/New Jersey Railroad (formerly the New York Cross Harbor Railroad), which had four trailers housing office space swept into the harbor, two float barges destroyed, and a float bridge damaged. The New York/New Jersey Railroad's total losses have been estimated at $39.5 million.

[1] FRA staff analysis of data from the Environmental Protection Agency, National Ambient Air Quality Standards (NAAQS) database, for 2008 eight-hour ozone standards (http://epa.gov/air/criteria.html)

FRA had been making preparations prior to the storm, and helped coordinate with various agencies to move along repair and recovery actions before the last drop of rain had fallen. FRA activated its Emergency Relief Docket in anticipation of Hurricane Sandy's landfall. This action allowed railroads to apply for expedited, temporary relief from certain FRA regulations to aid in timely response and recovery. For example certain periodic inspection requirements were waived temporarily because inspection facilities were damaged or unreachable for a period of time.

FRA also coordinated a series of technical assistance conference calls during the week after the Sandy's landfall. Individual railroads, the Association of American Railroads (AAR), American Short Line and Regional Railroad Association (ASLRRA), and American Public Transportation Association (APTA) offered resources to the affected carriers. FRA facilitated these needs-assessment discussions, and coordinated requests for emergency regulatory relief. On these calls, each railroad provided a status report and identified needs for recovery. Those listening had the opportunity to identify and/or offer resources. The cooperation between the public and private sector railroads and FRA allowed for a safe and expedited recovery for the movement of people and goods in the Northeast after the storm.

FRA's Hurricane Sandy Recovery Grants

Hudson Yards

During the weeks following Hurricane Sandy, the limitations of the current set of tunnels under the Hudson River into Penn Station became apparent as crews attempted to repair and empty the flooded and damaged infrastructure from water. The Hudson Yards right-of-way preservation project provides an opportunity to secure a path to Penn Station that would otherwise be unavailable. Preserving the ROW supports Amtrak's efforts to improve the resiliency of the passenger rail system in response to disasters, particularly flooding, improve intercity and commuter rail system safety and reliability, and create options for expanding rail services to meet future demand. In addition to incorporating modern design features, the anticipated additional tunnels made possible by this ROW will be designed to withstand flood levels at the new ABFE+1 standard, meaning the flooding experienced during SuperStorm Sandy of the existing North River tunnels would not occur in these new tunnels. FRA received a transfer of $185 million from Federal Transit Administration (FTA) Sandy Recovery funding for the right-of-way preservation project, which will benefit intercity passenger and transit systems by providing much needed increased capacity in the future.

Prior to receiving a transfer of Hurricane Sandy Relief funds from FTA to FRA for Amtrak's Hudson Yards Right of Way Preservation Project, FRA requested that the U.S. Department of Transportation's Volpe Center conduct an independent cost validation of the Project. Volpe has done similar cost estimating and oversight work over the years for FRA on numerous Amtrak capital projects. For the Hudson Yards Project, the Volpe Team determined that the project methodology, design, and construction approach were logical and appeared to be the most feasible and best selection of the options available. Due to the constraints and nature of the project, including the non-competitive design-build approach, the project runs a risk of inflated costs. However, the Volpe Team concurred with Amtrak's decision to use Turner Construction

Company as an independent consultant to validate the project general contractor's (Tutor Perini's) cost estimate.

Overall, the costs provided to FRA by Amtrak for the Project were determined by Volpe to be fair and reasonable. Volpe provided additional recommendations to FRA on more detailed cost issues that should continue to be monitored. FRA has assigned a project manager in the field along with support staff in FRA headquarters and Volpe support staff to carry out the monitoring of the project. FRA's work with Volpe continues to be a successful collaborative relationship that leverages the expertise of resources within DOT.

$30 Million Repair Grant

Hurricane Sandy affected the entire U.S. Mid-Atlantic coastal region. Between October 26th and 29th, 2012, public transportation was shut down across the region including Amtrak's Northeast Corridor operations. During and immediately following this time, Amtrak mobilized vendors and staff to inspect damages, remove debris, dewater tunnels, restore signals and take other actions needed to repair equipment and restore operations as quickly as possible. The effort sought to uncover the full scope of damage to electrical systems, signals, lighting, emergency call boxes, etc. caused by wind, heavy rains and saltwater. Amtrak expects to experience continued equipment issues, failures and problems due to latent defects caused by saltwater. Repairs will attempt to address the expected latent defects that are now starting to present issues.

Amtrak has estimated repair work that totals $65,622,500. The first $30,248,000 (previously $32 million before sequestration) of total repair expenses that are not reimbursed by a third party are included in the FRA grant.

$81 Million Resiliency Grant

The Sandy Appropriations Act included $86 million for resiliency on the Northeast Corridor (now $81 million after the FY 2013 sequester reduction) which could be put to use immediately to prevent such widespread effects from a natural disaster in the future. However, the legislation also includes a restriction on Amtrak's ability to use its working capital funding for operating expenses in accordance with existing authority provided in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

Amtrak needs to have the flexibility to temporarily use the capital funds for operating expenses in order to manage the day to day cash flow needs of the corporation. Revenues and expenses don't necessarily match up exactly with the timing of the distribution of Amtrak's quarterly distribution of operating funding. With the temporary transfers, FRA and Amtrak assure that final expenditures for the year are in accordance with the appropriations act designated of funding for operating and capital expenses.

The Sandy Act provides that as a condition of eligibility for receipt of the $81 million grant, Amtrak shall not, after the date of enactment of the Sandy Act, use any funds provided for capital and debt service grants in the Sandy Act *or any other act* (e.g., the FY 2013 continuing resolution) for operating expenses which includes temporary transfers of such funds.

FRA and Amtrak concur that the best option for addressing the issue would be to include an amendment in an Appropriations bill to amend the Sandy Act to delete the prohibition on fund transfers. This could be simply accomplished by deleting the phrase "or any other Act" so that the restriction would apply only to the Sandy Act funding.

See below a current accounting of FRA's funding for Sandy Recovery:

Hurricane Sandy Relief Status

Project Name	Allocated Amount	Obligation Status	Obligated Amount	Amount Outlaid To Date	Expenses Incurred But Not Paid*
Hudson Yards Concrete Encasement Project	$185,000,000	Obligated	$185,000,000	$27,894,601	$13,000,000
Amtrak Sandy Repair	$30,248,000	Obligated	$30,248,000	$19,983,279	$0
Amtrak Sandy Resiliency	$81,291,500	Unobligated	$0	$0	$0

*Amtrak reports that it has an additional $13million in expenses incurred on the Hudson Yards project for which they have not yet submitted an invoice to FRA.

The devastating effects of Hurricane Sandy raise important questions about how we can mitigate the effects of similar storms in the future. As we rebuild, we need to focus our attention on ensuring that our transportation system is more resilient, on building more redundancy into the system, and on approaching the transportation planning process in a more regional way so as to coordinate the plans of the affected states.

Moving Forward: Status of the Northeast Corridor FUTURE Study

In February 2012, FRA initiated a comprehensive planning effort to define, evaluate and prioritize future investment alternatives for the NEC through 2040, and to develop a new Environmental Impact Statement (EIS) that is aligned with this vision. This effort – named NEC FUTURE – is one of the largest transportation planning programs ever undertaken, spanning hundreds of political jurisdictions across one of the most complex transportation, infrastructure, and land use environments in the world.

The NEC FUTURE program will establish a roadmap for future investment on the Corridor. NEC FUTURE consists of two coordinated documents: 1) a Tier 1 EIS that will assess the broad corridor-wide impacts of proposed rail improvements and 2) a Service Development Plan (SDP) that will define the vision for the NEC rail network.

NEC FUTURE will result in a comprehensive, immediately-actionable plan that accomplishes many objectives. FRA is focused on working with the railroads and states to examine the operations of the NEC and try to arrive at solutions that optimize the operational environment and provide for efficiencies – in how we invest, operate and maintain the region's railroad. The phased and incremental approach is a key component of NEC FUTURE. We must be focused on high priority projects that achieve benefits for regional travelers.

NEC FUTURE Objectives

- Upgrade & build capacity on mainline to meet 2040 commuter and intercity travel growth
- Evaluate options for more efficient railroad operations
- Evaluate needs and options for high-speed rail service
- Accommodate projected freight demand

Next Steps

The NEC FUTURE team continues to be focused on advancing technical work to define the Tier 1 EIS Alternatives, which will be further analyzed in the Tier1 Draft EIS in the months ahead.

The NEC FUTURE project currently has enough funding to get the team through February 2014. Maintaining momentum and forward progress beyond this date is critical to the ultimate success of NEC FUTURE, especially considering the complexity of the program and the number of stakeholders involved.

Without this funding, the program will have to be put on-hold, stalling momentum in public outreach and agency coordination efforts, as well as resulting in the potential loss of top-tier transportation experts who have built important relationships and technical expertise over the past year. Pausing and then restarting the effort at a later date would increase costs and result in an inefficient process, with potential duplications of effort in data collection/analysis and stakeholder coordination.

Now is the time to complete this program, especially in the aftermath of Hurricane Sandy – the right pieces and people are in place, we've generated substantial momentum and public focus on the effort, and the need for a coordinated and comprehensive blueprint to guide investment decisions has never been greater. We have seen how critical the rail infrastructure is to our economy and we cannot afford to not have a solid plan moving forward.

Conclusion

In closing Mr. Chairman, as one of our Nation's most vital transportation assets, the Northeast Corridor must receive the investments necessary to make it a secure, efficient asset for the future. We are proud of the substantial NEC service improvements that have been achieved in recent years, and are excited to proceed with the NEC FUTURE effort and continue prudent management of taxpayer funding for Hurricane Sandy recovery.

I would be happy to address any questions the Committee might have.

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