

Testimony of
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Good morning, Chairman Dodd, members of the committee. I am Howard Permut, President of Metro-North Railroad and I appreciate the opportunity to testify today on “A 21st Century Transportation System: Reducing Gridlock, Tackling Climate Change and Growing Connecticut’s Economy.”

I was appointed President in July of 2008, but I am by no means a newcomer to Metro-North. In fact, I was part of the original Metro-North management team and have seen first hand what is necessary to create a viable transportation system and how that system, in turn, can help create a vibrant regional economy.

Metro-North service has made it possible for this region to remain strong and to grow. The business community has choices that are the envy of the rest of the country. They can elect to house their corporate offices in the middle of Manhattan or in the middle of cities and towns that were considered part of suburbia not too long ago. Our solid schedule and reliability has facilitated the creation of employment centers in White Plains, Greenwich, Yonkers and Stamford. The city of New Rochelle has developed an entire new residential district around our train station. Fordham station in the Bronx is our 4th busiest station – and it is mostly used by people heading away from New York City to jobs in Westchester and Putnam counties. When the Dia museum was seeking a location, it chose Beacon, New York – adjacent to our train station there.

Metro-North is no longer just a “commuter” railroad serving the traditional New York City-centric business market. More than 50% of our customers every year are travelling either to work locations outside the city’s limits or taking discretionary trips to the theater, museums or summer homes as far away as the Berkshires – trips that help fuel the rest of the region’s economy.

The railroad is also a lifeline to ensuring mobility while reducing reliance on the automobile. Every day, almost 4,000 people travel to Stamford from points east. Without Metro-North service to carry these people, you would need to add one lane in each direction on I-95 to handle the additional cars on the road. Investing in a safe, reliable, efficient railroad to do this work and reduce traffic seems like a better bet.

Before I go further, however, let me put Metro-North’s role here into some context. Metro-North was created in 1983 as a wholly owned subsidiary of the Metropolitan Transportation Authority in New York.

Through a comprehensive and complex service agreement between the MTA and the Connecticut Department of Transportation, Metro-North assumed the operation of the New Haven line commuter service from bankrupt or near-bankrupt freight carriers.

The New Haven Line itself is largely a 4-track railroad, 75 miles long with 36 stations in Connecticut and 8 in New York. Most of the stations in Connecticut are owned or managed by local communities.

We assumed operation of this and its sister lines in New York, the Hudson and Harlem, after years of underfunding. The lack of investment brought those operations to the brink of disaster.

Annual on-time performance averaged 80% - barely. Annual ridership was falling – roughly 42 million. It wasn't difficult to figure out why. Rail cars were dirty, dark, hot in the summer, cold in the winter and breaking down more frequently than they were running. Forget a seat for every customer. There was barely standing room for every customer. The power systems – both the system that distributed the electricity and the ones that fed electricity to the trains – were old, inefficient and insufficient for a modern railroad's needs. We were afraid to conduct customer surveys. Letters told us clearly enough what our customers thought of us.

Today, while we would all agree that there are still improvements to be made to Metro-North and the New Haven Line, the infrastructure is in better shape than it's ever been.

Last year, on-time performance systemwide was 97.5%; New Haven Line performance was 97.0%. Metro-North also posted another record ridership year and doubled the amount of riders since our inception. Over 84 million customers travelled systemwide in 2008, with 37.9 million on the New Haven Line alone.

ConnDOT has begun replacing the catenary system – the overhead wires that power the trains – section by section. Funding has also been secured to order 300 new railcars that will begin to arrive next year. These railcars will replace 40-year-old vehicles that we continue to triage but which are undeniably past their useful life. They will also add much needed seats for customers who have been flocking to our New Haven Line service.

And we began conducting surveys in the late 1980s. Last year we hit two milestones. A total of 94% of our customers on all three lines indicated they were satisfied with our service. And we were particularly gratified that, for the first time, 90% of New Haven Line customers gave us a “thumbs up.”

By constant vigilance and attention to detail, Metro-North has become an important part of the communities it serves. However, it would be dangerous to take our contribution to the region’s economy and mobility for granted.

As an active participant in the evolution of both Metro-North and the New Haven Line, I can tell you with certainty that there is no magic wand that will make these types of improvements possible. You need certain ingredients to be successful.

First, you need good partnerships. We are fortunate to have leadership at the Connecticut Department of Transportation working with us to improve public transportation in general and our railroad specifically.

Second, you need a committed workforce. A company cannot achieve the levels of reliability, satisfaction, and quality and get the return business we get without most everyone pulling together to produce a premier product. We have 5,800 employees at Metro-North. Over 1,500 are Connecticut state residents. Almost 1,400 work within the state's borders. I'd say we have a vested interest in doing our best.

Third, you need a plan that is strategic, comprehensive and that moves your organization toward achieving what's important.

And when you combine all these ingredients and prepare to execute your plans, you'd better have one last thing. You'd better have the money to carry them out.

I'm not talking about funding individual projects. I am talking about a stable, sufficient, dedicated, multi-year funding stream. It makes everything possible. Our experience at Metro-North is the example.

Since our creation in 1983, we committed ourselves to identifying and executing investments that have addressed our state of good repair (SOGGR) issues, and accordingly have allowed us to reduce maintenance needs, operate as efficiently as possible and reduce reliance on taxpayer subsidies. As a result, our fare operating ratio has gone from 38% to 55% -- which means that more than half of our expenses are now covered from fares, one of the highest ratios in the country.

We were also fortunate to have benefitted from visionary leadership in New York State when then MTA Chairman Richard Ravitch worked with State lawmakers to create a dedicated, stable means of funding infrastructure investment. These 5-year capital programs have allowed us to replace equipment, rebuild bridges, tunnels and track, install modern, efficient technology solutions for everything from reliable train operations to adding capacity to increasing customer amenities.

In all, we have invested \$6.3 billion in our system. Those investments have gotten us this far. Don't be fooled, however, into believing that we are done. We are far from it.

Metro-North is currently finalizing its 20-Year Needs Assessment. In an unconstrained world, we estimate that we will need to invest \$12 billion in our infrastructure and rolling stock for the railroad to maintain SOGR and to keep meeting the needs of this region, exclusive of the need to expand Metro-North to regions we don't serve today. In the 2010-2014 timeframe alone, we are looking to fund projects totaling \$1.9 billion.

Whether you look at the 20-Year Needs or the next five years, the type of projects break down the same way. Almost 90% of that amount is required to either bring us to a state of good repair or to replace equipment and infrastructure that is at the end of its useful life. Approximately 7% of that amount has been identified for projects that will help us increase ridership or that will add capacity to carry additional riders.

Metro-North has also identified billions of dollars to build projects that expand our reach and further improve mobility in the region. These expansion projects include providing service from Metro-North's system to Penn Station, building a public transportation system across the Tappan Zee Bridge and across the I-287 corridor, and increasing Metro-North service in Orange County, New York and extending it to Stewart Airport.

When we turn to Connecticut, we see the potential for a further rebirth of commuter rail service.

Metro-North has just completed a study of our communication and signal systems to determine what improvements will be needed to meet the New Haven Line's service requirements through 2030. This study would also include Amtrak's Northeast Corridor Service and those Shoreline East trains that operate to and from Stamford on the main line. Metro-North has already replaced outmoded signal locations and vital signal cables. We have completed the design of the new system as far as Greenwich. ConnDOT just awaits additional funding to extend this improvement further into Connecticut.

As a result of last year's Railway Safety Act we will also incur significant costs to install a Positive Train Control (PTC) system on virtually all parts of our railroad. PTC was mandated by Congress in the wake last year's collision in Chatsworth, California. It will require us to design and install an additional feature to the signal system on our trains and tracks with the intent to further minimize the risk of a similar accident. This re-engineering must be carefully and precisely done so as not to compromise the system you're trying to improve. Initial estimates put the cost of this system in the half-a-billion range and the work must be done by 2015. This is an ambitious schedule WITH funding – and currently no funding has been identified. Frankly, we will be looking at funding sources at the federal level to help us meet this federal mandate.

Another essential project that is underway is the Catenary Replacement project for the entire New Haven Line. The New York State section has been completed. The preponderance of this critical power structure, however, is located in the state of Connecticut. ConnDOT has been progressing this work and approximately 36% of the overhead wire has already been replaced. This project also benefits the Northeast Corridor.

In addition to the current commitment for 300 new railcars, we have begun discussing an option to buy additional cars to expand service.

Lastly, in addition to investing in railcars, Connecticut DOT understands that it is equally important to invest in modernizing the facilities that are required to repair them and the infrastructure that allows them to operate at their best.

ConnDOT is managing and funding investments in our shops and yards in New Haven and Bridgeport. The shop needed to make running repairs was completed last year. A new facility to conduct the rigorous acceptance testing required to put the new M-8 cars in service is being built and will be ready when the cars arrive. A shop dedicated to component changeouts, which will greatly help facilitate repairs of major units like traction motors and trucks and return cars to service more quickly, is at the 90% design level and will be advertised for bids shortly. The expansion of the East Bridgeport Yard to store additional trains is at the 30% design level and is proceeding well.

And last but not least, ConnDOT is working with United Illuminating to ensure that we have sufficient power on the railroad to operate the additional service that the New Haven Line so desperately needs.

A full funding strategy and comprehensive project implementation plan are being formulated by ConnDOT for all of these improvements. Similarly, we await legislative movement in New York on a funding plan for the needs we know we have to address during the next 5 years. I continue to be optimistic that a plan will be approved and funded in both states shortly.

Why? I am convinced that the elected officials understand the importance of public transportation to the region's economy. I know the business leaders in this area understand it. And, frankly, we are a lifeline to many of your state's residents – our customers.

Yes, it's a lot of money. And yes, it is a lot of money to invest in one part of your infrastructure. But it is not only an important investment in the railroad's future. It is also an important investment in the region's economic health and the quality of life that it provides. Metro-North's history is illustrative of that fact.

And, in this case, history must repeat itself. Or we will all be poorer for it.

We look forward to working with you, Mr. Chairman, your staff, and other partners in Congress to address some of these issues in the upcoming surface transportation reauthorization bill later this year. On behalf of the Metro-North and the entire MTA family, I thank you for your interest and your support.

Thank you. I will be happy to answer any question you may have.