

STATEMENT OF SECRETARY OF TRANSPORTATION BROCK ADAMS, BEFORE THE
SUBCOMMITTEE ON SURFACE TRANSPORTATION OF THE SENATE COMMERCE COMMITTEE
DEALING WITH THE NORTHEAST CORRIDOR IMPROVEMENT PROJECT

March 16, 1979

Mr. Chairman and Members of the Subcommittee:

I am pleased to meet with you today to discuss the Northeast Corridor Improvement Project--which we call NECIP--and to answer any questions you may have on the status of the program. We have made significant progress in implementing the NECIP to date, but our success in reaching our shared goal of fast, safe, and dependable intercity rail passenger service in the Northeast--as a model for the rest of the nation--depends on our willingness to renew and indeed extend our commitment. I have with me some key members of the Federal Railroad Administration/Northeast Corridor Project team who can expand on my remarks and provide more detailed answers to your questions.

As you know, the Northeast Corridor Improvement Project was authorized originally in the 4R Act of February, 1976. Title VII of that Act authorizes a Federal investment of \$1.75 billion and, among other things, requires the Department to meet trip-time goals of 3 hours and 40 minutes between Boston and New York, and 2 hours and 40 minutes between New York

and Washington, and to establish regularly scheduled, reliable service at those trip-times by February 1981. It has turned out to be a monumental undertaking.

I had a hand in writing the legislation; and, when I became Secretary of Transportation, I inherited responsibility for executing the project. Over the course of 1977, I carefully evaluated the progress that had been made and became convinced that a number of problems existed in the conduct of the project. It became evident to me that these problems were not being properly addressed. I was particularly concerned that the focus of the project was too narrow--and that we were addressing only the needs of the intercity rail passengers without due regard to the companion needs of commuters and freight operations. Disturbing, also, was the fact that equipment planning was not proceeding in pace with planning and design for track and service facilities.

I was also concerned about what we were building, how long it would take, and how much it would cost. I knew that the \$1.75 billion originally authorized represented an extremely tight budget. I also knew that a five-year period to achieve reliable service with substantially reduced trip-times represented an extremely optimistic completion schedule. I discovered, as we assessed the situation, that we did not really know whether the authorization level was sufficient to adequately satisfy the

trip-times specified in the 4R Act.

As a result of these concerns, I announced at a special meeting at the Transportation Research Board, on January 4, 1978, that I had directed FRA to undertake a thorough reexamination of the NECIP. This reexamination, which has been called the Redirection Study, formed the basis for many of the conclusions we will be discussing today. The redirection effort was a long and exhaustive process, but the need was clear, and the concept was simple, namely:

- o to take a hard look at projected intercity passenger traffic in the Corridor;
- o to take a new look at projected commuter and freight traffic in the Corridor and to examine the relationship of those services to the new high-speed intercity service;
- o to develop an operating plan which would best accommodate the requirements of all users in the Corridor, and then, and only then;
- o to develop an improvement program which would support all the users of this vital and historic piece of railroad.

The Redirection Study is complete and was made available to you earlier this year. I would like to outline for you the key conclusions and recommendations of this very significant report.

If our proposals are accepted, the first year in which the improved NECIP service will have a major impact will be 1984. At that time, we can reasonably expect that in the Corridor, Amtrak will carry 15 million passengers over more than 19 hundred million miles, thus generating \$223 million in revenue. During this same year, Corridor local and regional transportation authorities will carry about 30 million Corridor commuter passengers paying about \$40 million in fares. In addition, about 100 million commuters will be carried on facilities directly connecting with the Northeast Corridor. These passengers will pay some \$150 million in fares. Conrail will carry over 7 billion gross ton-miles of freight over the Corridor as well.

By 1990, Amtrak will generate some \$321 million in high-speed intercity passenger revenue. If this level of activity is actually reached, Amtrak will break even on Corridor operations by the mid to late 1980's. The commuter authorities will be receiving \$50 million in commuter fares, plus \$120 million for connecting services; and Conrail could carry about 8 billion gross ton-miles of freight for an undetermined amount of revenue.

As these figures show, the Northeast Corridor is an absolutely vital transportation artery for both passenger and freight in a region where about 20 percent of our nation's population lives. The system offers real benefits not only to the users, but to all inhabitants of the area because improved rail service will mean cleaner air as we rely more heavily on an all-electric power system. Increased use of rail transportation will reduce auto and air traffic congestion in the region and enhance economic development of the central cities served. Another potential benefit is the cushion that a strong rail system in this region can provide in the event of a disruption of regionwide transportation such as occurred during the oil embargo of 1973--1974. We currently face an uncertain future with regard to fuel supplies, and the operation of the Corridor with electric power largely generated by coal and other fuels--rather than oil--is a real plus. The existence of an efficient, integrated transportation system providing ready access to all users is essential and deserves continued government support.

Combined passenger and freight traffic in the corridor constitutes one of the most complex rail operations in the world. Even though passenger train traffic predominates, the NEC plays an especially vital role in servicing freight shippers in this vital economic region. As previously mentioned, commuters share significantly in the use of the same railroad.

Since all services must operate together there is a clear need for the integration of operations on a day-to-day basis as well as on a long range planning basis.

In recognition of this need, the Redirection Study recommends the establishment of a Train Planning Unit. This unit will insure that the interests of all rail users in the Corridor are given consideration throughout the planning process and beyond. Commuter, freight, and intercity passenger interests throughout the Corridor will be represented on the TPU and the resources of both FRA and UMTA will be mobilized to support this effort. Support for this concept has been voiced by potential participants, and we have received assurances of cooperation as we move forward to establish the TPU.

Let me emphasize the importance of this concept. With such an operating group, we will be able to publish a Corridor timetable to link commuter and intercity schedules as well as to minimize interference between freight and passenger trains. Freight operators will be better able to plan their schedules and thus, avoid operating costs due to delays. As the demand for additional trains emerges, we will be able to evaluate the impact throughout the Corridor of local schedule changes, not just in the local areas. We will also have a forum in which the common interests of all passengers and shippers in the region can be identified, discussed and resolved. This is a major step forward.

The Redirection Study reflects a major effort by FRA's Northeast Corridor Project office to ensure that the new Corridor facilities yield maximum benefit to--or at least minimize harmful impacts on--Corridor commuter authorities and Conrail. This has not always been an easy task because, at least in the short run, Amtrak, commuter, and Conrail interests do not always coincide. I believe we have made considerable progress in this regard over the last six months. We are confident that a full mobilization of FRA and UMTA resources, combined with a flexible approach toward electrification implementation schedules, will permit us to take maximum advantage of these major rail improvements. The important point is that we are fully aware of the urgent need to work closely with Amtrak, Conrail, and the commuter authorities and are making every effort to do so. I should add that we have received genuine cooperation from representatives of the commuter authorities. In addition, FRA, Amtrak, and Conrail have been working closely on a daily basis to resolve freight-passenger operating problems.

With respect to Amtrak's major equipment needs, we have now determined the extent of the investments in rolling stock that will be necessary and which the Department will support in order to accommodate the expected Amtrak passenger load. We support the upgrading of 34 Amtrak Metroliners, and more significantly, we will support the purchase of up to 67 new lightweight high-speed locomotives as part of Amtrak's capital development

program. The new AEM-7 locomotive, hauling Amfleet cars, will be the workhorse of our high-speed service.

The Department is also well aware of the commuter agencies' rolling stock needs and the impact that modernized electrification and signaling will have. We will fund from within the NECIP authorization the cost of converting commuter equipment so that it may operate with the new electrification and signaling systems. This commitment applies to existing commuter equipment that still has a useful service life.

Equipment that is not worth the investment because of its age or condition may be replaced by the agencies in the usual manner with UMTA support.

Probably the most significant conclusion of the Redirection Study is the clear need to seek the proper level of Federal support for the Northeast Corridor Improvement Project, and a realistic amount of time to complete it. After a great deal of review, I have concluded that we simply cannot avoid the cold, hard fact that the current authorization of \$1.75 billion will not be sufficient for us to provide the necessary facilities required to meet the 4R Act trip-times and to run an efficient operation which can cover operating costs. Perhaps more important is that the currently planned level of investment will not adequately provide for the future demands for service in the Corridor. Accordingly, I am

recommending that the Congress provide an additional \$654 million in project authorization, to bring the total to about \$2.4 billion. This amount together with separately authorized funds for grade crossing elimination and for Union Station in Washington brings the total Federal investment in the NEC mainline rail system to \$2.5 billion.

I think the fact that the President supports such an increase, in the face of major budgetary constraints, speaks for itself. Our goal is to make the Corridor an economically viable, even profitable entity, and we will work with Amtrak to pursue this goal vigorously in the arenas of both cost and pricing. We and Amtrak believe that the goal of breakeven service is achievable based on what we can now project about future economic and operations conditions. The "breakeven" expectation for mainline corridor operations is, in fact, a major factor in our support for an authorization increase. If we spend more money now, to do the job right, there can be a real payoff later. If there is further delay, or the project is not adequately funded, the financial benefits to Amtrak will not be realized, and the need for continued subsidization will only add to the costs we must bear to support the national passenger system.

I must also tell you that we cannot complete all work on this project until the end of calendar year 1983, well after the February 5, 1981

service deadline set out in the 4R Act. Even if it were possible for work to be completed by that date, the wholesale disruption of service that would be caused by a required all-out level of construction on the right-of-way would result in unacceptable train delays. Accordingly, we are now facing a construction stretchout of several years. We are recommending a more realistic project completion date of five years from enactment of this legislation. As construction progresses, however, we expect to realize a steady phase-in of faster, more comfortable, more reliable service, and a better on-time performance.

In addition to the foregoing major results of the Redirection Study, the FRA has determined what improvements could be made in the management of the project. The issue of management effectiveness has been examined in detail during oversight hearings as well as by the GAO. Let me tell you what we have done, and will be doing, to improve the NECIP management situation.

The best place to start is by summarizing some of the past management problems and by placing them in perspective. In general, the suggestion has been made that there are basic flaws in the way the program is organized and managed, and that as a result, there has been inadequate planning and less than satisfactory performance. However, this is only

part of the truth. When we took a look at the way the program evolved, the compromises that were made, and in retrospect, the unrealistic demands that were imposed by the authorizing legislation, I concluded that the project managers had been laboring under a number of handicaps that have only recently been fully appreciated.

I discovered that the most fundamental problem was the fact that, contrary to the intent of the 4R Act, the \$1.75 billion authorized and the February 1981 targeted completion date were not initially accompanied by a realistic and detailed work program. In addition, Amtrak, on whom the Department relies for a great part of the work, lacked the construction experience required of it, and it was severely understaffed. FRA likewise had to develop an internal project organization while simultaneously bringing on board a large architect-engineering firm with the required extensive rail design and construction experience. In the struggle to stay on schedule, FRA undertook concurrent program development, planning, design, and construction. Only secondary consideration was given to the potential negative effects of construction on train operations.

This combination of factors--unrealistic resources and goals, rapid organizational build-up, Amtrak's lack of large scale construction experience, and concurrent program development, planning, design, and construction--led to a variety of problems. In brief, the project was

headed in a direction that would have been unsatisfactory to the users, to the Administration, and to the Congress.

A number of concrete actions have been taken which, I believe, have brought the problems under control. We now have a new management team at FRA's Northeast Corridor Project Office, at Amtrak and at Deleuw, Cather/Parsons (DCP), our architectural and engineering consultant. The new teams have brought a new set of personalities and perspectives to bear on the problems and have measurably improved the vital working interrelationships.

We have completed the Redirection Study so that the NECIP is now realistically defined in physical terms. We now know what we want to build. This one fact will contribute immeasurably to our ability to manage the NECIP's schedule and cost. Among other things, this will result in the near future in a final Corridor master plan and a construction sequencing plan. In addition, a series of planning and control systems can be made operational now that we have a physical base line on which to build. I cannot stress enough the importance of this accomplishment.

I am pleased to report to you that we have completed negotiations with DCP so that the final FRA/DCP contract will be signed in the very near future. The indemnification issue has been resolved along the lines

required by the Congress in Title I of the Department of Transportation FY 1978 Appropriations Act.

We have initiated intensive and constructive discussions with Amtrak in order to clarify and agree on the roles and responsibilities of the two organizations and on the role which DCP should play in supporting both FRA and Amtrak. The results of these discussions will be a new contractual relationship whereby a number of the well-documented procurement, design, and construction delays will only be bad memories. We are firmly resolved to eliminate the unnecessary bureaucratic roadblocks that have plagued the project from its inception. While I doubt that there will ever be a textbook Amtrak/FRA relationship, I am confident that, with the able assistance of Alan Boyd, we can reduce any conflicts to manageable proportions. We have also engaged in a wide range of discussions and studies in conjunction with Conrail and local commuter authorities. Such studies include analyses of the operating interactions between NECIP and commuter operations in Pennsylvania and New Jersey, as well as future freight-passenger operations in the Corridor.

I am pleased to emphasize that we now have a foundation for an integrated rail transportation system in the Corridor. Perhaps even more important, we have discussed and coordinated this plan with key representatives of all users--Amtrak, Conrail, and the commuter agencies. Although each of

these users has specific reservations or even objections to limited aspects of the NECIP plans, I believe each of the users broadly supports both my investment recommendations and the realistic schedule which I propose. For the first time since the inception of this project, we are working effectively toward a common goal.

Before closing, I want to point out that all our problems have not been solved. But we have established the framework within which we intend to operate. Obviously, there are hundreds of subordinate details to be worked out. But we have opened the channels of communications with all involved agencies to work out these details, and we intend to succeed.

In conclusion, I want to emphasize that this project should not be viewed as a regional effort, which would be of benefit only to some and not to others. It is truly a model--and a demonstration for the nation that high-speed, energy efficient rail transportation can indeed be a sensible alternative mode of transportation under appropriate circumstances. The uncertain availability and the increasing cost of oil, makes enhanced investment in the potentially energy efficient rail mode a sensible policy in our densely populated Northeast region.

I hope the Congress will join with me in supporting the Administration's recommendations. I would be pleased to answer any questions you may have.