

APPENDIX

**Statement by Wick Moorman
President and Chief Executive Officer, Amtrak
April 28, 2017
New Jersey Legislature Joint Hearing**

Chairman Gordon, Chairman McKeon, members of the Senate and the Assembly, and fellow witnesses, good morning and thank you for the honor of appearing before you today. I'm Wick Moorman, Amtrak's president and CEO and I'm joined by Scot Naparstek, our Chief Operating Officer. We are here today to talk about the recent derailments in New York Penn Station and the larger set of issues pertaining to the Northeast Corridor in this region.

I will start by trying to place the incidents of the last weeks into the context of the unique operational challenges that we face due to the congestion and fragility of Penn Station. I will also talk about how we at Amtrak believe we can work with our commuter partners to improve the immediate situation at Penn Station, as well as the larger challenges that we all face of keeping this complex and congested rail system flowing. Scot will then speak to you about the derailments themselves, and about the challenge of operating and maintaining a railroad under conditions of congestion so extreme that every task is a minute-by-minute operation.

However, before I begin, let me tell you a little about my role here at Amtrak. I recently became CEO after retiring as CEO and Chairman of Norfolk Southern after a great 40 year career of freight railroading. Although I was very happy in retirement and certainly not looking for a new job, I was convinced to come to Amtrak for a while because I believe that what we do is incredibly important to the country and I wanted to give back something to an industry that I love. My aim for my tenure and the aims of our Board of Directors are fairly straight forward. I'm here to help Amtrak become a great corporation with a strong safety culture that is efficiently delivering an excellent product across all of our markets. Additionally, as a former "track guy", an area of real focus for me is improving our infrastructure, including our maintenance and capital project capacity.

Penn Station Capacity Constraints

So, with this introduction, let me turn to New York Penn Station, which all of you know is the busiest railroad station in America. Three operators use the NEC station tracks. Long Island Rail Road operates trains into and out of Penn Station from the east through the East River Tunnels to Long Island, while New Jersey Transit trains move east and west through the twin Hudson River Tunnels. And of course, Amtrak also uses this infrastructure, operating 12% of the traffic, or 156 train movements per day, through the terminal.

The station accommodates more than 1,300 weekday train movements on an infrastructure designed in a very different era, for lower levels of traffic. Since 1976, the total number of train movements at Penn Station has doubled. In both real and proportional terms, growth in commuter train traffic accounts for the majority of that increase. Amtrak has added 112 additional movements, a 72% increase, and the number of commuter trains has more than doubled since 1976, from 505 to 1034, with New Jersey Transit having grown the most, in both real and proportional terms, from 147 daily commuter trains in 1976 to 456 in 2014 – more than 200%.

Let me note that the 661 train movements that Penn Station accommodated in 1976 were a historic high at that time. The station was never intended to carry that volume of traffic, let alone what it carries today. This is not just a track issue; the platforms, for example, were designed to accommodate far fewer people than you typically get on a heavily loaded rush hour train which may have upwards of 1,200 passengers. As a result, they are very narrow, with even narrower stairwells that force long loading and discharge times. Also, obvious to all, is the huge effect that the loss of the grand passenger "head house" in the 1960's has had on passenger waiting and ticketing space and the overall passenger experience. The fact that the station can handle the volume of traffic today at all is a real testimony to the tenacity, fortitude and skill of all of the railroaders at Amtrak, Long Island Rail Road and NJ Transit that have kept the place running, but we are operating at the limits of the possible.

The long term consequences of this were demonstrated dramatically when Amtrak train 2151 derailed on Friday, March 24. The derailment happened at a switch that connected what we call the "lower tracks" (1-6) with the North Tube of the Hudson River Tunnel. It blocked routes to and from the South Tube and tracks 1-11 in Penn Station, as well as the "Empire Connection," which Amtrak trains use to reach Metro-North tracks for our services to Albany, points in upstate New York and as far west as Chicago.

The results were a dramatic illustration of the consequences of a comparatively small infrastructure failure at Penn Station. New Jersey Transit suspended service into and out of Penn Station between 9 AM and 4 PM, when limited outbound service was resumed, with some delays. I will let New Jersey Transit speak to the impacts they incurred, but note that in addition to these significant disruptions, Long Island Rail Road lost the use of more than 50% of its normal track space. Twenty-nine of the 87 scheduled afternoon LIRR trains were cancelled, affecting another 70,000 passengers. Sixteen Amtrak trains had to be canceled or truncated, and another twenty terminated at Croton-Harmon, where we had to make alternative arrangements to move the passengers to their destinations. We estimate that about 7,500 Amtrak passengers were directly affected, and the impacts continued into Saturday.

There are a lot of challenges that come with maintaining such a heavily-used piece of infrastructure, and those are compounded tremendously by age and lack of investment. Scot will provide you with details on the derailments, and he will talk about some of the challenges that come with trying to maintain Penn Station under these conditions. I do want to address up front the notion that Amtrak is not maintaining the Northeast Corridor. This is incorrect. To the contrary, we have done a good job maintaining old and fragile infrastructure that supports the highest density of train traffic in North America. This is borne out by New Jersey Transit's on-time performance records for their NEC service. It would be simply impossible for NJ Transit to be achieving 90% or better on time performance over the NEC if the railroad was not being adequately maintained. In fact, NJ Transit's on-time performance over the NEC has been better than Amtrak's own performance for the last 5 years.

This does not mean we can't do a better job at maintaining this important asset. We should, we can and we will. In fact, getting better at things like maintenance is, as I said, part of the reason I was brought in to help lead Amtrak. But everyone needs to understand that the railroad is not and, frankly never has been, in a true state of good repair, meaning that many of the assets that make up the infrastructure are past the point at which they would normally be replaced. This doesn't mean that the assets are unsafe, but it does mean that they are prone to problems which impact reliability and performance and also increase the maintenance requirements in the station. We've publicized this fact for decades now and

made it very clear that while we have the responsibility of maintaining the NEC, we cannot and will not pretend that the years of underinvestment and steady traffic growth have not created a situation where reliability will be far below what all of us desire.

Let me now take a moment to also describe our view of the roots of this situation. As you know, the Northeast Corridor is the mainline that connects all of the region's major cities. As these cities have grown and highway congestion has increased, the NEC has become the critical connection linking busy suburban commuter rail systems to central business districts up and down the Corridor.

Throughout much of Amtrak's NEC ownership, this critical mainline and its capital needs were thought to be the primary responsibility of the Federal government and Amtrak, whose intercity service was the principal reason the railroad was transferred to Amtrak in 1976. Given this, the various commuter railroads generally paid Amtrak only a portion of the operating and capital costs attributable to their use and enjoyed low-cost access to existing NEC capacity. Meanwhile, the Federal government was not providing the funding necessary to make up for the amounts other users were not investing.

This situation created a circumstance where all NEC users had strong incentives to maximize their immediate use of the existing Corridor, with the hope that the Federal government would one day deal with the capacity constraints and state of good repair issues that were now being exacerbated by even greater use. While railroads up and down the NEC invested in increasing service, buying new equipment and building new stations, the core assets that support the whole network were getting older and more fragile. Within Penn Station, while no one doubts that the investments that grew services along the NEC were beneficial to the public, the lack of investment in the basic major infrastructure by all parties has now created an untenable situation.

It was the recognition of this situation that led Congress to pass the passenger Rail Investment and Improvement Act (PRIIA) in 2008. PRIIA created the Northeast Corridor Commission, which was empowered to develop and implement a cost-sharing mechanism for the full operating and capital costs of the NEC to all of its users, to ensure that adequate funding could be made available for investment in this infrastructure. The state of New Jersey is a key member of this commission.

After several years studying the issue, the NEC Commission developed a new common cost sharing policy, which adjusted the historic levels of payments between owners and users of the various parts of the NEC to reflect current usage. For NJ Transit, this meant the need to increase capital payments to Amtrak for the part of the NEC infrastructure they use to a range of \$82-105 million annually. This covers the basic infrastructure renewal work, with the amounts to be phased in over a period of years. The policy also increased New Jersey Transit's contribution to operating costs, which cover station operation and maintenance, policing, train dispatching, infrastructure and investment, and basic maintenance to \$97 million, on an annual basis. The increased financial obligations went into effect on October 1, 2015 and Amtrak and New Jersey Transit completed agreements implementing this arrangement earlier this year. These agreements also committed Amtrak and New Jersey Transit to work together in a robust joint planning process that will help New Jersey Transit understand how their capital funding is being used and ensure that their priorities are reflected in the 5-Year and annual investment program that are now developed by the NEC Commission.

This support is very welcome, and although the funding levels for the NEC from Amtrak, the Federal government and all of the agencies are still far from adequate to achieve a true state of good repair

anytime soon or substantially advance major projects like the Gateway Program, this increased investment from New Jersey Transit will allow us to significantly turn the tide of underinvestment for this portion of the NEC.

But funding alone won't solve all of the problems, because the challenges of infrastructure maintenance under the conditions prevailing at Penn Station are only partially financial. The heavy traffic pattern at the station makes the work of day-to-day maintenance and repair extraordinarily challenging, since much of the work can only be done late at night or on weekends. This challenge is only going to get harder as we undertake the major renewal and improvement projects that must be done prior to the Gateway Program being completed.

As Amtrak has testified before, Gateway is the ultimate solution to a complex set of challenges that confront us in the New York area. In addition to the new capacity it will ultimately deliver, there are the risks to the existing infrastructure that must be addressed. As all of you know, both the East River Tunnels and the Hudson River Tunnel were inundated during Super Storm Sandy, and the long-term damage from the immersion in salt water will require a complete rebuilding. To do that, we need to build another tunnel first, in order to preserve the 450 daily train trips through the two tubes of this tunnel, which carry more than 200,000 passengers every weekday. Similarly, a new Portal Bridge must be built and various other elements of the NEC between Newark and Penn Station must be replaced to preserve current services. Thankfully, I'm glad to be able to report that on these issues, New Jersey Transit and Amtrak are in lock-step and have an excellent partnership in place, along with the Port Authority, and US DOT, to try to advance these essential projects. There's not a moment to lose, given the conditions we face and the impact that a long term disruption could have on the entire region.

Gateway Program and New Penn Station Initiatives

So, while the Gateway Program is the best solution to the problems we face at Penn Station, it's clear there is a pressing need for near-term solutions. That's why we announced a series of initiatives yesterday that are designed to strengthen the infrastructure at Penn Station and improve operations and preparedness as well. The initiatives we are proposing will include:

- The **New York Penn Station Infrastructure Renewal Program** which will expedite major track and switch renewal work over the course of the coming year. As Scot will describe, we will be jointly developing this plan and the related train schedules with NJ Transit and the LIRR over the coming weeks, with the absolute goal of trying to get this work done as quickly as possible with the least amount of disruption for all passengers;
- The **New York Penn Station Passenger Concourse Coordination Review**; an independent review of the interaction, coordination, and collaboration of the various railroads' passenger concourses within Penn Station. The review will be conducted by former Metropolitan Transportation Authority CEO and Chairman Tom Prendergast, with assistance from all three carriers;
- **Development of a Joint Station Concourse Operations Center** to bring together the managers of the various concourses and leverage technology to improve coordination, enhance the passenger experience, and better respond to disruptions and other incidents, similar to the Penn Station Control Center, which we operate today to move trains into and out of the terminal; and

- **Assemble a Safety and Security Task Force** in coordination with our partner railroads, First responders, law enforcement and other stakeholders to review protocols relating to disabled trains, and ensure that we have adequate procedures which are well documented, trained, and exercised on an as-needed basis. We are also creating a mobile response team to address potential station overcrowding during peak periods, and making some equipment changes to improve communications and surveillance.

These important short-term measures will help to improve the immediate conditions and our collective response capacity at Penn Station, but we need to move beyond the approach of “patching” fixes to our infrastructure. That’s going to be a challenge, because of the limitations we face – limits to money, and even more importantly, limits to our ability to work on a narrow, tight, heavily congested, and highly complex piece of infrastructure. Cooperation will be vital, because we will have to adjust train schedules and modify operations to support some of the upcoming maintenance work. The key to success will be a strong partnership between all of the railroads at Penn Station, and a commitment to work together to get a real solution that delivers better reliability and better performance.

To this end, Amtrak recently received a letter from NJ Transit’s Executive Director, Steve Santoro, asking Amtrak for additionally information, new rights, changes in protocols and a stronger partnership between us. While we are still evaluating those requests, I can promise you that Amtrak is eager to work collaboratively to address the issues in Penn Station and the Northeast Corridor together with New Jersey Transit and that generally, I believe that our organizations have a very good working relationship at the ground level. I look forward to working together with Steve Santoro, our other colleagues at New Jersey Transit and all of you to chart a better future befitting this region, the economic and culture capital of the world.

I believe we have to do this, because our futures are bound together in this railroad. None of us can tolerate a future where service disruptions like these will be more and more a part of our lives. Amtrak is the owner and operator of the NEC and we understand our responsibilities. We will work jointly with our partners to do what we must to stabilize the condition of the infrastructure now. But there’s a longer term goal that we must all keep in mind – and that is staying vocal, staying united, and working together to pursue our common aim of getting the Gateway Program built, so that Penn Station and the Northeast Corridor have the capacity they will need to serve this region for decades to come.

Press Release: Amtrak President and CEO Wick Moorman Announces New York Penn Station Improvement Initiatives

April 27, 2017

WASHINGTON – Amtrak President and CEO Wick Moorman today announced a series of initiatives to strengthen railroad infrastructure and improve operations and preparedness at New York Penn Station, the nation's busiest rail station and transportation facility.

"After only a short time here at Amtrak it has become apparent to me that we need to accelerate major renewal work in New York Penn Station," said Moorman, who became CEO in September 2016. "Using our limited resources, we have made this renewal project a priority to ensure the continuity of travel in the region. Without these improvements, Amtrak, NJ TRANSIT and the Long Island Rail Road could continue to see major disruptions, which could also have an impact on passenger safety."

Moorman added, "We at Amtrak understand the steps that must be taken to ensure a safe and reliable railway and will be working throughout the summer and beyond to make the required improvements. We will be collaborating with our partners at NJT and the LIRR to plan this work in order to minimize disruptions and inconvenience for our customers who rely on us for service."

"The simple fact of the matter is that some of the track and infrastructure in service today at Penn Station was built in the 1970s at a time when we were handling half the trains and a third of the customers that we do today," Moorman said. "While a substantial amount of reconstruction has already been done at New York Penn Station, the remaining renewal work has been scheduled to take place over the next several years in order to minimize impacts on scheduled services. We can't wait that long. This work needs to be done now."

The Penn Station Improvement Initiatives include:

New York Penn Station Infrastructure Renewal Program

Amtrak will undertake a series of major track and switch renewal projects in Penn Station, beginning with the western portion of the station area. The first set of projects will occur in the area of tracks and switches known as "A Interlocking," which serves as the critical sorting mechanism routing trains that enter Penn Station from the Hudson River tunnels and the Long Island Rail Road's West Side Yard to the various station tracks and platforms. While Amtrak has maintained and repaired this aging infrastructure, some of which dates to the 1970s, full replacement is now required to improve the reliability of this infrastructure at this critical moment in the station's history. Rather than proceed with the full replacement of these components across an extended period stretching out over several years, as originally scheduled, Amtrak now plans to advance this work through a series of major projects beginning in May and continuing through the fall in order to quickly achieve the benefits of this renewal work for our partners and passengers. In addition to the work in A Interlocking, further renewal work of

various station tracks will be undertaken through approximately June 2018, with a majority of that work done on weekends.

These projects will require track closures, operational coordination and schedule changes, which will impact the service of all of the railroads operating in Penn Station. Amtrak will work with our partner railroads and other affected entities as we develop the schedule for this needed work and will make every effort to minimize disruptions to all customers. Once this plan is finalized, we and our partner railroads will communicate the plan and its impact to the public and provide continuous updates as the work progresses.

New York Penn Station Passenger Concourse Coordination Review

Amtrak has commissioned former Metropolitan Transportation Authority CEO and Chairman Tom Prendergast to independently review the interaction, coordination and collaboration between the railroads' various passenger concourses within Penn Station. The review will focus on the current methods of managing daily operations within the station concourses, including during disruptions, events or incidents, as well as look for opportunities to strengthen coordination between all parties to improve the passenger experience, safety and security. While Amtrak is the owner of Penn Station, passenger concourse operations and control of various areas within the station are managed individually by Amtrak, LIRR and NJT. Mr. Prendergast will review these relationships and develop recommendations on how the three railroads, working with other relevant parties, can improve the passenger experience, signage and wayfinding, video and communications, and incident response across the entire station.

Development of a Joint Station Concourse Operations Center

Amtrak is proposing that the three railroads serving Penn Station develop a joint station concourse operations center that brings together the managers of the various Penn Station concourses and technology to strengthen coordination, enhance the passenger experience and improve our responses to disruptions, incidents and other events that occur anywhere in the station. While the tracks and other railroad operational elements of Penn Station are controlled at the Penn Station Control Center facility, which brings together all three railroads in various capacities, management of the station's passenger concourses lacks a similarly integrated facility to promote information-sharing, joint decision-making and the leveraging of technology. Amtrak will be seeking the support of LIRR and NJT to jointly plan, develop and staff a new facility at Penn Station and will use the results of the Penn Station Passenger Concourse Coordination Review to further inform these efforts.

Safety & Security

In the next several weeks, Amtrak will assemble a task force with our partner railroads, first responders, law enforcement and other stakeholders to review protocols relating to disabled trains and ensure that adequate procedures are documented, trained and exercised. The task force will also examine the need for additional equipment and technology and review the functions of personnel during an incident to ensure that existing protocols are comprehensive and appropriate.

The findings of the task force will be used to help inform the Penn Station Passenger Concourse Coordination Review efforts.

Additionally, Amtrak is creating a mobile response team to address potential station overcrowding during peak periods, further equipping its New York Division Amtrak Police Department (APD) officers with multi-band interoperable radios to improve intra-agency communication and is already in the process of updating its Video Surveillance and Access Control System design for Penn Station platforms, tunnels and ventilation shafts.

Additional information and updates about the New York Penn Station Improvement Initiatives will be posted at Amtrak.com and Amtrak.com/NYPrenewal.

About Amtrak®

THE NORTHEAST CORRIDOR

CRITICAL INFRASTRUCTURE FOR THE NORTHEAST

"The Northeast Corridor is an economic engine that provides America a competitive advantage in the global marketplace. The nation needs to invest in the NEC now so it can maximize its mobility and the economic benefits which we all enjoy."

- Wick Moorman, CEO, Amtrak

AN INTRODUCTION TO THE NORTHEAST CORRIDOR

The Northeast Corridor (NEC) is an essential artery serving major cities in the northeast region, connecting Washington, DC to Boston, Mass. with connecting corridors to Harrisburg, Pa., Springfield, Mass., Albany, NY and Richmond, Va. Most of the corridor is owned by Amtrak, with New York State, Connecticut Department of Transportation and the Massachusetts Bay Transportation Authority owning parts of the northern section. The Northeast's five major metropolitan regions – Boston, New York, Philadelphia, Baltimore and Washington, DC – rely on Amtrak services for a significant and growing share of business and leisure travel and on NEC infrastructure for the daily commuting needs of their workforces.

In addition to operating the *Acela Express*, *Northeast Regional*, and Long Distance rail services on the NEC, Amtrak serves as the infrastructure manager for the majority of the NEC, providing dispatching services and electric propulsion power and maintaining and improving the infrastructure and facilities that are used by the commuter and freight rail services.

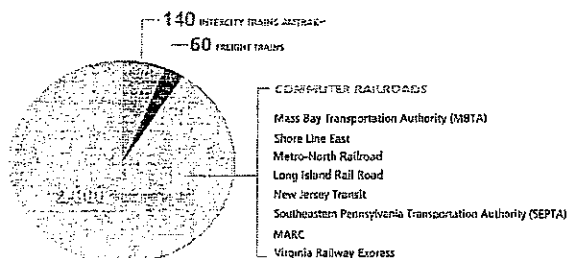
The NEC is an incredibly intricate railroad system and one of the most complex and congested railroad territories in the world. More than 260 million passenger trips are made on the NEC per year, of which more than 17 million annual trips are made by Amtrak passengers. The balance of these trips are provided by the eight commuter railroads that share the NEC. In total, over 2,100 passenger trains and 60 freight trains operate on the NEC every day.

In the context of such heavy daily use, much of the NEC - which was built in its current form around the early part of the 20th century - is in need of rehabilitation and is approaching the limits of its capacity. The rail assets are in need of redesign and replacement in order to provide frequent, reliable, and high-speed rail service into the next century and new capacity to accommodate a growing population and economy.

NEC AT-A-GLANCE

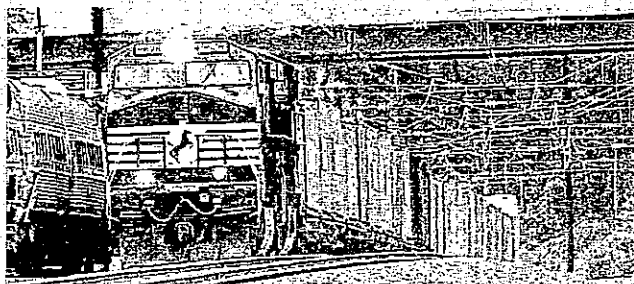
- 457 mainline route miles
- 260 million annual passenger trips
- 2,200 daily trains
- 150 mph:
Top train speeds
- 100 years:
Age of 7 of Amtrak's
12 movable bridges
- \$50 billion:
Annual contribution
to GDP of workforce
moved by the NEC
- \$100 million:
Potential economic
cost of a one day loss
of service on the NEC
- 7 million jobs within
a 5-mile radius of an
NEC station

MIXED TRAFFIC ON THE NEC



2,200 DAILY TRAINS

SOURCE: AMTRAK



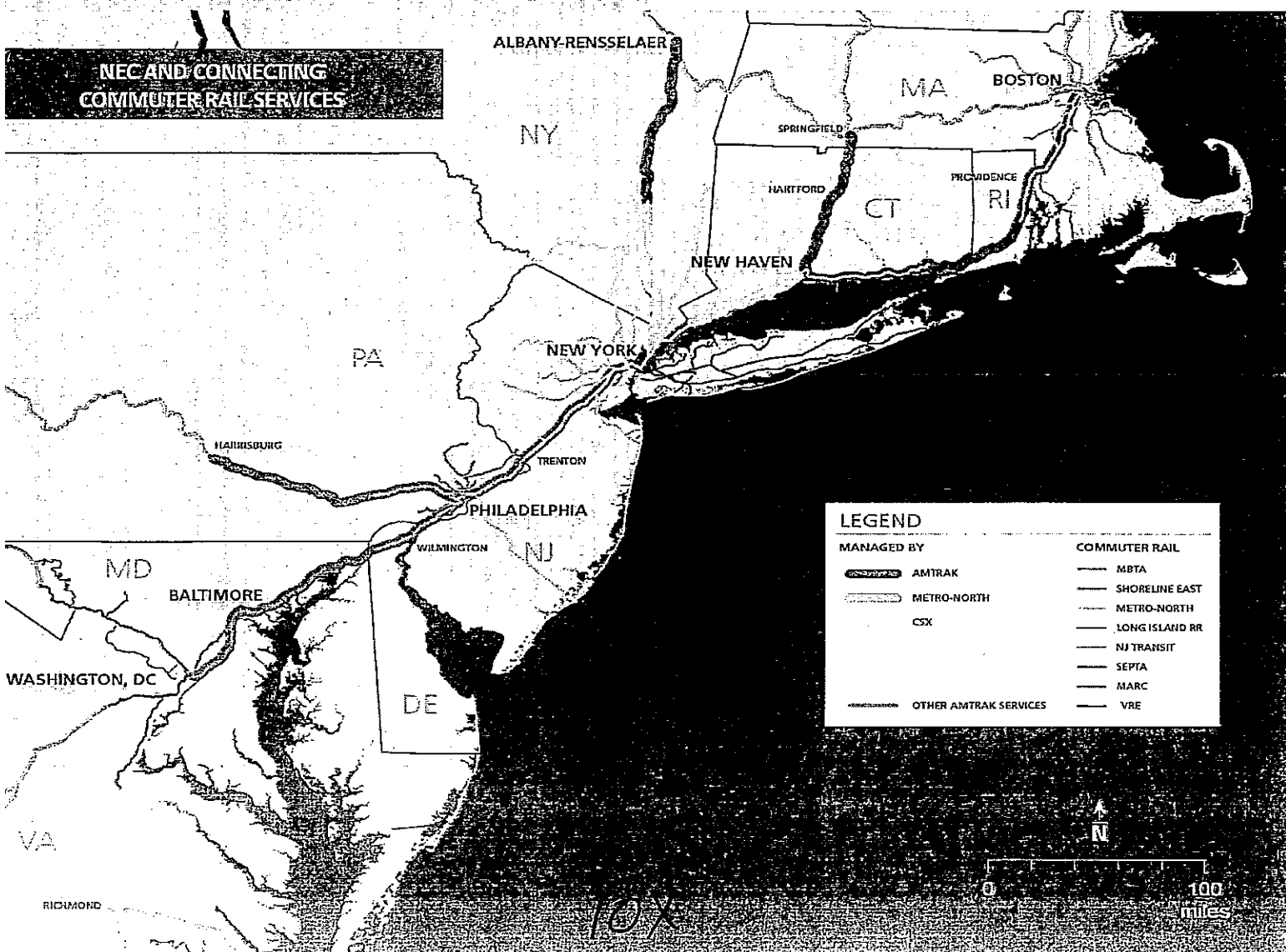
Above: An Amtrak Northeast Regional passes a Norfolk Southern freight train near Perryville, Maryland.

STEWARDS OF INTERCITY RAIL, COMMUTER RAIL, AND FREIGHT SERVICES

Amtrak's intercity trains account for a small share of train movements on the Northeast Corridor, with eight commuter railroads also providing service over the NEC. Amtrak and these commuter railroads depend upon each other for reliable operation of their services and for delivery of critical infrastructure. Respective ownership and operation territories are shown in the map below.

As required by the Passenger Rail Investment Improvement Act of 2008, Amtrak and the other users of the NEC have adopted a cost sharing methodology to more equitably apportion the costs of maintaining the corridor through the Northeast Corridor Infrastructure and Operations Advisory Commission (NEC Commission). This federal directive which prohibits cross-subsidization among the railroads, will result in a more predictable source of funding for maintaining the NEC and will provide a foundation for a shared investment strategy.

NEC AND CONNECTING COMMUTER RAIL SERVICES



A VISION FOR THE FUTURE

In 2012, Amtrak created a vision for a high-capacity, high-performance railroad featuring a major upgrade and expansion of the existing NEC. This upgrade program seeks to accommodate increased demand for commuter, intercity, and freight service with dedicated high-speed tracks. The expanded capacity would also allow for dramatically increased train frequencies, raise speeds and reduce trip times to world-class levels. A suite of improvement projects, some under construction, are already advancing in support of these twin goals.

This NextGen high-speed rail vision for the NEC has been one of the many inputs into the Federal Railroad Administration's NEC FUTURE planning process, a comprehensive planning study and environmental review process to evaluate future investment options for the Northeast Corridor. When fully completed in 2017, this landmark report will be the crucial first step to improving this national asset and speeding up high-speed rail in the NEC. Amtrak will continue to work closely with all stakeholders – the Federal government, states, cities, and the railroads – to prioritize these improvements and turn this vision of a renewed, modern Northeast Corridor into reality.

UNLOCKING CORRIDOR CAPACITY

As the busiest and most complex railroad in America, the NEC faces severe capacity constraints. Many of Amtrak's improvement projects aim to expand capacity on the Corridor, making room to run more frequent trains, trains at higher speeds, or to carry more passengers with upgrades to Amtrak's equipment. These projects also serve to enhance capacity by reducing delays associated with the operating infrastructure components that are aged beyond their design life.

Examples of corridor capacity projects include:

- **New high-speed trainsets** and associated infrastructure upgrades valued at \$2.45B that will expand Acela high-speed services by 2021.
- **The Gateway Program** which will double track capacity between Newark, NJ and New York Penn Station and add new tracks and concourses at Penn Station where the NEC is most constrained.
- **The New Jersey High-Speed Rail Improvement Program** which will upgrade infrastructure along a stretch of the corridor in New Jersey to accommodate 160 mph speeds and serve as a model for modernizing the rest of the corridor.

MAJOR STATIONS PLANNING AND DEVELOPMENT

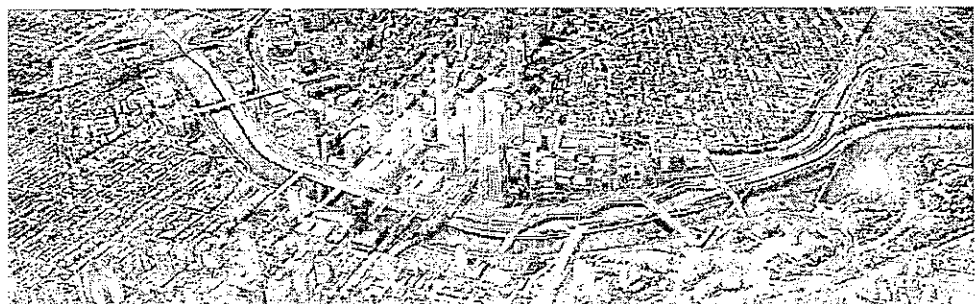
Amtrak has initiated planning and development efforts at its major stations along the NEC recognizing that these stations act as critical urban gateways and regional hubs. These plans look to address the challenge of increasing passenger demand on aging infrastructure, with a focus on optimizing the value of Amtrak's extensive portfolio of rail and real estate assets.

Washington Union Station's 2nd Century plan seeks to double passenger and train capacity by modernizing and expanding station facilities over the next 20 years. Early action construction will start in 2017 to expand and modernize the passenger rail concourse, while environmental review progresses consecutively for the comprehensive redevelopment of the station's rail yard.

At Baltimore Penn Station, Amtrak anticipates selecting a Master Developer partner in summer 2017 to execute a phased redevelopment/expansion of the station and Amtrak's adjacent land. This public-private partnership will expedite development potential and drive revenue for critical infrastructure improvements.

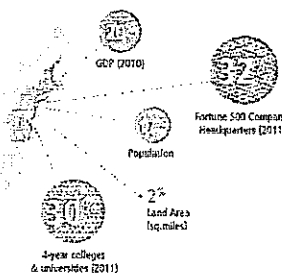
Philadelphia 30th Street Station, Amtrak and its partners recently completed a joint planning study for 30th Street Station and the surrounding area that lays out a vision to support 40 acres of new open space and 18M SF of new development, including an entirely new mixed-use neighborhood atop 88 acres of rail yards on the Schuylkill River. The Plan, pictured below, is a road map towards an exciting new neighborhood, an incredible gateway for Philadelphia, and a center for new economic growth and opportunity.

In New York City, Amtrak is engaged in a comprehensive planning effort that envisions moving Amtrak's passenger operations across 8th Avenue to the planned Moynihan Station at the Farley Post Office and expanding Penn Station as part of the Gateway Program. In the context of these planned future investments, Amtrak is also working with its partners Long Island Rail Road and NJ Transit to develop a roadmap for incremental improvements in the existing station that will improve pedestrian circulation and way finding.





nec.amtrak.com



SOURCES: U.S. CENSUS BUREAU, 2010; BUREAU OF ECONOMIC ANALYSIS, 2010; U.S. DEPARTMENT OF EDUCATION, 2011; FORTUNE MAGAZINE, 2011

A POWERHOUSE OF ECONOMIC OUTPUT

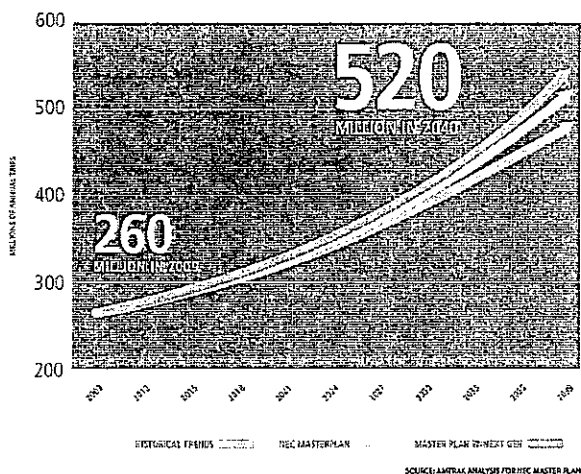
While occupying only 2 percent of the nation's land area, the Northeast is home to 17% of the nation's population and produces 20% of the nation's GDP representing a \$2.6 trillion economy. The NEC moves a workforce that contributes \$50 billion annually to the American economy and an unexpected loss of the NEC for one day alone could cost the nation nearly \$100 million in transportation-related impacts and productivity losses.

GROWING RIDERSHIP ON THE NEC

The NEC serves approximately 260 million annual passenger trips among Amtrak and the eight commuter railroads that share the corridor, a figure that has been growing historically at an average rate of 2 percent a year. This growth is expected to continue through mid-century, reaching over a half billion annual passengers by 2040. This growing demand for rail services is driven by population and job growth in the Northeast Megaregion and increasing congestion on alternative modes, such as highways and aviation.

CONSIDERABLE INVESTMENT REQUIRED

Depleted funding sources, rapidly growing demand, and aging infrastructure has resulted in a critical need for infrastructure investment. Investment needs on the NEC mainline total approximately \$52 billion to accommodate current use of the corridor and the next 20 years of growth.



1907	1907	1910	1906	1915
Connecticut River Bridge Old Saybrook - Old Lyme, CT	Pelham Bay Bridge Hutchinson River, NY	Portal Bridge Hackensack River, NJ	Susquehanna River Bridge Havre de Grace - Perryville, MD	Bush River Bridge Edgewood - Perryman, MD

SOURCE: AMTRAK

An Amtrak Northeast Regional train crosses the Susquehanna River Bridge. A half-century old, the bridge is a major bottleneck along the NEC and is currently under environmental review for its replacement.

12x

THE GATEWAY PROGRAM

Critical Capacity Expansion to the Northeast Corridor

PROJECT OVERVIEW

The Gateway Program is a comprehensive program of strategic rail infrastructure improvements designed to improve current services and create new capacity that will allow the doubling of passenger trains into Manhattan. The program will increase track, tunnel, bridge, and station capacity, eventually creating four mainline tracks between Newark, New Jersey, and Penn Station, New York, including a new Hudson River tunnel. The program will also strengthen system resiliency with the modernization of existing infrastructure, and updates to the electrical system that supplies power to the roughly 450 daily trains using this segment of Amtrak's Northeast Corridor.

PROJECT SUMMARY

Timeline	Target Completion: 2030
Funding	Amtrak has received \$15 million annually from FY 2012 - FY 2014 through a special fund set aside in Amtrak's federal capital appropriation to initiate Gateway Program planning and pre-construction work. Amtrak also received \$185 million in the Disaster Relief Appropriations Act of 2013 for the Hudson Yards Right-of-Way Preservation Project in FY 2013.
Partners	Amtrak is seeking to collaborate with all potential users of the future capacity provided by Gateway, and will engage with local, regional, and national partners as the program develops.
Status	Construction is underway to preserve the future potential pathway of the Gateway tunnel through Hudson Yards, west of Penn Station. A System Level Design study is underway, to be followed by Program Development.

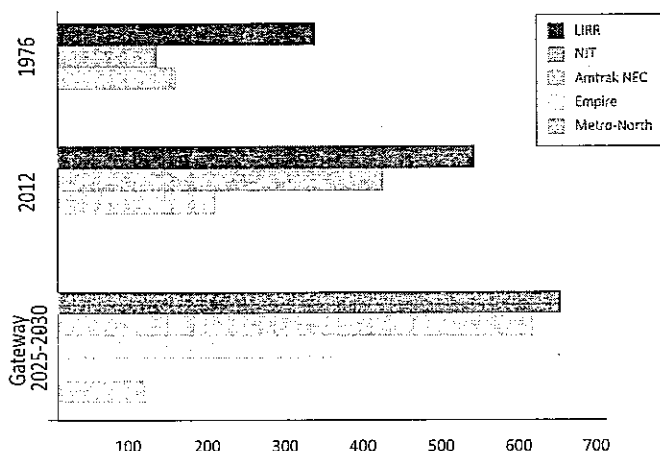
WHY IS THE GATEWAY PROGRAM NEEDED?

The Northeast Corridor (NEC), connecting Washington, DC and Boston, MA, is at or near capacity at many locations, but nowhere is the demand on the existing rail system greater than in Penn Station, New York and its associated infrastructure. The existing, 100-year-old rail tunnel into midtown Manhattan – the only intercity passenger rail crossing into New York City from New Jersey – operates today at 95 percent capacity during rush hour, creating a severe bottleneck that limits NEC train volume across the entire rail corridor. Trains and stations are currently severely overcrowded at peak periods, and this will worsen as demand for service is projected to increase significantly by 2030. Additionally, much of the existing rail infrastructure in this portion of the NEC was damaged following Super Storm Sandy and now faces reliability challenges.

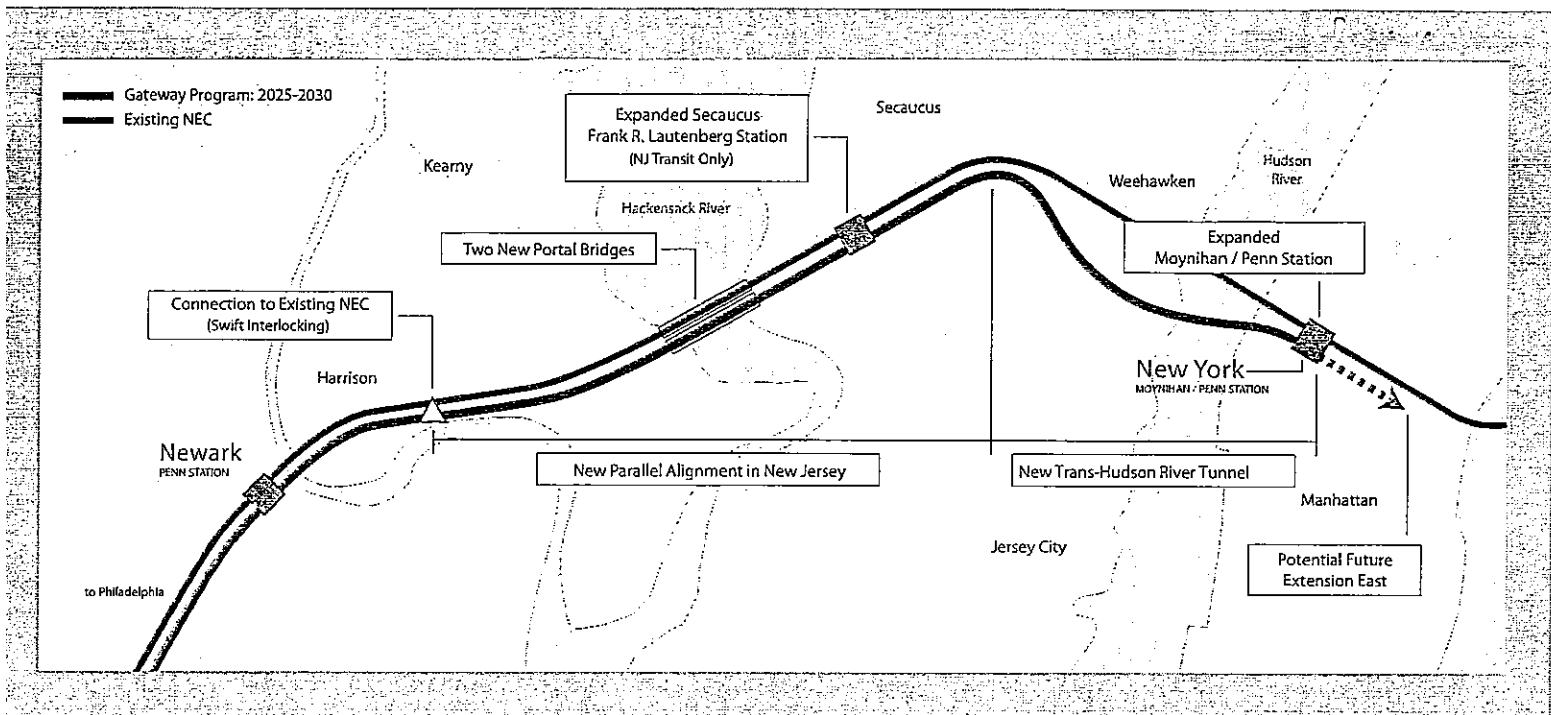
The vulnerability of access to Penn Station, New York was brought into national focus after Super Storm Sandy inundated the Hudson and East River tunnels, severing all rail service to New York. With the Gateway Program, the construction of a new Hudson River tunnel will permit the closing of the existing century-old tunnel for extended periods so that essential repair and replacement work can be done. The current volume of traffic through the tunnels is so dense that long-term closures are impossible to plan unless the new Gateway tunnel is in place. The disruption of the daily traffic into and out of Manhattan would be too great. Today, work is done during elaborately scheduled 55-hour weekend periods to avoid severe service reductions – but longer-term closures cannot be avoided due to the degree of damage that has been discovered following Super Storm Sandy.

In sum, the Gateway Program will create the new infrastructure essential to greater resiliency against future potential storms and disasters, while enabling repairs to damage and achieving capacity and reliability-related investments to meet the needs of the NEC's operators for the next 30-50 years.

Historic and Projected Growth in Daily Penn Station, New York Train Movements
1976, 2012, and with Gateway (Illustrative)

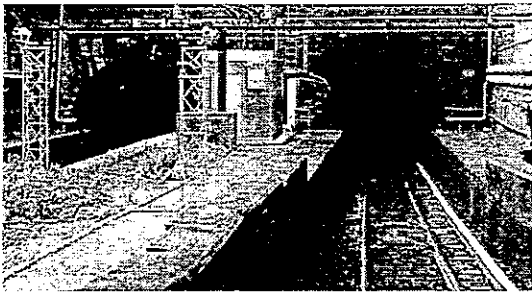


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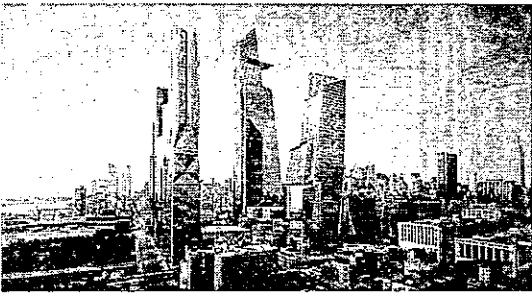


PROGRAM KEY COMPONENTS

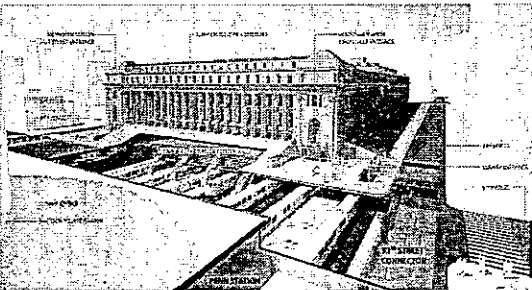
1. **New Hudson River Tunnel:** A new, two-tube trans-Hudson River rail tunnel from the Bergen Palisades in New Jersey to Manhattan will directly serve an expanded Penn Station. This new tunnel will provide operational benefits for the existing Penn Station and increased capacity for commuter and intercity rail operations including NJ Transit and Amtrak. Construction has already begun on an 800-foot concrete casing through the Hudson Yards site, west of Penn Station, to preserve the only viable right-of-way for the future tunnel into Penn Station.
2. **Expanded Moynihan/Penn Station, New York:** An expansion of existing New York Penn Station tracks and platforms and the creation of new "Penn South" concourses will provide direct connections to the future Moynihan Station. These improvements will support the long-term growth of commuter and intercity passenger rail service at both Penn Station and the historic Farley Post Office Building, which is being transformed into the new "Moynihan Station" by the Moynihan Station Development Corporation. The expanded Moynihan/Penn Station complex creates a consolidated Amtrak operation on Manhattan's West Side and the high level of service and connectivity required for the growth of Amtrak's Acela and future NextGen high-speed rail services.
3. **New Portal Bridges:** Two new high-level, fixed bridges, known as North and South Portal Bridges, will replace the 100-year-old, moveable Portal Bridge over the Hackensack River between Kearny and Secaucus, New Jersey, doubling corridor capacity. Final design and federal environmental review for the North Bridge, the first to be constructed, has been completed. The new bridge is estimated to cost \$900 million over a 5-year construction period and will proceed with the cooperation of NJ Transit and Amtrak, as soon as funding can be secured.
4. **Newark-to-Secaucus Improvements:** The existing NEC will be greatly improved between Newark and Secaucus, New Jersey. The mainline will be expanded from two to four tracks between Newark and the Bergen Palisades tunnel portals, better connections will be built to link the NEC with the NJ Transit Morris and Essex Lines, and various bridges will be upgraded or replaced.
5. **Reconstruction of Existing Hudson River Tunnel:** It has long been Amtrak's goal that the existing Hudson River tunnel, completed in 1910 by the Pennsylvania Railroad, be rebuilt and modernized. However, the damage to the tunnel following Super Storm Sandy has changed the situation entirely. Instead of work being a long term goal, it is now an urgent necessity. The Gateway Program must be expedited for that work to proceed without causing acute disruptions to the NEC.



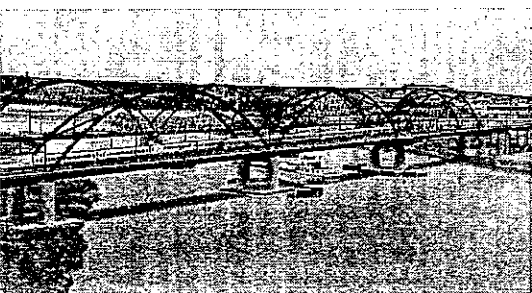
Hudson River Tunnel: The existing two-tube Hudson River tunnel is over 100 years old, was damaged by Super Storm Sandy, and now requires extensive repairs and replacement work.



Hudson Yards: The rapid advancement of the Hudson Yards mixed-use development project by Related Companies and Oxford Properties Group requires early action to protect the Gateway tunnel alignment into Penn Station.



Moynihan Station: The first phase of construction is underway to turn the Farley Post Office into an expanded Moynihan/Penn Station complex, which will benefit from the connections provided by the Gateway Program.



Portal Bridge: Elements of the Gateway Program, such as the replacement of Portal Bridge, have completed final design and are ready to move forward as soon as funding is secured.

PROGRAM BENEFITS

By eliminating the bottleneck in New York and creating additional tunnel, track, and station capacity in the most congested segment on the NEC, the Gateway Program will provide greater levels of service, increased redundancy, added reliability for shared operations, and additional capacity for the future increases in commuter and intercity rail service.

- Increases Capacity:** The Gateway Program will benefit both intercity and commuter rail passengers, as well as communities and states along the entire NEC. The program will more than double Amtrak intercity rail services and provide for up to a 75 percent increase in NJ Transit commuter trains to New York City.
- Improves Operational Reliability and Resiliency:** The Gateway Program will provide essential Hudson River system redundancy and operational flexibility critical to both managing and maintaining the system reliably day-in and day-out and in responding to emergencies. The new Hudson River tunnel will be built to provide enhanced resiliency against natural and man-made threats.
- Expands Commuter Rail Service:** The Gateway Program will enable the expansion of one-seat ride opportunities to New York City for NJ Transit commuters. It will also support the introduction of Metro-North Railroad New Haven and Hudson Line commuter services to Penn Station, New York and provide additional capacity to expand Amtrak high-speed, regional, and state-supported intercity services throughout the entire Northeast Region.
- Supports Next Generation High-Speed Rail:** The Gateway Program improvements will enable expansion of existing Amtrak high-speed Acela Express and other intercity services, including Amtrak's proposed 220 mph, next generation high-speed rail trains. Without the infrastructure and capacity improvements contained in the Gateway Program, it will not be possible to achieve the proposed high-speed goals.
- Boosts Economic Growth:** The Gateway Program will grow the economy by making business travel in the Northeast Region more convenient and reliable. The Gateway Program will also increase access to labor and job markets on both sides of the Hudson River for employers and employees, creating more comfortable and reliable commuting options. The expansion of high-speed Acela Express service and future introduction of 220 mph high-speed service will shrink travel times between major cities in the Northeast Region, forging new economic linkages critical in today's globally competitive market.

PROGRESS TO DATE AND NEXT STEPS

Hudson Yards Right-of-Way Preservation

Early actions to preserve the future pathway for the Gateway Program have already begun. With \$185 million in federal funding, Amtrak began construction in 2013 on a concrete casing to preserve an underground right-of-way that could serve as the future alignment for the Gateway tunnel into Penn Station, New York. Amtrak has determined that this alignment through the Hudson Yards provides the only viable route for new Hudson River tunnel to access Penn Station and serve existing tracks and platforms.

Gateway Program Development

Two design studies, System Level Design and Program Development, will define the functionality and utility of the infrastructure built under the Gateway Program, and overall program delivery and implementation, respectively. As part of these studies, Amtrak plans to collaborate with future users (rail service providers) of the new capacity to assess and determine future service plans and program functionality.

Concept Design of Program Elements

Amtrak is advancing concept design for discrete elements of the Gateway Program, each offering independent utility. These include projects such as Penn Station South Expansion, Replacement of "Sawdust" Bridges in New Jersey, Harrison Station Fourth Track and Elizabeth Station Fifth Track. The Gateway Program's modular design allows these individual elements to advance as funding becomes available. For example, final design and environmental review of Portal Bridge North, which will replace the existing Portal Bridge over the Hackensack River, is already complete, making the project "shovel ready."

Preliminary Engineering and NEPA work on new Hudson River tunnel

It is critical to begin early engineering work and environmental reviews of the new tunnel serving Penn Station under the Hudson River. With the existing 100-year-old tunnels at 95% capacity and damaged following Super Storm Sandy, it is essential to set a timetable for its repair and replacement. This can only be achieved once current rail traffic can be shifted to the new tunnel.

Hudson Yards Right-of-Way Preservation Phase II

The next phase of this project, between 14th and 17th Avenues, will need to be constructed in the coming years to protect the Gateway tunnel right-of-way, as commercial and residential development at Hudson Yards continues west. Amtrak plans to seek additional funding to supplement this existing construction project over the next five years.

FOR MORE INFORMATION CONTACT

NEC Infrastructure & Investment Development
gateway@amtrak.com



16X

Statement by Scot Naparstek
Executive Vice President and Chief Operating Officer, Amtrak
April 28, 2017
New Jersey Legislature Joint Hearing

Chairman Gordon, Chairman McKeon, members of the committee, good morning, and thank you for the opportunity to testify today. My name is Scot Naparstek, and I am the Chief Operating Officer of Amtrak. I am responsible to Wick Moorman and to the Amtrak Board of Directors for the operation of the 21,000 mile Amtrak system and the maintenance of our equipment and infrastructure.

Background: NY Penn Station Operations and Maintenance

I am therefore responsible for the operation and maintenance of New York Penn Station. Dating from 1910, the station now hosts more than 1300 trains on every weekday – which, as you heard, is twice as many as it carried in 1976. The number of station tracks were never expanded to support this volume of traffic, and more trains have been added onto an aging and constrained system that was already operating beyond capacity, stressing the 149 switches and more than a thousand track components that keep trains moving every day. Additionally, the station has signaling and electrification systems dating from the 1930s and many electrical and mechanical components, including HVAC systems, fire and life safety systems, and the structure itself, which must all be maintained and renewed aggressively to support the tremendous demands placed on them at the nation's busiest transportation facility.

As Wick said, the extraordinary use of the station today illustrates a larger theme. This facility is simply over-capacity and has not received all of the systematic renewal and maintenance it badly needs. We have a 108 year old station that is completely full, doing things it was never designed to do; with no margin for error. As we have just witnessed, under these conditions, relatively small or isolated incidents that might have minimal impacts elsewhere on our system can swell suddenly into major service disruptions here.

Balancing Train & Maintenance Schedules

I have here a plan of the station tracks, and this will give you some idea of how complex Penn Station is. At either end of the station, you can see how the tracks funnel into the East and Hudson River tunnels. These giant complexes of switches and signals are heavily trafficked, and a comparatively minor disruption here can shut down access to a tunnel entirely, which is a major issue.

Amtrak conducts regularly scheduled maintenance and inspections on all infrastructure components, and biweekly track inspections are a part of this daily routine. In addition to the biweekly track inspections, all switches receive comprehensive monthly inspections. There are also several major infrastructure improvement programs in progress now and with more to come in the future. While these projects are vital, their substantial work requirements must also be juggled with the station's maintenance needs and the operation of trains in a facility that is at full capacity, even when everything is running well. The heavy train traffic also restricts the time available for maintenance and reduces asset life cycles, requiring more frequent asset replacement.

Our opportunities to inspect and maintain infrastructure are limited to off-peak hours between 11:30pm and 4:30am during the work week. Much work is scheduled on the weekends, but it is often the case

that we must prioritize between the need to work in the station, in the tunnels, or on one of the ongoing capacity or improvement projects, so as to minimize the impacts of this work on weekend train schedules. The inability to take track out of service for long periods of time makes it very difficult to undertake larger-scale projects. Short duration outages are very inefficient, as mobilizing and demobilizing can require a major portion of the outage timeframe. All this makes work harder to get done and also drives up maintenance costs.

Amtrak Inspection Standards

Before I discuss the two recent derailments and NJT train 3850, I need to stress two points. The first, and the most important, is that in most cases Amtrak sets and observes track standards that are more restrictive, and therefore safer, than those mandated by the Federal Railroad Administration. We use automated inspections to measure track geometry and ultrasound testing to ensure the integrity of our rail. Whenever a track condition is discovered, protocol is followed to either reduce authorized speeds or take the track out of service and repair the condition. Prior to both derailments, track inspections were completed as required. Although conditions were noted on inspection reports for being close to, but within, permitted tolerance at both locations, these track conditions were being monitored to ensure the track remained in compliance.

March 24 – Acela 2151

The first derailment involved Amtrak *Acela* train 2151, which derailed at low speed while leaving the station on March 24, within a minute of departure. The rear door of the last car of the train and the rear power car were still adjacent to the platform when the *Acela* train sideswiped a New Jersey Transit train after leaving the rails. You can see a yellow highlighted spot here on the map to indicate the point of derailment. As you can see, a train that derails on these tracks blocks tunnel access, and that's a serious problem at any time of the day, but particularly at rush hour.

This derailment was caused by a slight mismatch of just 1/4" at a newly installed track component called a "frog", a grooved casting at the center of the switch where the rails meet. This frog had been replaced approximately six weeks before the derailment as part of a renewal program which was incrementally upgrading this infrastructure, as track outages permitted. It was connected to an existing smaller curve-worn section of rail, creating the mismatch. The crews attempted to reduce the mismatch at the time of installation by grinding the frog, so the profile of the existing rail and the newly installed frog were within Amtrak's specifications. At the time of installation, the joint met the standards, but it is now clear that it did not meet them at the time of derailment, and the natural forces the train exerted at a curve caused the flange of the wheel to catch the edge of the joint and ride up over it, derailing the train. We have since revised our standards so that a mismatch of the kind that existed upon installation of the new frog would definitely be considered outside of tolerance and not permissible. We also immediately inspected frogs in all our major stations, including Penn Station, to ensure this condition was not present anywhere else.

April 3 – New Jersey Transit 3926

The derailment of New Jersey Transit train 3926 on April 3 was caused by defective ties. The train was entering Penn Station from the South Tube of the Hudson River Tunnel when the rails spread beneath the third car of the train, causing it to drop down between the rails and derail the 5th, 6th and 7th cars. In this incident, several consecutive ties failed under the movement of the train, and the connections of the rail fastening system lost their effectiveness, allowing the rails to slide outward along the ties. While we were fortunate that some cars reached the platform before coming to a stop and passengers were able to exit the train from the adjacent platform, passengers from behind the derailed cars had to be evacuated by climbing down onto the trackbed, walking forward, and reboarding the train to exit onto the platform. Our track inspectors had noted some tie displacement in this area during their biweekly inspections, but because the track gauge, which is the distance between the rails, appeared to be within allowable limits, immediate repairs were not deemed to be required, with the expectation that the ties would be replaced during upcoming renewal work. Our forces made substantial repairs to the track, signal, and electrical systems that included major repairs to three switches, replacement of four switch machines and their associated cable and operating rods, replacement of numerous electrical bonds in the rail, as well as two broken rails and numerous damaged ties. You can see here on the diagram where the train derailed. That derailment limited access to the South Tube to the lower-numbered tracks, here at the bottom, while the higher-numbered tracks at the top could only reach the North Tube. We lost a significant amount of flexibility, which was a bigger issue than just track availability.

The equipment was rerailed the morning after the derailment, and the track was returned to service on the morning of the 7th, a period of five days, which entailed a very considerable disruption of scheduled service. We have worked jointly with the FRA to inspect the track at Penn Station, and here on this track diagram you can see where we concentrated our efforts, focusing on the heavily trafficked junction points, or “interlockings” at the tunnel entrances. Based on their findings, we have conducted some minor repairs and advanced the schedule of work for tie replacement we had previously planned for track 7 within the station. Details of these inspections have been shared with Long Island Rail Road and New Jersey Transit.

April 14 - Disabled NJ Transit 3850

The third incident involved New Jersey Transit train 3850, en route from Trenton to New York Penn on Friday, April 14. Our power directors, who are responsible for managing the supply of power to the overhead wires that power trains, received a report of an “electrical trip” – similar to a circuit breaker tripping in your house, when something shorts out. The engineer reported a loud noise and loss of air pressure on the train, so he began to troubleshoot the locomotive, thinking it might be an air system issue. When the power directors reenergized the system, it held power and an Amtrak rescue engine was sent, arriving forty minutes after the train stopped.

We learned then that the NJT engine had a damaged “pantograph” – the mechanical arm that contacts the overhead wires to draw current. When a pantograph breaks, it can pull down the wires, so we sent an electric traction maintainer out, because we had an early report that some wire was down. We did discuss evacuation from the tunnel, but the report of downed wire was a concern, as it could create a hazard to evacuating passengers. Upon inspection, when we realized how badly the pantograph was damaged, we decided that the safest course would be to cut it away. Once that was done, we were able to reenergize, raise the second pantograph on the locomotive and move the train under its own power

to the station. It arrived at 6:02, almost 3 hours late. We conducted a thorough investigation of the tunnel and found no wire down or other issue with the structure of the electric catenary system, although we found and repaired the point where the electrical arc occurred. Upon inspection, it was determined that the pantograph was missing the carbon strip at the point where the pantograph slides along the wire. Our conclusion has therefore been that the cause of this incident appears to be related to the pantograph on the locomotive, rather than a problem with Amtrak's electrical system infrastructure.

Penn Station Safety & Security Protocols

While this was going on, we were only able to use a single tube of the Hudson River Tunnel. This caused delays and congestion at Penn Station, and extreme crowding within the passenger concourse as passengers waited for trains. It was under these conditions that non-passenger occupant of Penn Station tried to strike an Amtrak Police officer in our concourse. In response to that attack, an Amtrak police officer had to use a Taser, and when someone in the crowd heard the sound of the Taser, they confused it with gunshots and yelled, starting a spontaneous movement toward the doors.

Due to the disabled New Jersey Transit train, the command post at the station was staffed and communicating with the New York Police and Fire Departments, who were already present. Law enforcement was able to confirm there were no shots fired within five minutes of the Taser event, and immediately began making announcements to that effect over the public address system. All agencies in the station shared that information with their personnel over their radios. An after action review of the event was held on April 20, attended by representatives of the railroads, first responders, law enforcement agencies and other stakeholders, and we are planning on holding a tabletop exercise in June, with the goal of reviewing and improving our performance in such situations in the future.

We never want incidents of these kinds to happen and work hard to prevent them. They are frightening, dangerous, inconvenient and costly to the railroads and our economy – but they are also a product of the situation that we've created by placing so many people and trains in such a constrained facility.

These three incidents highlight just how vulnerable this system is. Everything in a century old station with forty year old track must be at 100% effectiveness at all times to avoid potentially massive service disruptions. A single, relatively minor incident can take a tunnel out of service, and at a minimum, a tunnel outage can cause sufficient chaos to disrupt an entire morning or evening rush hour. We do not have an effective backup or margin of error in this station, because our system is always at capacity. This risk is perhaps best demonstrated by the Hudson River tunnels and explains why it is so crucial that we undertake the Gateway Program as soon as possible.

Need for an Infrastructure Renewal Program

We've now reached the point where the station handles more daily users than LaGuardia, JFK, and Newark Liberty Airports combined in vastly undersized passenger spaces. The time available for maintenance and repair has decreased significantly, in response to the ever-growing traffic levels, creating more wear and tear on an aging infrastructure.

Our people have had to become very resourceful and they do a good job of maintaining the station and the Northeast Corridor to ensure its safety and continued operation. As Wick said, if this was not true,

on-time performance for New Jersey Transit trains on the NEC could not be in the 90% range, on an annual basis. However, we need to do an even better job and a new strategy for maintaining this infrastructure is required. Keeping components in service beyond their expected life cycle greatly increases the risk for failure, and a significant number of the track components at Penn Station are approaching the end of their useful lives.

Over the past few years, Amtrak has begun a program to renew the track at Penn Station, but we have reached the limits of what can be done on weekends and nights alone. As Wick has announced, the time has come when we must now undertake a series of major track and switch renewal projects in Penn Station, beginning with the complex of tracks and switches in the western portion of the station, known as "A" Interlocking, which you can see here on the diagram.

We plan to advance this work through a series of major projects beginning in May and continuing through the fall, to quickly achieve the benefits of this renewal work for our partners and all our passengers. In addition to "A" Interlocking, we will be doing further renewal work on various station tracks through roughly June, 2018, with a majority of that work being done on weekends.

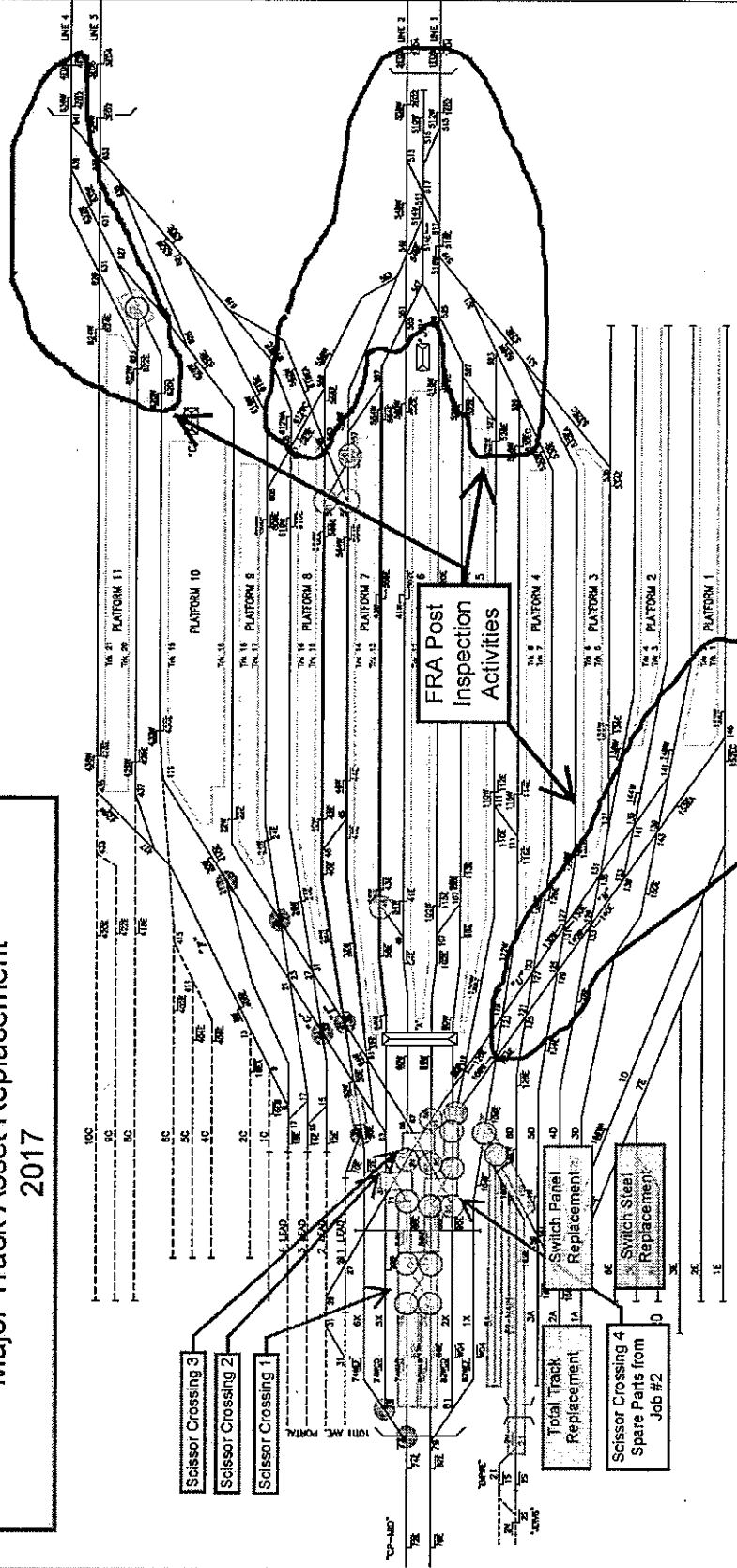
This work will require track closures, operational coordination, and schedule changes, which will impact the services of all the railroads operating at Penn Station. However, we will work collaboratively with both railroads to find the optimal way to get this and other projects done quickly while minimizing the impact on schedule train service and passengers. As we come to consensus on the plan and schedules, we will communicate them and the associated benefits and impacts to all of you and the broader public.

We understand the implications of this initiative and none of this will be easy. However, this is essential work and I am confident that if we can sustain the station in the short-to-medium term, we can build ourselves the breathing space we will need to deliver the major improvements New York Penn Station will need to serve the metropolitan area for decades to come.

Thank you for the opportunity to testify and we look forward to your questions.

Penn Station Major Track Asset Replacement 2017

— ELECTRICIFIED TRACKS
- - - NON-ELECTRICIFIED TRACKS

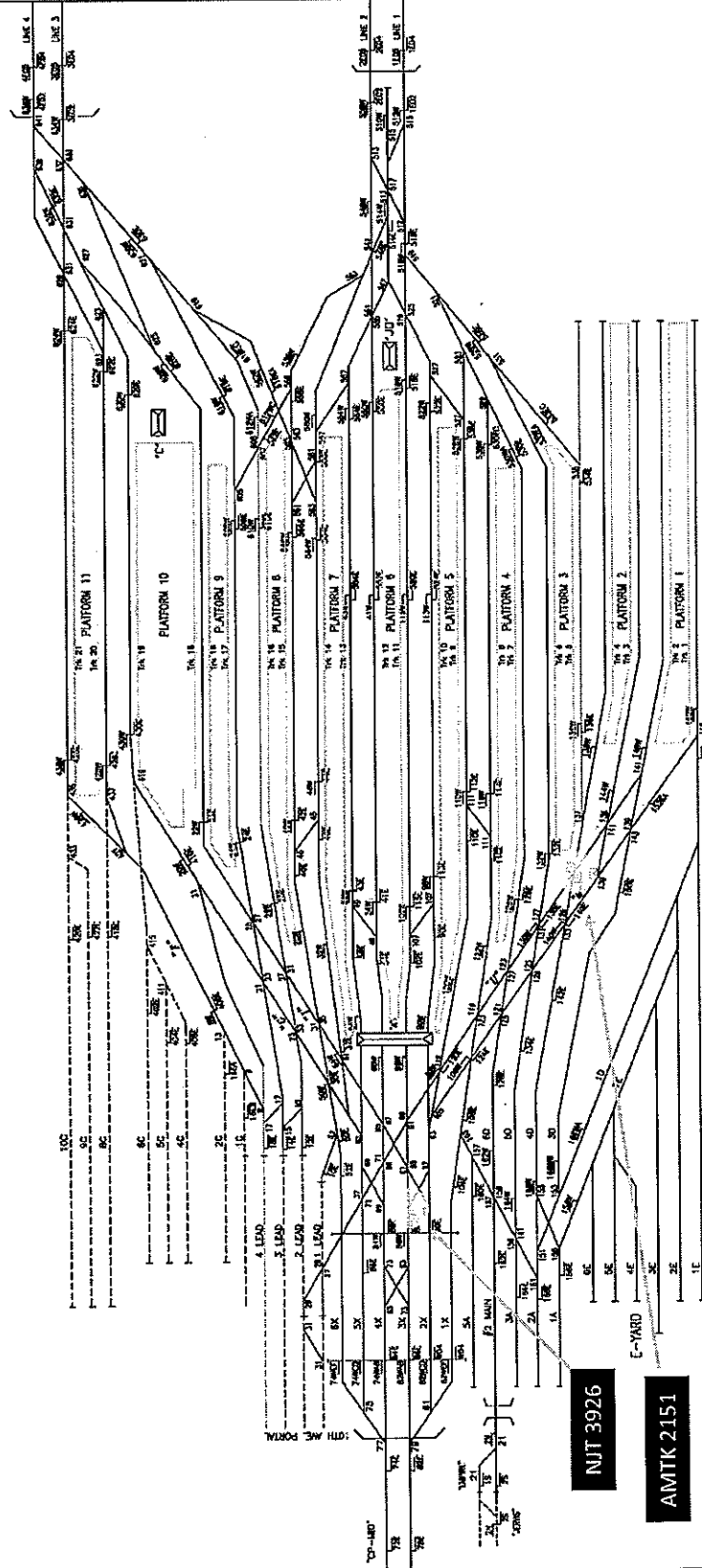


PENN STA NY "A" - "C" - "JO"
NYET-502 Mod

Drawn by: LL
Rev 02/04/2004

JAP / bah - 4/18/2017

— ELECTRIC TRACKS
 - - - NON-ELECTRIC TRACKS



PENN STA NY "A" - "C" - "JO"
 NYET-502 Mod

Drawn by: LL
 Rev 02/04/2004

PLATFORM 10

PLATFORM 9

PLATFORM 8

PLATFORM 7

PLATFORM 6

PLATFORM 5

PLATFORM 4

PLATFORM 3

PLATFORM 2

PLATFORM 1

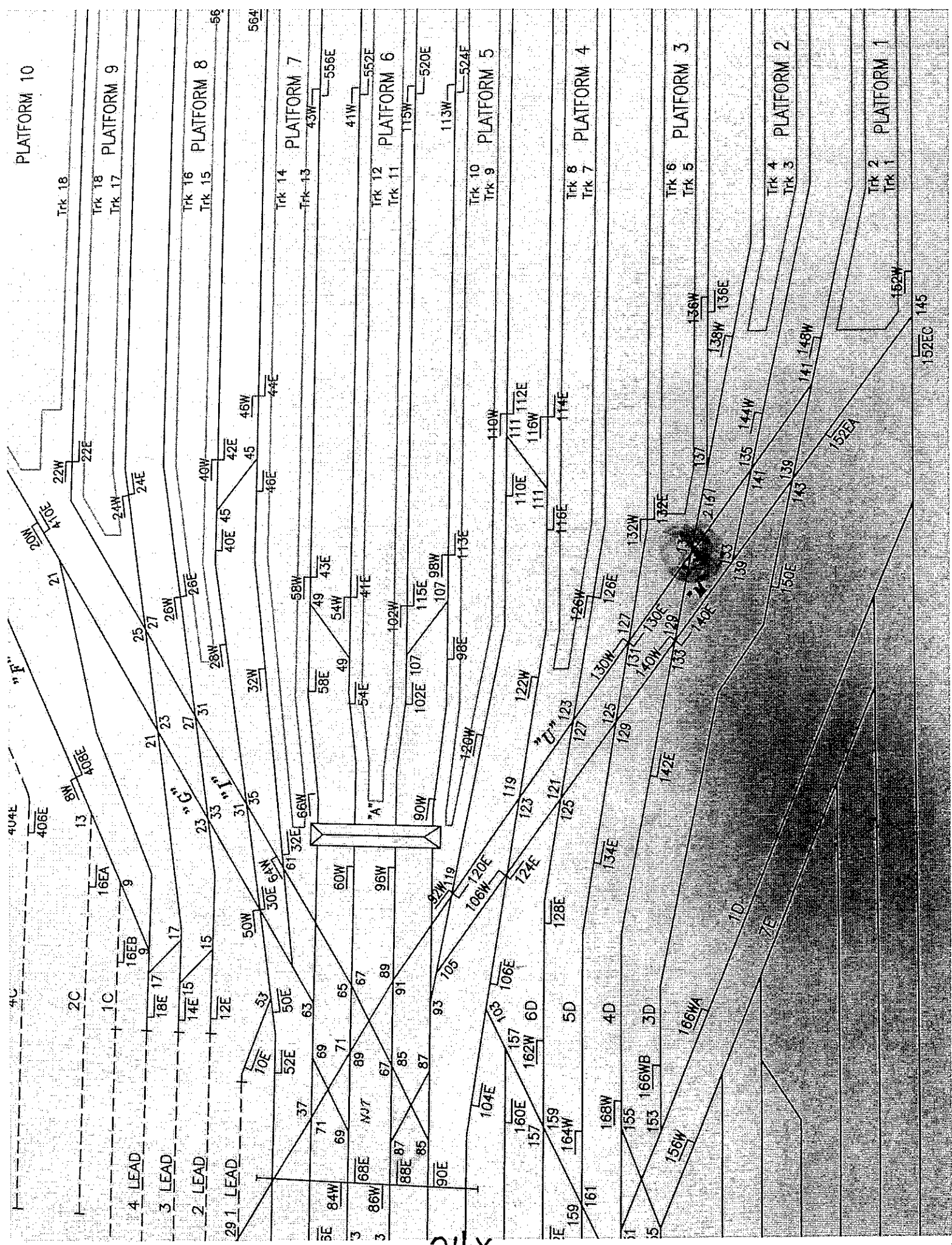
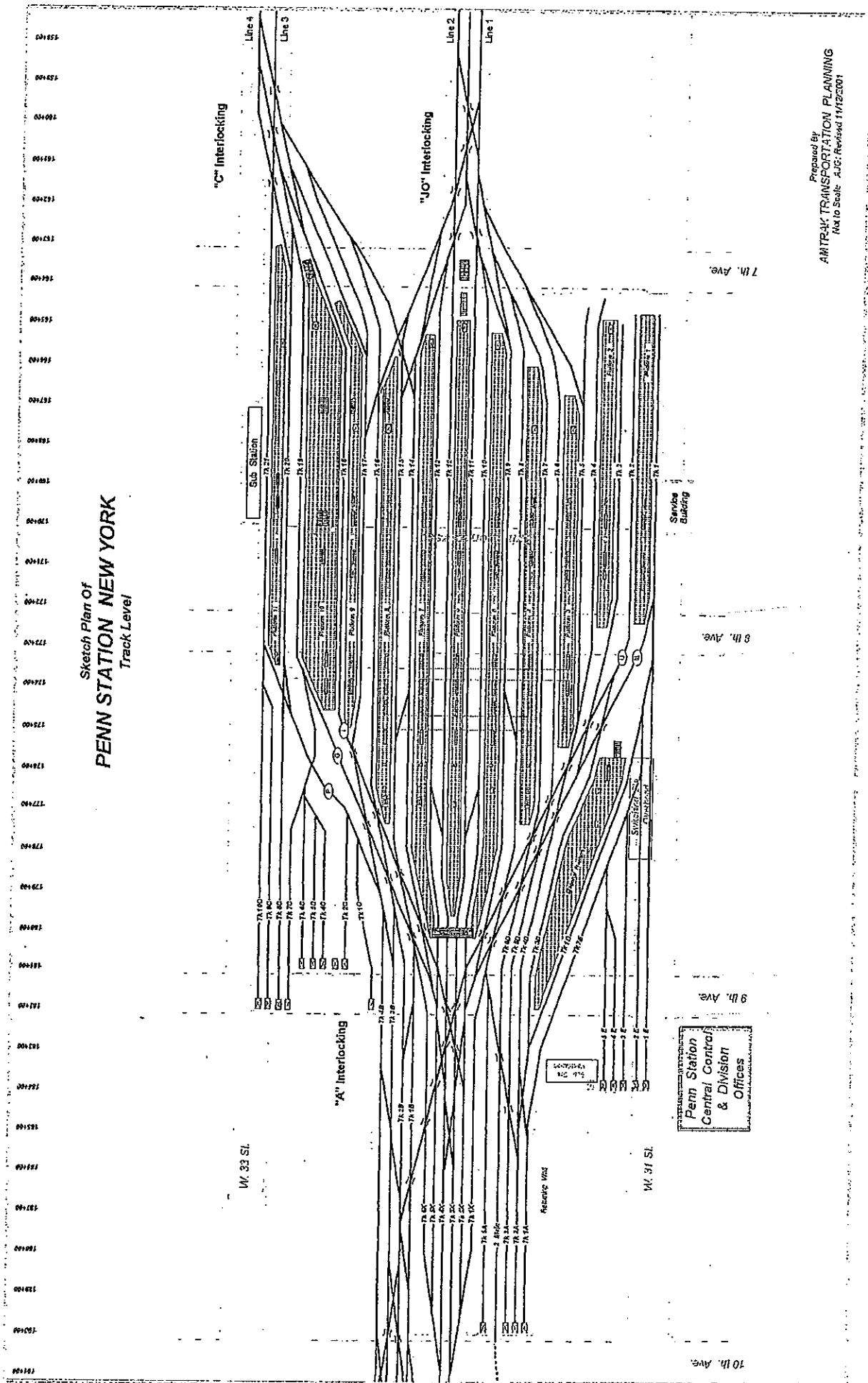


Figure 3-1: Penn Station New York Platform and Track Schematic Diagram



Prepared By
AMTRAK TRANSPORTATION PLANNING
Not to Scale AJS: Revised 11/12/2001

Testimony of Steven Santoro
Executive Director, NJ TRANSIT
Joint Legislative Oversight Committee
April 28, 2017

- Good morning, Chairmen, and members of the Committees. Thank you for providing this opportunity for NJ TRANSIT to discuss the issues before us today.
- I am joined today by several members of my executive team to help answer your questions. (*TURN AND INTRODUCE THOSE BEHIND YOU*)
- I would like to take a few minutes and highlight the progress NJ TRANSIT has made since I last appeared before you six months ago.
- We have made progress on hiring and progress on advancing Positive Train Control, on combatting sleep apnea and on other important safety matters.
- Please allow me a few minutes to give you a quick update on our efforts on those fronts.
- We are on a schedule to meet the Federal PTC deadline of December 2019. This has been achieved by a multi-pronged approach.

- We are adding 20 skilled, technical positions to support PTC. The hiring process for those positions is underway. In fact, candidate reviews, interviews and offers are underway for all these positions.
- Meanwhile, the PTC “test track,” a six-mile section of the Morris & Essex Line, is being readied now to begin live testing of the system this fall.
- And our contractor is installing the complex, technical PTC hardware and equipment on locomotives and control cars. Hardware has been installed on 10 vehicles so far, and the contractor will be ramping up to a production schedule of five a week within a month. This progress will be reflected on the Federal Railroad Administration’s upcoming PTC progress reports.
- Our PTC schedule is aggressive. However, with diligence and continued support our contractor’s work will meet the Federal deadline.
- Continuing down the track of safety, we continue to hire in areas of the agency that support safety.
- We are adding 27 positions in Rail Operations to augment track maintenance forces and front-line supervision in rail yards and of train crews.
- We continue to see momentum in hiring throughout the company, and we are adding more staff to our Office of System Safety, the office that oversees and coordinates safety for all our operating modes. In Fiscal 18 we will hire seven more staff in this important area, including for posts such as rail safety engineer and bus

accident investigator, to augment the 45 positions Office of System Safety has now.

- Meanwhile, following consultation with our unions, we have implemented aggressive and more efficient sleep apnea detection and treatment policies and protocols.
- Fifty percent of our active locomotive engineers have been screened for sleep apnea, and all active engineers will have been screened by the fall.
- Technology has an important role in safety, too.
- We are now moving to install 360-degree cameras on our buses, something that will help reduce the chance of accidents and conflicts with pedestrians, especially when buses are turning.
- We also have progress to report on an important financial front: developing a budget that keeps fares stable for the coming fiscal year for the nearly 500,000 customers who take almost 950,000 trips a day on our bus, rail, light rail and Access Link paratransit systems each day.
- But I know the Committees' interest today is focused on the recent disruptions to our customers' commutes and lives. Their commutes have been ruined due to two derailments at Penn Station New York, as well as due to an NJ TRANSIT train being stuck in one of the Hudson Tunnels for nearly three hours, stranding our customers.
- As you know, the first derailment occurred on the morning of March 24th, when an Amtrak Acela train derailed and sideswiped NJ TRANSIT train No. 6214 as our train entered the station, and

the second on April 3rd, when a known track defect caused NJ TRANSIT Train No. 3926 to derail as it entered the station.

- And one of our trains on its way into New York became disabled in the tunnel on Friday afternoon, April 14th.
- Since then, our customers have suffered hours and hours of delays due to Amtrak problems with Portal Bridge, problems with their overhead wires, problems with their trains, as well as because of ongoing inspections and work at Penn Station in the wake of the derailments.
- These delays have occurred on the weekend and on weekdays. And as you have heard, there will be more work on Penn Station's infrastructure later this summer, work that will itself create more delays.
- Our customers, your constituents are fed up. And so am I.
- So today, I know the Committee is interested in hearing about the causes of the various incidents, the safety, maintenance and repair of Penn Station's track and signaling system, and the contingency planning and response of the railroads to the derailments, as well as in the delays.
- I also understand you would like to discuss NJ TRANSIT's payments to Amtrak for use of the Northeast Corridor.
- All of these are of critical interest to us at NJ TRANSIT, and to the 94,000 customers who make almost 190,000 trips into and out of Penn Station each weekday.

SAFETY

- The safety of our customers, of our employees and of the public is our number one priority
- NJ TRANSIT is the largest commuter rail user of the Northeast Corridor. We run almost 350 trains a day in and out of Penn Station, more than three times as many as Amtrak.
- So we, like you, were extremely concerned when these incidents occurred, and with the derailments so close together both in time and in location.
- As you know, in the wake of the derailments Governor Christie called for a complete and independent review of the infrastructure and maintenance protocols at Penn Station, and independent verification of the safety of the tracks.
- NJ TRANSIT has echoed that call, and since then, Amtrak has been inspecting the track areas at Penn Station with the Federal Railroad Administration – but without NJ TRANSIT or the Long Island Railroad.
- Nor has Amtrak hired an independent firm to verify the inspections of Penn Station's infrastructure.
- They have, however, found a number of conditions that have required immediate repair work – work that this week has caused extensive train delays for NJ TRANSIT's customers.
- As you have heard from the Amtrak executives who just testified, NJT and Amtrak have met to discuss safety concerns and the state of the infrastructure. And Amtrak President Wick Moorman has assured us of his commitment to safety.

- I have met with and discussed NJ TRANSIT's concerns with the Federal Railroad Administration, the FRA, which is the agency that is charged with safety oversight of Amtrak, of New Jersey Transit, and the nation's other railroads.
- But frankly, the time has come for New Jersey to be more than just a tenant participating in discussions with the landlord. The time has come for us to have much more of a voice in these matters.
- Not just at Penn Station New York – but along the entire Northeast Corridor through New Jersey.
- We need better coordination from Amtrak on NJ TRANSIT sole benefit projects that we are undertaking to improve the experience for our customers.
- These include projects such as station rehabilitation in Elizabeth, New Brunswick and Newark Penn Station – as well as our plan for the Delco Lead – which is part of our resiliency plan to guard our system from the effects of future storms.
- The focus may be on Penn Station New York now – and rightly so—but we must not let our efforts on these projects evaporate.

PAYMENTS TO AMTRAK

- NJ TRANSIT and our customers have a vital interest in safety at Penn Station and on the Northeast Corridor regardless of the terms of our business relationship with Amtrak.
- But as the Committee members and many others have noted, NJ TRANSIT pays handsomely for using Amtrak's tracks and

facilities. This means, of course that our customers and New Jersey's citizens pay -- through their fares and their taxes.

- Let me explain briefly how the financial aspects of this relationship work, including how the terms have changed in the last several years, due to changes in Federal law.
- For decades, NJ TRANSIT has paid Amtrak for its share of operational costs of using the Northeast Corridor, the NEC, and Penn Station. These regular daily expenses include the cost of power for our trains, for inspections and maintenance of locomotives and train cars that are stored in Amtrak's yards, and for numerous other routine expenses.
- Altogether, such operational expenses have traditionally added up to about \$75 million a year, a figure that is rising. But NJ TRANSIT does more. For 20 years we have paid Amtrak significant sums to help Amtrak perform long-term capital improvements on the NEC in New Jersey.
- In fact, since 1997, under a program to do work that will benefit NJ TRANSIT customers' trips as well as those for Amtrak's customers, New Jersey has paid Amtrak over a half a billion dollars, \$577 million to be exact, toward capital improvements such as the replacement of aging catenary power wires and rail switches and concrete railroad ties.
- These payments do not include the tens of millions of dollars more that NJ TRANSIT has spent on its own maintaining and rehabilitating stations such as Metropark, Newark Penn, New Brunswick, Princeton Junction and Trenton -- stations that also are used by Amtrak's customers.

- Our capital payments to Amtrak have risen and will continue to rise under the Federal Passenger Rail Improvement and Investment Act of 2008. PRIIA, for short.
- Congress enacted PRIIA to reset the fundamental financial relationship between the landlord, Amtrak, and its tenants, NJ TRANSIT and the other commuter railroads that use the Northeast Corridor.
- Before PRIIA, Amtrak was responsible for all the base costs of running and maintaining the NEC. New Jersey paid a fee for using the NEC to reimburse Amtrak the additional cost to operate NJ TRANSIT's rail service.
- But under PRIIA, NJ TRANSIT and other commuter railroads are mandated to pay for the so-called "fully allocated" costs of running NJ TRANSIT trains on the Corridor. That allocation is based on a complicated formula that takes into account wear and tear, the number and weight of our trains, and many other factors.
- PRIIA's formulas can be complex, but the bottom line for New Jersey is straightforward: Our annual combined payments to Amtrak, for operating costs and capital improvements, are doubling.
- Those payments are jumping from a total of about \$100 million a year before PRIIA, to about \$200 million a year when PRIIA payments fully kick in, after 2019.
- That is a very large sum. And for that money, NJ TRANSIT's customers and New Jersey's citizens expect a high level of service.

And they deserve a much larger voice in how the NEC operates, and how capital dollars are used and prioritized.

- As part of a plan to improve conditions in New York Station- yesterday, Amtrak just proposed a ‘Joint Station Concourse Operations Center’ that would bring together the managers of the various Penn Station concourses and technology to strengthen coordination, enhance the passenger experience and improve our responses to disruptions, incidents and other events that occur anywhere in the station. While that is a worthy project and of course we will never walk away from a concept that improves our customers overall ‘*transit experience*’.
- However, Mr. Chairmen, what we hear loudest from our customers, over and over again is the frustration that builds when that they sit on the tracks in a New Jersey Transit train NOT MOVING and all too often being passed by not one by several Amtrak trains.
- May I remind us all –that by 2019 New Jersey Transit will pay \$200 million to operate on and over AND New Jersey has no role in dispatching trains into and out of the station; that is done by Amtrak and the Long Island Railroad.
- A Joint Station Concourse Operations Center will be welcome in the future. But last night, this morning and for each peak commuting period Amtrak dispatches trains from the Penn Station Control Center. Amtrak can immediately improve conditions for New Jersey customers by jointly reviewing with NJ TRANSIT all dispatching protocols on the Northeast Corridor, including instructions to Penn Station Control Center dispatchers and making

necessary adjustments to achieve greater parity in train dispatching and improving the experience of New Jersey commuters immediately.

- And New Jersey has a very limited say in where Amtrak spends capital improvement or maintenance money on the Corridor in our state.
- We are demanding a change. New Jersey must have more input on Amtrak's priorities for repair and replacement of infrastructure, to ensure that state of good repair efforts – those projects most directly tied to the safe and reliable service, are being advanced where they are needed most, so that our customers can have safe, reliable service, day in and day out.
- And NJ TRANSIT must have a meaningful say on Amtrak's long-term NEC plans and investments in New Jersey. We must work together to make sure those efforts help, and do not hinder, NJT's current or future operations.
- **CONTINGENCY PLANS AND COMMUNICATIONS**
- Now let me turn to another important topic – NJ TRANSIT's response to the derailments and the disabled train in the tunnel, and the disruption they caused to our service and to the commutes and the lives of our customers.
- I want to emphasize that we at NJ TRANSIT do everything possible to maximize the transit service available, within the very real physical constraints of an emergency situation.
- It will never be nearly as much service as our customers want and deserve, or as much as we at NJ TRANSIT want to deliver.

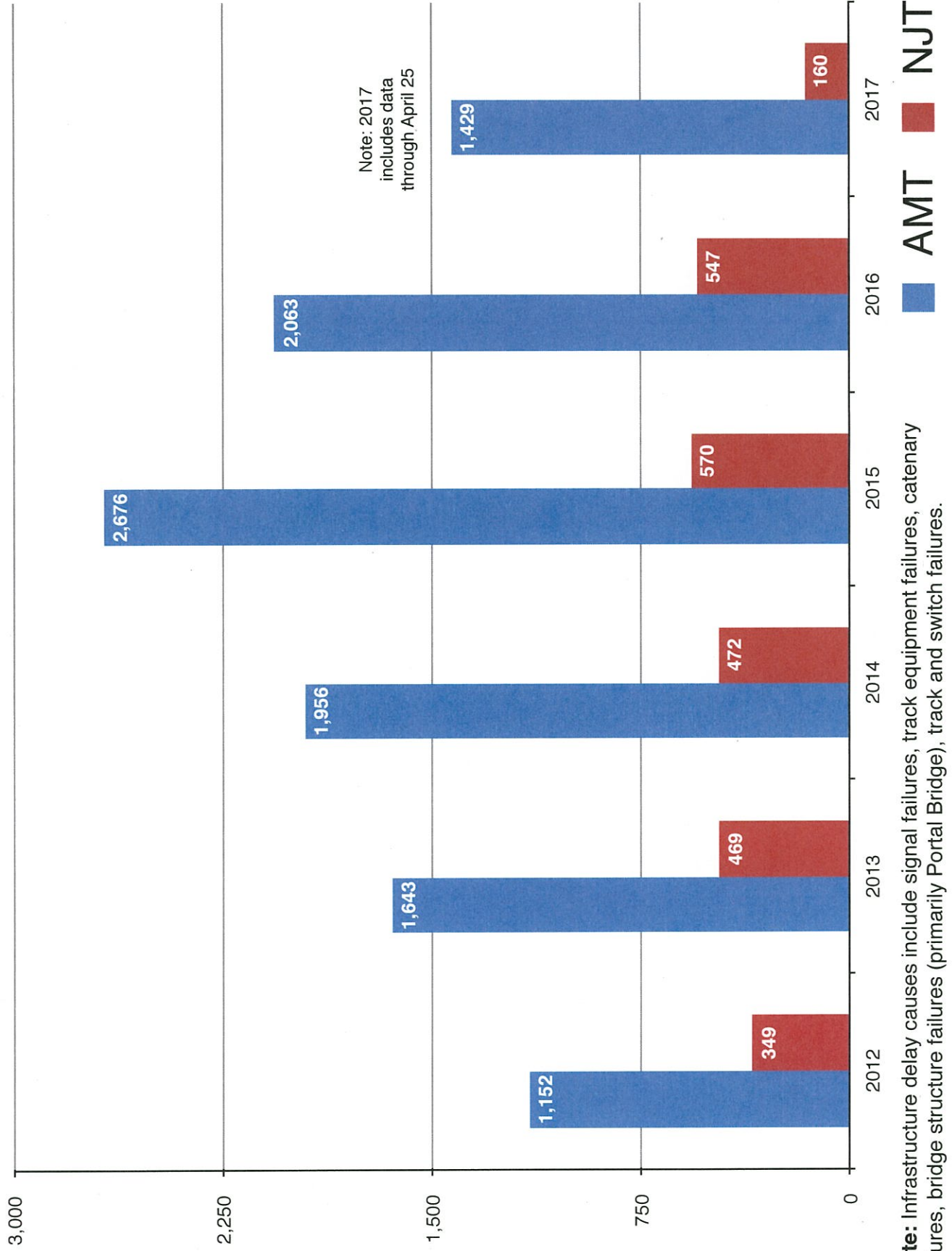
- The April 3rd derailment provides a good example. Many have asked how a “minor” derailment could cause such major disruptions for so many days.
- The answer is the railroad equivalent of a truck accident that damages two of the three lanes on Route 80, and which then prevents the traffic that does get by on the remaining lane from accessing crucial on and off ramps.
- The April 3rd derailment’s damage immediately rendered eight of Penn Station’s 21 tracks unavailable, and in a spot that prevented NJ TRANSIT from reaching a number of the station platforms we use every day.
- NJ TRANSIT has contingency plans for such emergencies. Whether the emergency is due to damage to rail infrastructure, or to a widespread power outage, or an extreme weather event, the basic premise is to use all available transit modes as much as possible to make up for the damaged portion of the transportation system.
- So when key rail assets are down, we augment the rail service that can be run with added service and connections with bus lines, with PATH and with the ferries.
- Unfortunately, bus cannot entirely replace rail. Nor, for that matter, could rail entirely replace bus if, for example, the Lincoln Tunnel were closed for a prolonged period. The number of customers is too great, and the number of buses and trains and drivers and train crews too limited.

- Immediately following the April 3rd derailment, we implemented our contingency plans, adjusted to fit the specific circumstances of this incident.
- To that end, we operated a rail schedule that the limited station trackage could reliably accommodate. Since that was significantly fewer trains to and from Manhattan than our normal weekday schedule, we added bus service in and out of the City, and instituted cross-honoring with bus, light rail, PATH and ferries, to offer our customers alternatives for the trips.
- The trains were crowded. There was some additional congestion at the Port Authority Bus Terminal and on PATH. Service was not as robust as our customers or we would have liked. But I can assure you it was the most service that could be provided, given the situation and the constraints.
- As some members of the Committees and others have observed, the derailment demonstrated how there is very little margin for error in the trans-Hudson system today.
- Thus the need for a strong program to ensure tracks, switches and other infrastructure is kept in a state of good repair – with proper notification by Amtrak to NJ TRANSIT in advance of work occurring, so we can notify our customers and work to mitigate the effects of any service disruptions.
- Communications is another aspect of this issue. I know that the Committee members – and our customers have questions about whether NJ TRANSIT does all it can to communicate information about service disruptions; I am prepared to answer them.

- Chairmen and members of the Committee. Thank you for providing me the opportunity to discuss these matters with you today.
- Now I am happy to take your questions.

Source: NJ TRANSIT Data
(shared with NEC Commission)

Total NJT Trains Delayed Infrastructure Causes Excluding Amtrak High Speed Rail and Programmed Maintenance



**Facebook comments received by Assemblyman McKeon on April 28, 2017
regarding NJT/Amtrak.**

*** My comment isn't for either of them. I would like our federal government to give Amtrak the funding it needs so it can actually work on long-term upgrades and repairs. Infrastructure is indeed expensive but not maintaining or upgrading it is even more expensive. As long as Congress fails to recognize the value of our rail infrastructure these problems will continue.

*** Why not create a competitive market with more than one rail service in place?

*** What is the problem? How much to fix it? Who will fix it?

*** It's a structural problem with Amtrak owning the tracks and Station. I guess you have to build performance stds into the lease then have NJT treat failures that delay NJT commuters like ordinary contract breaches? With damages? And I agree with fully fund Amtrak and NJT but need new governor and Congressional majority for that....

*** Would love to (eventually) accomplish the following:

1. Have one of these folks or Gov Christie send a letter of apology to NJ Transit customers (I know, probably won't happen)
2. Outline a plan to customers which in layman's terms explains all of the potential options, Gateway project being the main one, and include the new Penn Station proposal (I know it's technically NY but affects NJ citizens at least as much)
3. Propose a plan to accommodate commuters while repairs are being made. New train schedules to Hoboken, increased express path service to 33rd st, increased buses, ride sharing programs, etc.

You couldn't be more right about us not caring who's responsible. It needs to be fixed yesterday.

*** We want answers: specifically, what is being done in the near term and the long term? What are the deadlines for completion?

*** Thank you for doing this. I'd love to know if anyone in Amtrak or NJ Transit thinks about the long term socioeconomic consequences of this sad state of affairs. I used to commute from Madison into the city every day for work but eventually it wore me down and I switched jobs to get away from it. The PM rush hour stampede in Penn Station is the absolute worst, and spending unscheduled time on a train instead of being home with my kids a close second.

- I know folks who have moved from NJ to New York state, where the MTA North is reliable and Grand Central is much easier to deal with than Penn Station (trains are on time and on the same track every day).

- I know many 20/30-somethings who would not consider moving from Manhattan/Brooklyn/Queens to NJ to start a family, in part because NJ Transit is too unreliable and commuting through Penn Station too painful.
- I myself quit a job in New York and now work remotely for a company in California, primarily to avoid commuting into the city. And I'm not the only one.

Continue these trends for 10-20+ years and ask: how will it change our region? Is anyone thinking about / working on this?

*** Why not try to do the majority of work on weekends less commuters

*** Get the new tunnels moving! It's shameful that we're still waiting on a replacement for the ARC tunnel plan.

*** As you well know, if Gov. Christie had approved the tunnels in the first place seven years ago we would be almost done now. So painful. Our rail infrastructure must be a top priority to ensure safe and economic transportation. No more delays, no more blame games. GET GOING!

*** Please ask Amtrak whether nj transit trains are higher or lower priority than Amtrak trains.

*** Glad you are addressing this issue. One of the things I find most frustrating (I commute to NYC 4 days per week) is the lack of communication from NJ Transit. I am signed up for text alerts, emails and Twitter I am sure that the operations personnel at NJT can make a good prediction of what is happening, but they don't get that info to their customers. Example: My train last night was delayed 20 minutes. It wasn't until I had been on the train for 30 minutes that any delay information was sent to me. That time delay really prevents me from trying to make an educated choice on the best way out of the city. Based on the \$436 per month I spend on the commute, I really expect a lot better communication. This isn't new, I have been commuting for 6 years and I have not seen any improvement. Clearly this is an area that can be improved, all the technology and systems are in place, they just need to execute better and try to understand what we as commuters want and need from them.

Chris Christie, Governor
Kim Guadagno, Lieutenant Governor
Richard T. Hammer, Commissioner
Steven H. Santoro, Executive Director



One Penn Plaza East
Newark, NJ 07105-2246
973-491-7000

April 21, 2017

Charles Wickliffe Moorman
National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Dear Mr. Moorman:

The recent derailments at Penn Station New York ("PSNY"), and the evidence emerging from track inspections conducted following these incidents, demonstrate that the Northeast Corridor ("NEC") assets in and around PSNY are not properly maintained. Significantly, the incidents also reveal the limited information we have about the condition of the tracks on which our customers and employees ride every day, or the signals, switches, catenary, wire and other assets on which they depend for their safe and reliable travel. For example, just today New Jersey Transit Corporation ("NJ TRANSIT") customers were delayed due to Amtrak track signal problems, 23 Raritan Valley Line trains were delayed, and 69 trains in and out of PSNY were delayed for as much as 40 minutes.

NJ TRANSIT makes considerable payments to Amtrak for the use of the NEC, and Amtrak has an obligation to maintain the corridor in a state of good repair under multiple agreements. Those agreements also provide for the extensive exchange of information between NJ TRANSIT and Amtrak, and coordination between the two entities for the effective use of the corridor. Notwithstanding these payments and Amtrak's obligations under the agreements, Amtrak has not shared sufficient information about track conditions and did not allow NJ TRANSIT to participate in appropriate track inspections. Indeed, Amtrak itself has admitted its failings regarding the NEC, recently conceding that it knew in advance about the faulty infrastructure that caused the most recent derailment.

NJ TRANSIT deserves and requires a true transportation partner in Amtrak. As I am sure we can both agree, it is imperative to our respective agencies and customers, and to the region as a whole, that NJ TRANSIT and Amtrak work together to address the above deficiencies. This partnership is essential for NJ TRANSIT to properly serve our customers, especially since our customers do not care who owns the asset. NJ TRANSIT and Amtrak must work together, in a renewed spirit of cooperation, as partners who share the use of the NEC and the financial responsibility for its upkeep.

In the spirit of the multiple agreements between our two agencies, NJ TRANSIT is willing to continue investing in the maintenance of the NEC, provided that Amtrak carries out its end of the bargain and actually maintains the infrastructure in the required state of good repair. Further, based on events surrounding the recent derailments and delays, NJ TRANSIT and Amtrak must immediately address two additional key areas: crowd management at PSNY and tunnel rescue operations.

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To this end, NJ TRANSIT requests that Amtrak provide the information listed in the attached as Exhibit A, which will better enable NJ TRANSIT to understand the current state of the NEC, the uses of the proceeds designated for its upkeep, and the work necessary to restore the infrastructure to the required state of good repair. This request is submitted as a follow up to the New Jersey Attorney General's letter dated April 6, 2017, and pursuant to NJ TRANSIT's rights under the agreements summarized in that letter. Please respond to these requests no later than Friday, May 19, 2017.

In addition to providing the information requested in the attached, NJ TRANSIT requests that Amtrak provide its commitment to the following pursuant to the provisions of the agreements and in the spirit of cooperation between the parties.

Safety, Reliability, and Customer Service

- Amtrak to provide NJ TRANSIT with access to the NEC in the NJ TRANSIT operating territory to allow NJ TRANSIT to perform its own assessment of the condition of the tracks, switches, signals, catenary systems, and other assets on the NEC in the NJ TRANSIT operating territory, beginning with PSNY.
- Amtrak to provide notice of, and allow NJ TRANSIT to participate in, all inspections and similar on-site assessments of track and other assets on the NEC in the NJ TRANSIT operating territory whenever same is performed by Amtrak.
- Amtrak to undertake an updated risk/asset management assessment on the NJ TRANSIT operating territory to be initiated within the current fiscal year.
- Amtrak to jointly review with NJ TRANSIT all contingency plans and protocols for PSNY and the North River and East River Tunnels, including those governing tunnel evacuation, train rescue, crowd management and passenger communications, and to jointly conduct tunnel rescue tabletop exercises and drills.
- Amtrak to jointly review with NJ TRANSIT all dispatching protocols on the NEC, including instructions to PSCC dispatchers, and make necessary adjustments to achieve greater parity.

NEC Investment Priorities in the NJ TRANSIT Operating Territory

- Amtrak to increase collaboration between Amtrak and NJ TRANSIT in setting priorities for capital investment in the NEC in the NJ TRANSIT operating territory through greater transparency in Amtrak's decision making and more robust participation in the development of the annual capital program. As examples, NJ TRANSIT requires insight and participation in plans to address conditions on the Newark Penn Station platforms and the aging signal and catenary system between Metuchen and New York.
- Amtrak to accept reasonable requests by NJ TRANSIT for work to be performed on an expedited basis where necessary to maintain the NEC in a state of good repair.

Accountability

- Amtrak to provide NJ TRANSIT timely quarterly reports going forward showing actual versus planned spending for capital funds on the NEC in the NJ TRANSIT operating territory.
- Amtrak to establish a partnership with NJ TRANSIT that will permit NJ TRANSIT participation in the operation and management of the NJ TRANSIT operating territory,

including but not limited to dispatching, sole benefit projects, station services and staffing, announcements, communications, and space allocation.

Thank you for your cooperation. I look forward to sitting down and discussing these and related issues with you.

Sincerely,



Steven Santoro
Executive Director
New Jersey Transit Corporation

Encl.

cc: Executive Vice President & Chief Infrastructure and Investment Development
National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

General Counsel, National Railroad Passenger Corporation
National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

Senior Director of Business Development
National Railroad Passenger Corporation
30th Street Station
2955 Market Street, 4th Floor
Philadelphia, PA 19104

EXHIBIT A

- Multi-Year Plans. Please provide the following, including any supporting data and documentation: (1) all multi-year plans for spending of operating and capital funds for NJ TRANSIT's operating territory; and (2) quarterly reports of actual spending versus planned spending of operating and capital funds from October 1, 2015 to the present. Please include any and all documentation setting forth Amtrak's prioritization and resource allocation methodologies, including documentation identifying incorporation of NJ TRANSIT's input into these multi-year plans.
- Risk Assessments. Please provide any and all risk and/or asset management assessments that have been conducted within the past five years on NJ TRANSIT's operating territory.
- Current Assessment of PSNY Infrastructure. Please provide all documents specifically relating to the current condition of the infrastructure at PSNY, including but not limited to any and all assessments, opinions, photographs, recent inspections, analyses, or evaluations.
- Identification of Backlogs. Please provide all lists, reports, and any and all other documents relating to Major Backlog Projects and State of Good Repair Backlog Projects in NJ TRANSIT's operating territory.
- Backup Information. Please provide all backup information for expenses attributed to Segment 31 "Systemwide" expenditures (which includes PSNY) and any expenses attributed to NJ TRANSIT from October 1, 2015 to the present for services provided under the Capital Agreement. Backup information includes, but is not limited to, estimates, work logs, reports, and any other financial documentation supporting the past and future allocation of NJ TRANSIT's BCC payments.
- State of Good Repair Projects. Please provide all reports, analyses, and any and all other documents relating to Amtrak's use of NJ TRANSIT payments to return the NEC to a state of good repair.
- "Zero Defects Program". Please provide all documents relating to the "Zero Defects Program" and the expenditure of all funds under that program, including but not limited to the expenditure of funds in New York and New Jersey. Please include documentation of planned expenditures and actual expenditures, including supporting data and backup information. Please also identify any and all other programs or initiatives specifically directed at infrastructure repair and/or improvement at PSNY, the North and East River Tunnels, and Moynihan Station.
- Safety and Security Documentation and Assessments. Please provide all safety and security assessments, plans, procedures, and protocols for PSNY and the North River and East River Tunnels, including but not limited to crowd control, tunnel evacuation, train rescue, and communications.
- Dispatching Protocol. Please provide all dispatching protocols on the NEC and provide any and all documents providing revisions and instructions to the PSCC dispatchers pursuant to the revised protocol established in the Services Agreement.



State of New Jersey

OFFICE OF THE ATTORNEY GENERAL

DEPARTMENT OF LAW AND PUBLIC SAFETY

PO Box 080

TRENTON NJ 08625-0080

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER S. PORRINO
Attorney General

April 6, 2017

Executive Vice President & Chief Infrastructure and Investment Development
National Railroad Passenger Corporation
60 Massachusetts Avenue, N.E.
Washington, D.C. 20002

To Stephen Gardner:

On behalf of the New Jersey Transit Corporation ("NJ TRANSIT"), I write with respect to the Amended and Restated Northeast Corridor Services Agreement Between New Jersey Transit Corporation and National Railroad Passenger Corporation ("Service Agreement"), effective October 1, 2015, and the Agreement Between NJ TRANSIT and The National Railroad Passenger Corporation for Capital Obligations Under the Passenger Rail Investment and Improvement Act of 2008 ("Capital Agreement"), effective October 1, 2015.

As you are aware, the Service Agreement and Capital Agreement between the parties require the National Railroad Passenger Corporation ("Amtrak") to, among other things, use the payments provided by NJ TRANSIT to maintain the Northeast Corridor in a state-of-good-repair. From FY12 – FY16, NJ TRANSIT has paid approximately \$395 million under the Service Agreement (and its predecessor and related agreements) and approximately \$122 million under the Capital Agreement (and its predecessor and related agreements). It is expected that Amtrak will claim hundreds of millions of additional dollars under the Service Agreement and the Capital Agreement as compensation for the services that Amtrak is contractually obligated to perform.

On March 24, 2017, an Acela Express train operated by Amtrak derailed in Pennsylvania Station, New York, New York, striking into a passenger train operated by NJ TRANSIT. It was subsequently determined that the cause of the derailment was the improper maintenance and servicing of Amtrak's facilities. On February 3, 2017, another derailment occurred at Penn Station, causing extensive damage to an assortment of tracks, switches, and other critical infrastructure crucial to NJ TRANSIT's ability to service its customers effectively. Earlier today, the Chief Executive Officer of Amtrak conceded that this most recent derailment was caused by the failure of Amtrak properly to maintain its rails in a state-of-good-repair. He further admitted that Amtrak was aware of the problem before the track's failure, but nevertheless neglected to take corrective action. Because of these unacceptable failures of



Amtrak—two major incidents in just under two weeks—NJ TRANSIT has suffered extensive damages. But far more importantly, Amtrak's admitted failures are adversely affecting the many New Jersey residents who rely on NJ TRANSIT to travel on the Northeast Corridor every day. Amtrak has exacerbated its failures by delaying NJ TRANSIT trains so that its own trains could arrive and depart on time in contravention of the Service Agreement. This unavailability of full commuter train service has also had a profoundly adverse effect on New Jersey and its transportation system, including the overburdening of the highways, tunnels, and bridges on which New Jersey's residents rely for their transportation needs.

It is Amtrak's contractual responsibility to maintain the Northeast Corridor in a state-of-good-repair to ensure that these sorts of deplorable situations do not occur and to utilize reasonable and fair dispatching protocols in the event of service disruptions. Amtrak's abject failure to live up to its end of the aforementioned agreements is unacceptable.

Accordingly, please be advised that NJ TRANSIT formally disputes all previously submitted and now-pending invoices under the agreements due to Amtrak's failure to abide by its contractual responsibilities. NJ TRANSIT exercises its contractual right to withhold all future payments, and also to seek reimbursement for all previously paid amounts as appropriate, under such agreements. Please also be advised that NJ TRANSIT demands a full audit of all supporting detail and costs billed under the agreements, which includes the right of NJ TRANSIT to inspect all services under the agreements, including specifically the right to conduct on-site visits and perform audits or operational reviews as NJ TRANSIT deems appropriate and necessary. NJ TRANSIT further reserves the right to contract with a specialized firm to perform an examination attestation review in accordance with Generally Accepted Government Auditing Standards for all costs subject to allocation and billing to NJ TRANSIT. NJ TRANSIT further formally invokes the dispute resolution process of the agreements. Should the aforementioned disputes not be resolved to NJ TRANSIT's satisfaction in accordance with such dispute processes, NJ TRANSIT expressly retains the right to take further legal action, including but not limited to filing suit in the United States District Court for the District of New Jersey.

This letter is without prejudice to all rights possessed by NJ TRANSIT in law, equity, contract, or otherwise, all of which are expressly reserved.

Sincerely,



Christopher S. Porrino
Attorney General of New Jersey

cc: Steven Santoro, Executive Director, NJ TRANSIT
General Counsel, National Railroad Passenger Corporation

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TIMELINE OF DERAILMENTS AND DELAYS

FRIDAY, MARCH 24, 2017 – **DERAILMENT #1**

MONDAY, APRIL 3, 2017 – **DERAILMENT #2**

WEDNESDAY, APRIL 5, 2017 – **GOVERNOR CHRISTIE THREATENS TO WITHHOLD PAYMENTS TO AMTRAK**

THURSDAY, APRIL 6, 2017 – **AMTRAK ADMITS KNOWLEDGE OF DEFECT THAT CAUSED DERAILMENT #2**

THURSDAY APRIL 6, 2017 – **NJ ATTORNEY GENERAL TO AMTRAK: NJ TRANSIT WILL WITHHOLD PAYMENTS**

FRIDAY, APRIL 14, 2017 – **NJ TRANSIT TRAIN STUCK IN HUDSON TUNNEL -- CHAOS ERUPTS AT PENN STATION**

FRIDAY, APRIL 21, 2017 – **SANTORO: NJ TRANSIT WILL MAKE PAYMENTS TO AMTRAK UNDER CERTAIN CONDITIONS**

FRIDAY, APRIL 21, 2017 – **MORE HUDSON TUNNEL DELAYS DURING THE MORNING RUSH HOUR**

SUNDAY, APRIL 23, 2017 – **AMTRAK TRAIN STUCK IN HUDSON TUNNEL DUE TO APPARENT ENGINE FAILURE.**

TUESDAY, APRIL 25, 2017 – **PROBLEMS DURING EVENING RUSH HOUR AT PENN STATION – ONE ENTRANCE CLOSED**

TUESDAY, APRIL 25, 2017 – **NJ TRANSIT: AMTRAK WORK AT PENN STATION WILL RESULT IN 15/30 MINUTE WEEKDAY/WEEKEND DELAY**

THURSDAY, APRIL 27, 2017 – **AMTRAK ANNOUNCES PENN STATION IMPROVEMENT INITIATIVES MAY-JUNE 2018**