

TESTIMONY OF

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AMTRAK

BEFORE THE

COMMITTEE ON TRANSPORTATION

MICHIGAN HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 25, 2017

LANSING, MICHIGAN

Thank you, Mr. Chairman and members of the committee for the opportunity to say a few words on Amtrak performance in the State of Michigan. Amtrak operates a 21,300 mile system that provides service to 500 communities in 46 states and three Canadian provinces. We originate 305 trains per day serving cities large and small across the nation. Last year more than 31 million passengers rode Amtrak trains. Michigan Amtrak services are a critical component of that network.

As you know, Amtrak is a government contractor providing our services in Michigan at the behest of the Michigan Department of Transportation with funding provided by you, the Michigan Legislature. The relationship with Michigan is a long one, and one we value greatly. Since the governorship of William Milliken Amtrak has provided additional passenger rail service, over and above our core national network funded by Congress, on routes that Michigan deemed important to fulfill state transportation needs. Amtrak service connecting Port Huron, Flint and Lansing with Amtrak's Midwestern hub at Chicago has been operated under contract for Michigan DOT since 1974. I disembarked from that service last night with 100 Amtrak customers at the new CATA Transit Center in East Lansing.

In addition to the branded Blue Water route between Port Huron and Chicago. Amtrak operates, for Michigan, two other routes, the Pere Marquette service connecting Chicago with the twin cities, Holland and Grand Rapids, and the multi-frequency Wolverine service connecting Chicago and 12 Michigan communities with Detroit.

The relationship between Amtrak and Michigan has been beneficial to the traveler. Last year there were three quarters of a million trips originating or ending at 22 Lower Peninsula Amtrak-

served stations. This does not include 34 additional stations Amtrak serves through an interline agreement with Indian Trails. Indian Trails customers across the upper Lower Peninsula and Upper Peninsula are offered -ticketing and same-station coordinated bus-rail connections, creating a seamless ground transportation network for Michiganders from Houghton to Gaylord to Mount Pleasant.

We support the Michigan Department of Transportation budget request for passenger rail and rural bus. Michigan state-supported rail routes provided three quarters of a million trips on three routes with 10 daily trains. These trains and connecting bus services have been very popular among customers; business travelers, tourists and especially university students, administration, and faculty. Our trains fill with students and faculty from Michigan State, Michigan, Wayne State, Grand Valley State, Western Michigan, and Albion Hope and Kalamazoo Colleges among others en route to and from campus. Remember these trains are part of a national network feeding rail travelers into the state from connections at Chicago Union Station, helping to support the state's tourism industry.

The relationship between Michigan and Amtrak has been beneficial to the state's economy. In addition to mobility benefits, Amtrak procured \$11.5 million worth of goods and services from Michigan businesses to support the operation of our NATIONAL network. Wages and salaries of our 223 Michigan employees was \$18.8 million in FY2016.

Michigan continues to set the standard for investments in passenger rail outside the Northeast Corridor. The fastest sustained speeds above 100 mph happen daily on passenger trains in Michigan. Our partnership with the state helped Amtrak implement faster speeds in 2012

between the state line near New Buffalo and Kalamazoo, with installation of an advanced signaling and train dispatching system, a form of Positive Train Control. Michigan was aggressive at securing Federal appropriations of \$150 million dollars to acquire the Kalamazoo-Dearborn portion of the same route. Your state is sponsoring a \$196 million dollar upgrade to the route to allow for sustained speeds of 110 mph over much of the route between Detroit and Chicago, two of America's great cities. Coupled with \$71 million in Indiana-sponsored improvements and a new \$140 million railroad flyover in Illinois, resultant train speed and reliability improvements will spur additional ridership, increase revenue and catalyze development in rail station neighborhoods all along the route.

We know from our experience in Michigan and elsewhere, persons entering the high-tech workforce are seeking, more than in the past, a different sort of connectedness; enabled by walkable, transit-rich communities, alternative transportation, and easy proximity to work, social and cultural amenities. Your stewardship of Michigan's transportation assets gives you an opportunity to respond to those desires. Amtrak ridership growth of 50% since 2010 has been driven by these very transportation consumers. Local communities across our network have responded to these consumer preferences with new and rehabilitated stations that are actually transit-community-commercial centers that are driving real estate and business development in the surrounding areas. A season doesn't go by where I'm not representing Amtrak at the ribbon cutting for a new intermodal transit center. In Michigan, your communities have been preparing for planned improvements in passenger rail service, where travelers can choose between different modes like transit, bikes, taxis, and car-sharing. New and improved stations have opened in Grand Rapids, Battle Creek, New Buffalo, Dearborn,

Troy, and right here in East Lansing. Port Huron is in the early stages of planning for a new facility to accommodate the more than half the train's customers that drive over from Ontario. The critical mass of consumers drives residential and commercial development where it is supported by robust transport service offerings.

Amtrak has responded to these consumer preferences. With the critical assistance of state governments, we've added Wi-Fi to our trains. On any day 95% of our customers have this productivity enhancing feature available. I have had more than a few business travelers tell me Wi-Fi has turned their train time into billable hours. Cyclists are able to bring their bikes aboard trains on two routes serving Michigan, and folks in our organization continue to put our heads together to figure out how to balance competing needs for on-board space to allow bikes on the third route.

In recognition of the critical role state contracts, like the one with Michigan, play in Amtrak's customer mix, half of Amtrak services, that's 29 routes, would not operate but for the contracts we have with 18 state governments, Amtrak leadership is driving change at the corporate level to improve responsiveness to our state customers. In September, our board chose former Norfolk Southern CEO Charles Wick Moorman as our new President. Mr. Moorman brings to Amtrak 40 years of private sector railroad leadership experience, including 10 years as CEO. A graduate of Georgia Tech and Harvard Business School, Moorman serves on the boards of Duke Energy Corporation, Chevron Corporation, the Virginia chapter of the Nature Conservancy, and the Georgia Tech Foundation. He and the team he brought over have already redoubled Amtrak's focus on safety, financial performance and customer responsiveness. He has trimmed

headquarters staff and streamlined corporate governance to drive decision making to where it matters, the customer facing level. He has installed the well regarded industry veteran, my boss Joe McHugh, to lead State Supported Business Development. You will meet him should you join Amtrak for a Legislators investigative train trip out of East Lansing Friday, May 19.

Our new CEO Mr. Moorman brings greater credibility to Amtrak at a time when the new administration seems poised to invest in transportation infrastructure critical to American competitiveness. Mr. Moorman can make the case on Capitol Hill, attesting to the very capital intensive nature of railroading, that targeted investments in the nation's railroad assets, freight and passenger, are a down payment on a more mobile future with less cost from delays moving goods and people. His experience at NS helps him validate the long term financial rewards of replenishing worn out capital assets for safer operations and better financial performance. In his testimony earlier this month before the Senate Committee on Surface Transportation and the Merchant Marine he implored members to help Amtrak make the investments in stations, tunnels, track, and rolling stock to drive better operational performance. With the gains Amtrak has made in ridership and revenue, and reducing headcount, subsidy and debt, we are making a compelling case that passenger rail can play an even greater role in fostering mobility for travelers and supporting regional economies that rely on safe, fast movement of families, students and talent.

Thank you and I would be pleased to answer any questions you may have.