TESTIMONY

OF

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BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

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11:00 A.M.
2167 RAYBURN HOUSE OFFICE BUILDING

Good morning, Mr. Chairman, my name is D.J. Stadtler, and I am here to testify today in my capacity as Chief Financial Officer of Amtrak, and as the officer responsible for the disbursement of stimulus funding. Because of a long-scheduled series of meetings with our employees on the West Coast, Mr. Boardman will be unable to attend, but he has asked me to express his regrets, and his appreciation for the support we have received from you and from the Committee over the course of a very remarkable and exciting year.

To start with, I would like to emphasize that Amtrak supports the goals and prioritization criteria set forth in the ARRA, and we are working hard to comply with the intent of the law, as well as all applicable Federal procurement regulations. The ARRA specified five goals:

- Preserve and create jobs and promote economic recovery
- Assist those impacted by the recession
- Provide investments needed to increase economic efficiency by spurring technological advances in science and health
- Invest in transportation infrastructure
- Stabilize state and local government budgets to avoid reductions in essential services

I am pleased to say that Amtrak's program of investment advances these goals. Even before the bill passed, Amtrak had assembled a team of executives to assess, rate, and rank the projects that were candidates for funding. Amtrak wanted to be ready to start work as soon as the bill passed, and we worked very hard to make sure that we identified the right projects, and that they were ready to go. And I think we have been very successful; we will break ground on one of our

major projects, the reconstruction of Wilmington station, on May 4; the Sanford station groundbreaking will follow soon. We estimate that the $1.3 billion program of investment in infrastructure and security and life safety projects will create about 4,600 jobs in the first year alone, while generating a considerably larger number of full time equivalents over the duration of the investment program, which will conclude on February 17, 2011.

This grant represents a significant investment in Amtrak's infrastructure. As you know, our annual capital program has been regularly underfunded, and Amtrak's Northeast Corridor in particular faces a backlog of more than $5 billion worth of capital projects. The ARRA will allow us to undertake a number of much-needed projects on the Corridor, such as the replacement of the hundred and two year old Niantic River bridge, several fixed bridges, and the renovation of the Wilmington station. These investments will help us to address this backlog now, instead of years from now. We will also be undertaking major improvements at our maintenance facilities, both on and off the Corridor, and we will be returning both long distance and corridor equipment to service. The Act requires us to spend no more than sixty percent of the stimulus money on NEC-related projects; we currently project that we will spend fifty-two percent of the funding on the NEC, and the remaining forty-eight percent on the rest of the national network. The off-NEC investment program will fund some important improvements - more than $46 million on the improvement of stations throughout the national system.

This investment program is already underway. Amtrak has already awarded two major contracts for the abovementioned Sanford and Wilmington station projects, of which about $25 million is stimulus funding. We expect to spend significantly larger sums in coming months as our effort "ramps up." Throughout this process, we have been mindful of the stringent deadline

of February, 2011, and we are working hard to get the contracts out for bid. By the end of May, we will have awarded about $35 million worth of project funding.

To facilitate and expedite the process, we are funding a disbursement program that will bring in regional project managers who will be charged with the organization and oversight of design-build implementation projects. The process is well underway, and they should be in place in about six weeks. They will be responsible for expediting more than $700 million worth of projects, and will allow our procurement organization to focus on the more difficult and complex projects we will also be undertaking.

We have an opportunity to administer a tremendous program of capital investment, and an opportunity to change the way we do business. We are deeply aware of the need for a program that is transparent, compliant, and effective. We will be using the DOT's automated "Tiger Collector" for the required periodic reporting, and we are partnering with the FRA to ensure that we work together to meet the reporting requirements. Both the Act and Amtrak's Grant Agreement with the FRA call for open competition, and we are dedicated to ensuring that there is a full and open competition for these contracts, and to building Amtrak's reputation for fairness, credibility, and integrity. I am thoroughly familiar with these requirements, having been involved with the Federal grant process during my tenure at the Department of Transportation. We will also build relationships with a range of new vendors, who can in turn build on the experience of working with us to provide the contracting and engineering expertise that's going to be needed to realize the larger program of intercity rail investment. Amtrak has hosted numerous business forums for a range of potential contractors, among them minority-owned business entities, disadvantaged business entities, businesses owned by women, and small businesses. I attended two of these events, which were aimed at contractors who could perform

construction, security, ADA compliance, information technology and mechanical work. These forums provided over 300 contractors an opportunity to meet with us, learn about our contracting processes and our requirements, and facilitate future business contacts.

This is going to be important, because we are using all of the available means to get information to the public about these opportunities. Within thirty days of enactment, a complete list of projects was posted on our website. As each new project becomes available for competitive bidding, we post it online, and I'm pleased to say that our stakeholders have expressed their support for this process. We are adding a page to the website in the very near future that will highlight the opportunities that are available for small, disadvantaged and veteran-owned businesses.

I want to close by expressing our appreciation for the support we have had from this Committee, from you, Mr. Oberstar, your staff, and the FRA throughout this complex and vital process. We look forward to working with you in the coming months, and I hope we can continue to maintain and build the ongoing dialogue and discussion on the status of our program as it unfolds. I look forward to working with you on this, and I will be happy to answer any questions you might have.