

**Before the Committee on Commerce, Science and  
Transportation**

**United States Senate**

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**Amtrak's Security,  
Safety, and Financial  
Issues**

**Statement of  
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Mr. Chairman, Senator McCain and Members of the Committee,

On September 11, the safety, security, and reliability of our nation's transportation network was called into question. As airline service ground to a halt following the terrorist attacks on the Pentagon and World Trade Center, the need for reliable and safe transportation alternatives became apparent. In the intervening weeks, various bills have been introduced that propose ways to improve security and otherwise strengthen rail service. These proposals include provisions for both the short- and long-term security and safety needs as well as a variety of options for facilitating modal growth.

Amtrak's authorization expires at the end of this fiscal year and a number of options need to be weighed concerning Amtrak's future and the future of intercity passenger rail. We expect that this debate will begin in the next few months and continue through the coming year. In the near term, however, it is imperative that the immediate needs of improving the safety and security of Amtrak's operations be addressed.

S. 1550, which was voted unanimously out of this Committee on October 17, as well as S. 1530, the subject of this hearing, both contain provisions for meeting those needs. S. 1550 contains earmarking provisions intended to ensure that the funds are used for their requested purposes and not diverted to other needs. We have criticized Amtrak's capital investment strategy in the past, which has funded projects intended to improve its financial condition in lieu of projects necessary to sustain the reliability and basic integrity of its system. Earmarking the funds provided for Amtrak's safety and security needs would ensure that similar choices could not be made about how to use these funds. S. 1550 also gives the Department a critical oversight role – first in approving plans before Amtrak can spend the funds, and then in auditing their use.

Rail-21 (S. 1530) also provides funds for Amtrak's projected longer-term needs, including increasing infrastructure and equipment capacity, as well as establishing loans and loan guarantee programs for a variety of rail projects. Funding of these provisions is premature. These provisions need to be considered, but should be evaluated as part of the larger context of the future of intercity passenger rail. Decisions need to be made about how rail service will be delivered in this country, where it will exist, by whom it will be provided, the appropriate role of States, and whether and what aspect of service should be subsidized and by whom. Approving provisions for long-term funding or capacity growth presupposes the answers to some of these questions.

Amtrak's current authorization expires at the end of Fiscal Year (FY) 2002. Rail 21 proposes reauthorizing Amtrak with \$1.2 billion in funds for FY 2003. We understand the benefit of such an action would provide the Congress with a broader window within which to conduct the necessary debate about the future of intercity passenger rail, but we think there is an alternative.

The Amtrak Reform and Accountability Act (ARAA) established an operating self-sufficiency mandate for Amtrak by December 2, 2002. It also established and directed the Amtrak Reform Council to oversee Amtrak's progress toward this goal and to make a "finding" at such point that it believes Amtrak will not meet its mandate. Such a finding sets into a motion a series of events, including the accelerated development and Congressional review of restructuring and liquidation plans. As an alternative to reauthorizing Amtrak for 2003, we would propose eliminating this "sunset trigger" provision or extending the windows in which the required plans would need to be considered. This would prevent the reauthorization debate from being compressed into a schedule that is too narrow to give full consideration to the wide variety of issues that need to be addressed concerning the future of national passenger rail service.

We also note that the funding authorized in S. 1530 represents Amtrak's early estimates for security and capacity-related expenses and capital needs. Amtrak has since revised its estimates to what it believes more accurately reflect its expected needs for safety and security-related projects. Our comments today refer to the revised estimates, which are also the figures reflected in S. 1550 that was voted out of this Committee on October 17. The following chart compares Amtrak's original (September 2001) and revised (October 2001) estimates.

<b>Comparison of Amtrak's Estimates of Security and Capacity Related Needs (\$ in millions)</b>		
<b>Funding Proposal Categories</b>	<b>Sep-01</b>	<b>Oct-01</b>
Systemwide Security		
Infrastructure and Equipment	\$ 430	\$ 454
Capacity Enhancements		
Infrastructure	949	929
Equipment	656	781
Tunnel Life Safety	998	998
Security Related Operating Expenses		
Existing Operations	77	NA
New Operations	41	61
<b>Total</b>	<b>\$ 3,151</b>	<b>\$ 3,223</b>

We appreciate the opportunity to comment on several aspects of Rail-21. These include:

- Fire and Life-Safety Needs in Pennsylvania Station-New York (PSNY) Tunnels,
- Funding for Security Related Operating Costs and Capital Improvements, and
- Reauthorization and Funding for Long-Term Growth Needs

### **Fire and Life-Safety Needs in Pennsylvania Station Tunnels.**

Both S. 1530 and S. 1550 provide full funding for the fire and life-safety projects in the Penn Station New York river tunnels. While these tunnels are shared by other users, we support providing the full amount, earmarked, to be available until expended. Joint planning on the program should be required, but developing and enforcing a cost-sharing program between other tunnel users could mean delays in completing the projects. New Jersey Transit will have its hands full in the next few years accommodating commuters who relied on PATH train connections to the World Trade Center. The Metropolitan Transportation Authority (MTA) will need to focus funds and attention on rebuilding subway lines damaged by the attacks. Without the life-safety improvements, the lives of passengers, railroad employees, and rescue personnel continue to be placed at unnecessary risk.

Eleven times in the past 2 years we have raised concerns about the long-standing fire and life-safety needs in the Penn Station New York river tunnels. Almost \$900 million is needed to fully address these needs, including the installation of adequate evacuation and ventilation facilities. Amtrak and the other users of the tunnels have been investing in the life safety program since 1976, but their efforts have focused on prevention, such as keeping track, signals, and equipment in a state of good repair rather than emergency response. These investments may be effective in preparing for known risks, but it is unlikely that these efforts would have been satisfactory in responding to a terrorist attack. Prevention is a good first line of defense but it is clear that it cannot be the only one. It is essential that conditions are at least minimally adequate to preserve life in the event of a large scale emergency evacuation.

Penn Station-New York (PSNY) is the busiest railroad station in the United States, with more than 750 trains and 500,000 transit, commuter, and intercity passengers passing through the station each weekday. The two North River tunnels<sup>1</sup> and the

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<sup>1</sup> The North River tunnels are the two tunnels beneath the Hudson River that connect New York City to New Jersey.

four East River tunnels, completed in 1910, serve as a vital commuter link between New York City and the surrounding area.

Narrow, winding, spiral staircases and crumbling benchwalls are inadequate to support the successful evacuation of what could potentially be thousands of passengers in the event of a serious tunnel fire or other emergency situation. Ventilation systems that cannot remove sufficient amounts of smoke or heat could further jeopardize the success of such an operation. The discussion of needs has focused to date on the likely outcome in the event of a serious tunnel fire. *In December 2000, we noted that the same systems necessary to preserve life in the event of a fire – ventilation, communication, and adequate evacuation facilities – are essential to the effective response to other incidents unrelated to an equipment- or train-related fire, including a terrorist act or act of nature.*

On September 11, 2001, the terrorist attacks on the World Trade Center claimed thousands of lives both as a result of the initial airplane attacks and then the collapse of the towers as workers attempted to evacuate the building. We were especially saddened to hear that among the New York Firefighters who lost their lives on September 11 were several Department officials who were instrumental in helping the OIG to identify the most critical safety needs in the PSNY tunnels. The Fire Department's concern -- then and now-- is that the firefighting and rescue facilities in the tunnels are not adequate to ensure that rescue personnel could safely and successfully perform their duties. The Commissioner wrote in November of 2000, "Should a major fire or emergency occur, the skill, dedication, courage and commitment of [the Department's] firefighters may not be enough to prevent a catastrophic outcome."

The initial estimate for completing all projects on a compressed, accelerated schedule is \$898 million through 2010. Although Penn Station and the tunnels are owned by Amtrak, New Jersey Transit and the Long Island Rail Road are also heavy users of the tunnels for their daily commuter operations. In the past, work in the tunnels and Penn Station has been jointly funded by all three entities. While joint funding may be the most equitable solution to addressing existing needs, it may not be the most efficient one. All three users have different funding cycles and mechanisms, and in the past, projects have been postponed when one or more entities have not able to meet their share of responsibility.

*It is our view that providing full funding earmarked for these projects is the best option for ensuring that these projects are done as quickly as possible. These funds should not be viewed as a financial benefit to Amtrak – these projects will have little impact on its financial condition – but rather, the direct beneficiaries of these funds are the more than half million individuals who pass through Penn Station and the tunnels daily. In fact, commuter traffic pattern changes since*

September 11 have increased traffic in the North River tunnels by 44 percent, with some trains operating at 40 percent over capacity.

Quibbling over who pays what share, or what pot of money it comes from only prolongs the timetable for addressing these critical needs, a timetable which the Fire Commissioner of the City of New York describes as, “completely unacceptable and a further exacerbation of problems that have gone uncorrected far too long.”

**Funding for Security-Related Operating Costs and Capital Improvements**

**Security Related Operating Costs.** Although Amtrak asserts that its ridership numbers increased as a result of disruptions in air service following the September 11 attacks, unanticipated demand and additional security precautions caused expenses to grow commensurately. Amtrak’s security officers and police worked overtime to provide additional security in stations and on board trains, and maintenance crews monitored vulnerable bridges and tunnel entrances 24 hours a day. Amtrak originally projected that the expenses associated with responding to the September 11 attacks would exceed revenues resulting from increased demand. Amtrak initially requested \$77 million to cover this net expense. It has since revised its cost estimates downward and is now only requesting funds to cover expenses related to increasing its police and security forces and instituting new procedures.

Amtrak now estimates that it will need approximately \$61 million in operating assistance to augment its security personnel, police officers, and K-9 units; and to institute other permanent safety and security measures. The following chart identifies the estimated annual costs of permanent security-related improvements. These are new costs associated with augmenting existing security efforts.

**Annual Operating Costs Related to Enhanced Security Measures  
(\$ 000)**

Expansion of Aviation Unit (helicopter lease & 12 Detectives)	\$ 2,990
Leased Vehicles (SUVs) and patrol bikes	1,095
Police Officers (150) - train riders/patrol	10,411
Security Officers (250) - patrol yards, bridges, tunnels, reservation centers	11,292
Civilian Staff/Corporate Security	669
Terrorism/Crimes Analysis Intelligence Team	354
Canine Units (20) for patrol/bomb detection	1,828
Applicant Investigation	980
Rapid Response Team (equipment/uniforms only)	457
Engineering/Maintenance/Inspection	30,761
<b>TOTAL</b>	<b>\$ 60,837</b>

Clearly, the level of security-related operations necessary to ensure the safety of its services will strain Amtrak’s already tight operating budget. Amtrak’s annual cash losses are already at a level that it will find difficult to cover through existing resources. It would be unfortunate if Amtrak’s decisions concerning whether, and to what extent it chooses to increase the level of security to respond to the new threats were primarily motivated by financial concerns. Federal funding earmarked for specific security-related expenses would ensure that Amtrak is able to provide whatever safeguards are appropriate and necessary to sustain the safety and security of its operations.

**Security-Related Capital Needs.** Amtrak has also requested approximately \$454 million in funds for capital projects intended to increase systemwide safety and security. The following charts identify the equipment and infrastructure investments Amtrak believes are appropriate to provide sustained heightened security in the wake of the September 11 attacks.

<b>Enhanced Infrastructure Security and Safety (\$000)</b>	
System Infrastructure Security- Alarms, CCTV, Fencing and barriers and lighting	\$ 375,880
RR incident Command System	16,750
Incident tracking - Police Crime Analysis	6,200
Passenger Information Retrieval System	5,800
Train Locator and Tracking (GPS)	5,000
Quicktrack upgrade	4,300
Mail and Express shipment tender software	1,245
Mail and Express Tracking - RF scanning	1,210
Employee ID badge system	538
Notification system	120
Bomb resistant trash containers	75
<b>Total</b>	<b>\$ 417,118</b>
<b>Enhanced Equipment Security and Safety (\$000)</b>	
Head End Surveillance Recorder	\$ 10,234
Remote engine cut off	6,712
Rapid Repeater Upgrade	4,320
Hy Rail Vehicle Rescue	4,000
Bomb detectors	4,000
Rapid Response Mobile Command Units (2)	3,000
Satellite Communications on trains	1,754
Package Express	1,400
Enroute train service	1,304
Hazmat detectors	651
<b>Total</b>	<b>\$ 37,375</b>

In recent years Amtrak's investment strategy has been driven substantially by its need to improve its financial condition. As a result, important projects, including ones that improve operational reliability or enhance security of equipment or infrastructure have lost out in the past in favor of investments that can provide a quick and significant return on investment.

This is a strong argument for earmarking of the funds provided through this or other legislation designed to fund Amtrak's safety and security-related needs. The events of the past few weeks have clearly underscored how important these projects are, despite the fact that their results may not be immediately visible. Earmarking these funds serves two important purposes: one, it would ensure that the funds are not diverted to other spending needs, and two, it would provide the Department with necessary oversight and audit responsibilities.

### **Reauthorization and Funding for Long-Term Growth Needs**

The Amtrak Reform and Accountability Act of 1997 (ARAA) authorized nearly \$5.2 billion in funding for Amtrak between fiscal years 1998 and 2002. There is no provision in the ARAA for funds beyond 2002. There are several provisions in S. 1530 that extend Amtrak's funding, provide for Amtrak's growth needs and provide long-term funding for new corridor development. In our view, the debate on the future of passenger rail service and Amtrak's respective role should be conducted first before decisions are made about which needs should be funded, at what level, and through what mechanism.

### **1-year Extension of Authorization**

S. 1530 would extend Amtrak's authorization by one year, providing \$1.2 billion in funds for Amtrak in 2003. A national discussion is needed about the future of Amtrak, the future of intercity passenger rail, and the extent to which these two should be intertwined. This discussion may start in the halls of Congress, but will need to include participation by states, cities, private industry, and the traveling public.

We understand that the reauthorization provision would allow the Congress more time to fully address the range of issues necessary to decide the future of Amtrak and intercity passenger rail. But we believe there is an alternative. Repealing the Amtrak Reform Council's "sunset trigger" provision or extending the windows in which the resulting restructuring and liquidation plans must be addressed would provide an adequate window to fully evaluate options for the future of passenger rail service.

## **Repeal of the “Sunset Trigger”**

The ARAA requires Amtrak to meet operating self-sufficiency by the 5<sup>th</sup> anniversary after passage of the law (December 2, 2002). After this date, no Federal funds could be used for operating needs, except those explicitly exempted in the law. The ARAA created the Amtrak Reform Council (ARC), which was tasked with monitoring Amtrak’s progress towards its self-sufficiency mandate. Section 204 of the ARAA establishes requirements for the ARC to notify Congress and the President at such point that it finds that Amtrak will not meet its self-sufficiency mandate as defined by the Act. This finding, known as the “sunset trigger” sets into motion several processes, including a 90-day window in which Amtrak must develop and present to Congress a liquidation plan and the ARC must develop and present to Congress a restructuring plan. Section 205 of the ARAA defines the Senate procedure for consideration of these plans. S. 1530 proposes repeal of Sections 204 and 205 of the ARAA.

Amtrak's focus right now, and appropriately so, is on improving the security and safety of its operations, while adjusting to the new demand that it is facing in the wake of airline service reductions. If the ARC makes a finding under Section 204 of the ARAA and exercises the sunset trigger provision, Amtrak will be forced to redirect its energies towards developing a plan to liquidate its assets and cease operations.

Eliminating the sunset trigger would allow Amtrak to keep its focus on improvement rather than dissolution. It would also allow the Congress to consider Amtrak’s future and the future of intercity passenger rail on its own timetable, not one driven by the 90 day clock that starts ticking as soon as the ARC pulls the sunset trigger. If the provision is not eliminated, extending the windows for developing and evaluating the plans should be considered. Our concern is that the sunset trigger provision, as is, could force decisions to be made at a time and within a timeframe that are not appropriate to fully address the range of issues that need and require careful consideration.

## **Capacity-Related Costs and Improvements**

As part of the \$3.2 billion estimate of post-September 11 funding, Amtrak has also requested \$1.7 billion in funds for projects to make infrastructure improvements, and to overhaul and purchase new equipment to increase capacity to meet projected demand growth. These projects consist of the following:

<b>Amtrak's Estimates for Capacity Related Improvements</b>	
(\$ in millions)	
<b>Infrastructure Capacity</b>	
NEC - southend - infrastructure capacity	\$ 485
NEC - northend - infrastructure capacity	243
NY - Penn Station access and egress	101
Chicago infrastructure - capacity	100
<b>Total Infrastructure</b>	<b>\$ 929</b>
<b>Equipment Capacity</b>	
Procurement of new equipment as dictated by demand	\$ 540
Upgrade 11 locomotives and 18 coaches scheduled for retirement and overhaul 22 locomotives and 213 coaches	224
Repair 7 locomotives and 32 coaches in wreck status	17
<b>Total Equipment</b>	<b>\$ 781</b>
<b>TOTAL Infrastructure and Equipment</b>	<b>\$ 1,710</b>

All of the equipment and infrastructure projects included in the estimate are included in Amtrak's 20- year capital plan and are based on growth that Amtrak anticipated would occur during that period. This planning was completed prior to September 11 and the projected growth and planned capacity improvements to accommodate this growth are exclusive of any additional demands anticipated to occur as a result of September 11. At this point, it is not apparent how the events of September 11 will accelerate demand for additional capacity, nor to what extent the planned capacity improvements will need to be augmented.

Our congressionally mandated annual assessment of Amtrak's financial needs will be issued within the next few weeks and will include preliminary results of our analysis of projected growth in passenger demand. We have updated our forecasts to reflect changes in travel characteristics resulting from the events on September 11. Our results will provide some indication of the extent, timing, and duration of demand changes. Until a complete analysis of the likely long-term effects of the terrorist acts on Amtrak's long-term passenger demand is completed, it is premature to provide funding for capacity-related projects.

### **Funding Beyond 2003**

Several funding proposals have been introduced in the House and Senate including a variety of bond and loan guarantee mechanisms that would provide long-term funds for high-speed rail and corridor development. While some of the proposals specifically designate Amtrak as the bond issuer, others leave the option open for States, private companies, or coalitions to apply for and administer funds. If one of these measures were to be enacted, it could preempt the decision-making process that needs to occur during the reauthorization debates.

Congress and the other stakeholders in passenger rail must decide on the future of intercity passenger rail and Amtrak's role in providing such. Until those decisions are more concrete, it is premature to make long-term funding decisions that presuppose the outcome of that debate.

Mr. Chairman, this concludes our statement. I would be pleased to answer any questions.