

U.S. Senator Maria Cantwell

**Opening Statement at Senate Committee on Commerce, Science, and Transportation Hearing entitled
“Passenger and Freight Rail: The Current Status of the Rail Network and the Track Ahead”**

Witness Panel 1:

Mr. William Flynn, President and Chief Executive Officer, Amtrak

**Mr. Paul Tuss, Executive Director, Bear Paw Developing Corporation and Member, Montana Economic
Developers Association**

Witness Panel 2:

**Mr. Frank Chirumbole, Vice President Global Supply Chain, Olin Corporation on behalf of American
Chemistry Council**

Mr. Randy Gordon, President and Chief Executive Officer, National Grain and Feed Association

Mr. Kent Fountain, Chairman, National Cotton Council

Mr. Ian Jefferies, President and Chief Executive Officer, Association of American Railroads

Mr. Dennis Pierce, President, Teamsters Rail Conference

October 21, 2020

Cantwell: Thank you, Mr. Chairman, and thank you for holding this important hearing, I really do appreciate it. We've had so much focus on the airline sector and what's happening with airlines, I feel like we should be giving the ample attention to our rail routes and the importance to our economy.

So thank you for both panels today to discuss both passenger and freight moving through, and I do want to join you in your prioritization of returning service to the Gulf Coast. I might not say the names just like you say them, New Orleans and Mobile, but I definitely believe that we should have reestablished route service there. As someone who sees the route service benefits in the Pacific Northwest I can tell you, it is part of an economy and we need to have it established.

So obviously we've been challenged by the COVID 19 pandemic and moving people and goods is what does keep our economy strong. In the state of Washington, the importance of passenger and freight infrastructure of getting people and products to market, connecting urban and rural, is really, really critical. In 2019, 14.8 million people worked in transportation and transportation related jobs--nearly 10% of the U.S. labor force. And throughout this pandemic, workers have continued to keep food on the table and get medical equipment to the hospitals of first responders, they have brought those first responders to the loved ones who've been affected by COVID-19, and they continue to keep our frontline workers in all sectors going strong with the services and supplies they need.

That is why I think it's so important for the Senate to take up legislation that would include relief for the transportation sector, both in help and support of this Amtrak we're talking about today as well as the airlines. So I look forward to continuing to work with our colleagues on that.

Workers in rural communities across the country, including in my home state, will pay the price if we don't see this aid. Tens of thousands--obviously we've already talked about airlines--but Amtrak and transit shops--and when I think about these forced cuts to profitable routes or the best routes, leaving Americans stranded in transportation sectors, I want to make sure that we're doing everything we can to analyze what support we need because these--restructuring are imminent. And we need to understand the consequences, so again, thank you for the hearing.

Our two long distance Amtrak lines, Coast Starlight and the Empire Builder, serve 15 communities, the majority of them small and rural communities. And in some areas, Amtrak is the only means of public transportation providing a direct line for economic success in rural communities and across the state. And I know our colleague Senator Tester, and I see our other colleague here, Senator Daines, that Mr. Tuss is going to testify from Montana—Well I remember being in Glacier National Park in the—I'm a big outdoor person, and definitely sitting there in our National Park hotel there and all of a sudden, here comes all these people. And I'm like, “where are these people coming from? Oh, they just got off Amtrak.”

So, if you don't have Amtrak service to Glacier National Park, you're going to have a problem, and we obviously are in a pandemic but we don't want to see what just the Chairman's talking about, some incident that basically sets a course where service is curtailed, and then it takes you 15 years to get it reestablished. We don't want to see that. So I'm anxious to hear what we're going to do. If you asked me, I would be increasing service to all our national parks because I think it's such a great concept to get so many people—if you look at the European models, that's exactly what they're doing: taking people to the great outdoors in all sorts of ways, and Americans certainly would appreciate that.

More than 30% of the Amtrak workforce in Washington state is already facing furloughs. Thousands of more employees will see their jobs threatened and local economies across the country will lose billions if we don't get Amtrak support into one of our bills. It's vital that we get immediate aid to keep transportation companies afloat to have them significantly increase the investment in our national infrastructure. We all know that we need to do more there, but particularly in light of the devastating impact of COVID-19 on many state local economies.

I'm sure, Mr. Chairman, like my state, there's lots of discussions at home about what projects are going to get put on hold if we don't move forward with transportation dollars. So we need, in my opinion, to continue to invest heavily in rail crossing improvements that will reduce congestion and freight bottlenecks and improve efficiencies. We need to do more on the safety front. In addition, positive train control technology and strong safety culture means that we ensure trains and stations have appropriate staffing and the workforce is not being cut just in the name of efficiencies. And in the time of COVID, it means providing workers with personal protective equipment and taking common sense measures to reduce the spread of the virus.

So I want to make sure that we're—that the White House or anybody is not blocking the CDC from implementing measures that would help us create a stronger safety culture. My colleague from Florida joined us on a temperature check bill as it relates to the airline sector, as economies that greatly depend on transportation like Florida or the Pacific Northwest.

We want to build whatever infrastructure is needed on guidance from CDC and others to improve the traveling public's safety, during the COVID pandemic and in the future.

So with that, Mr. Chairman, I look forward to hearing from our colleagues and again thank you for holding this very important hearing. And we look forward to asking witnesses on both panels questions. Thank you.

First Round of Q&A with Witnesses:

Cantwell: Thank you, Mr. Chairman. We refer to the area east of the Cascades as the Inland Empire. We consider that going all the way over to Montana. And when I fly home, I can usually look out the window and kind of see where I am just by the geography. No one understands the terrain, but I know it takes a long time to fly over the state of Montana. It takes about an hour to fly over the state of Montana, maybe a little bit more or less depending on what's happening.

So, the reason I'm bringing this up is because this cohesive region, as Mr. Tuss was mentioning, is also a healthcare delivery system. There aren't flights--there aren't, to these rural communities, enough flights, and yet the region has to cohesively operate economically, for healthcare, for tourism, all of these issues that allow us to be an agriculture footprint, to be obviously a home to many of the things that Mr. Tuss mentioned.

So, to follow up on Senator Tester's question, when I look at this, you released three criteria in evaluating February 2021 to reestablish long distance service. The criteria includes public health, current performance, and future demands. So the concerns about the latter two criteria intentionally establishes in my mind an elevated bar for fewer scheduling options and difficulty, if you're at this ridership level that may not meet that criteria.

So if a route fails to meet that criteria by February of next year, basically you've said you will not restore services until 2022 at the earliest. And obviously, I can't tell you how much I, you know--taking this position as the Ranking Member, one of the first things that was clear to me is that the Chairman's point about Amtrak service to the Gulf should be a high priority but that's because we value it so much in the Pacific Northwest, so, the Starlight and the Empire Builder both, so we appreciate it.

So, what kind of commitment can you make to us today on making sure that that these services in Montana--as you've heard, Mr. Tuss, people are traveling to hospitals, they're just--the region is a region. And the Amtrak service is a lifeline of that region. And so when you cut those services, you're basically undermining that entire delivery system.

What can you tell us about that, as it relates to the ridership if it's not there?

Mr. Flynn: Thank you, Senator. I think certainly Mr. Tuss made some very compelling points, and you made an economic point that with some level of investment in operating Amtrak has a multiple effect on what the impact is in the economy, and as you point out, in society, and ultimately, in health care delivery.

So the three criteria we are certainly going to be looking at, you've spoken to them, of course, the state of the pandemic and right now we're seeing rising cases again and it's very hard to predict what that will look like going forward of the state of Amtrak, and I'll come back to that in a moment. But I want to-- in terms of looking at level of ridership, we also want to have some perspective on what does demand look like? So we've said that we'll continually evaluate the service--services, pardon me. And that by February, we'll need to make a decision for restoration in the late May to June timeframe, because it's going to take that amount of time to recall--requalify crews, put together the rolling stock equipment, the consists, etcetera.

And the number that we're looking for is to just understand in February, and through the months leading up to February, what do forward bookings look like in June? And not forward bookings for some hypothetical seven-day service, but forward bookings to the three-day level of service that we had. It's not a perfect science and then Senator Tester—

Cantwell: --I guess, sorry to interrupt. I just see my clock ticking down here. The point is, are you saying you're going to make a decision in February of next year, and that that will be a final decision to an entire next year on whether this service that was just cut is going to be restored? And so, because if it is, and then you're going to base that on some ridership while we're still in the middle of the pandemic, that seems like a pretty hefty penalty to pay for those communities, not to have that additional service.

Mr. Flynn: We're going to evaluate the services, when we do, on an ongoing basis. We pointed to February for a June startup, because as we go to recover, it's probably a 90-day period of time. If we made it in December—

Cantwell: --So that wouldn't be a final decision?

Mr. Flynn: It wouldn't be a final forever decision and I'm sorry, I didn't answer you clearly.

Cantwell: It wouldn't be—okay. I just want to be clear that if you make some decision in February, it is not going to be for another entire year.

Mr. Flynn: That's not our intention, Senator.

Cantwell: Okay. Thank you. Thank you, Mr. Chairman.

Second Round of Q&A with Witnesses:

Cantwell: Thank you, Mr. Chairman, and again, thank you for this panel. Very important issues to be discussed here today. Mr. Fountain, I'm assuming the chassis shortage is related to congestion?

Mr. Fountain: Yes ma'am. At times we have a problem getting chassis. Any bottleneck's bad, but the worst bottleneck is the bottleneck on the front end. Chassis and having the rail cars to put them on and as the gentleman spoke earlier that--you know we've been fortunate here of post COVID, the agriculture that we have been able to start shipping a lot. And then you get into those issues of chassis and having the pool that you could all pool from is very important.

Cantwell: Well, this I think points to the freight act that we were able to get passed and freight infrastructure investment. We were just able to open Lander Street, which is a major project in Seattle, a big federal investment. Literally you're just trying to take all that freight that's coming off of I-5 and get it to the port. It's only five--you know it's only a few miles, the bridge itself was only, you know, probably three blocks but the economic benefit of just getting--alleviating that congestion--so I do think we need to continue to make freight investment across the board.

I want to ask Mr. Pierce but also Mr. Gordon, we just heard that this rate adjustment might be better but I listened to what you said and you basically said, we need a better definition of basic service, because we're still going to come up short. Is that correct?

Mr. Gordon: Yes, Senator, and I think our concern about the precision scheduled railroad operating model is that the railroads are increasingly indicating what the level of service will be based on their desire to meet their operating ratio goals. And so it's reduced the number of switches and deliveries into different facilities. It's resolved in soybean meal, for instance, being shipped in manifest long merchandise trains where it's taking twice as long, in some cases, at twice the cost that Unitrans used to be.

Cantwell: Well, I don't know what we do about this but I'm pretty frustrated with it across a lot of sectors, that is just because you have information, and it says that it's more cost effective, doesn't mean you're serving everybody's purposes by making those decisions that way. And I definitely think that shippers, given the, as you said duopoly, were really very--I don't even know if it's a duopoly--minimal choice here for our shippers. I just know this: I'm a big supporter of being able to ship product outside the United States so I want to have the infrastructure and the cost schedule to do it.

Speaking of the precision PSR, Mr. Pierce, do you believe that the current regulatory regime is--I know you just mentioned the safety issue which I agree with you on--but what about just fair pay and working conditions overall? You mentioned some of these closures and things of that nature. Again, are we falling prey to this same thing where somebody can use information and say how effective that information is at being cost effective, but then who's getting served under those? Mr. Pierce, do you have a comment about that?

Mr. Pierce: I do thank you Senator. One of our concerns is that the reductions that we've seen in workforce have taken the elasticity out of the network. We saw that early on when service started rebound and railroads were not able to recall, bring locomotives out of storage, recall crew members, recall employees to get those locomotives and cars ready. There were delays, and those delays were passed on to the shippers.

It's no doubt in our mind that we're understaffed. There are close to, probably upwards of 10,000 engineers and conductors still furloughed, ready to go to work, waiting to go to work. And we think the railroads need to be more proactive to prepare for the rebound that we all hope to see.

Cantwell: Well, I definitely think DuPont taught us a lot. And that is the accident that we had there, and we need a workforce that's well skilled and well knowledgeable about awareness in addition to the technology we're implementing. And just as the Chairman just showed, it's like, you can have technology and sure, it makes it more efficient, nobody in the back there has to write a note to one of us, but at the same time, human error, or just interface with that technology can mean some challenges.

So, look. To me, this is very important for the United States of America. I personally believe in a better trade policy than this administration has. I believe in shipping things so we have a growing economy-- 95% of consumers living outside the United States--one of the barriers is we've got to provide affordable transportation to get our product to those markets. A lot of them come right through our ports, so, I have an economic interest, I'll admit that, with our ports.

But, you know, in a world where we're going to face competition from South America and other places, we've got to get this right. And I hope we will both for the workforce, for the safety, but also for the price, so that we can get our products to these international markets. Thank you, Mr. Chairman.