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**U.S. HOUSE TRANSPORTATION & INFRASTRUCTURE COMMITTEE,  
SUBCOMMITTEE ON RAILROADS, PIPELINES AND HAZARDOUS MATERIALS**

**HEARING ON**

***GETTING ON THE RIGHT TRACK: NAVIGATING THE FUTURE OF  
PASSENGER RAIL IN AMERICA***

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**SUBMITTED BY**



**San Joaquin  
Joint Powers Authority**

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SJPA is a regional government agency tasked with the administration and management of existing intercity passenger rail service in the San Joaquin Corridor. For more information, visit [sjjpa.com](http://sjjpa.com).

## Introduction

Good morning, Chairman Nehls, Ranking Member Payne, and Members of this esteemed Subcommittee. My name is Stacey Mortensen and I am the Executive Director of the San Joaquin Joint Powers Authority (SJJPA), which oversees a state-supported Amtrak route known as the San Joaquins service. I also serve as Executive Director of the San Joaquin Regional Rail Commission (SJRRC) which oversees the Altamont Corridor Express (ACE) commuter rail service. Both services run through California's Central Valley and into the metropolitan areas of Sacramento and the San Francisco Bay Area. Through these two roles, I have been fortunate to experience the ins and outs of passenger rail service from many different angles. Today, I am asking you to consider thinking about the state-supported Amtrak services in a different way going forward because in the new vision for expanded passenger rail throughout the country, one size does not fit all.

Let me first begin by thanking several of our local representatives on this Subcommittee. They are the information pipelines between our communities and the complex decision-making process at the national level. I had the pleasure of getting to know Congressman Duarte during his recent tour of our Stockton Rail Maintenance Facility. He continues to express his desire to fully understand the transportation issues in our region of California and be a thoughtful advocate in Congress. I would also like to express my appreciation of the tremendous leadership of Congressman DeSaulnier, who is our longtime, valued resource on all transportation issues affecting the greater San Francisco Bay Area. We are honored to have the opportunity to serve his constituents on both the ACE and San Joaquins services. Finally, although not a member of this Subcommittee, we would like to thank Congressman Harder, who has been a tremendous advocate for increased rail service around the greater Stockton area and continues to work with us on potential legislative solutions to ensure efficient and cost-effective passenger rail in the Central Valley.

California is home to the nation's largest state-supported intercity passenger rail network operated by Amtrak. The Pacific Surfliner, the Capitol Corridor, and the San Joaquins intercity services make up the top three highest ridership services in the United States outside of the Northeast Corridor. Even in the post-COVID environment that has crippled most transit and passenger rail services, these three routes carried over 3.2 million riders this last year, which accounts for nearly 40% of all state-supported passenger trips.<sup>1</sup> And by "state-supported," I must emphasize that this means our passengers and our state taxpayers fully cover the entire operating and capital costs for the service. We do not receive any annual federal funding.

California's intercity rail system connects the major populated areas of San Diego, Los Angeles, San Luis Obispo, Bakersfield, Stockton, Oakland, San Jose, and Sacramento. Additionally, our

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<sup>1</sup> *Amtrak FY22 Ridership*. January 2023. <https://media.amtrak.com/wp-content/uploads/2022/11/FY22-Year-End-Revenue-and-Ridership.pdf>

extensive thruway bus services provide connections to an additional 122 destinations throughout the state.

Over the last four decades, California has invested nearly \$8 billion in improving its intercity passenger rail network. Our state maintains a proven track record of planning, delivering, and expanding both passenger rail and freight rail projects. We owe much of our success to sustained advocacy in Sacramento and the consistent state funding support of our rail programs by our state legislature and state rail staff.

### Intercity Passenger Rail in California & CIRCLE

In 2021, we consolidated the advocacy efforts for the Pacific Surfliner, Capitol Corridor, and San Joaquins to form California's Intercity Rail Corridor Linking Everyone (CIRCLE). This coalition focuses on uniting policymakers and partner agencies on the need to

preserve the past passenger rail investment and continue strategic future investment throughout the state. These discussions continue to include strong partnerships with the Federal Railroad Administration, Amtrak, Class I railroads, and labor groups. We also encourage innovation and flexibility in service delivery as the expectations in California and throughout the nation clearly dictate that one size does not fit all. We look forward to being an ongoing resource to this Subcommittee.



While I am not here to testify specifically about the California High Speed Rail Authority (CHSRA), I know this topic is of great interest to the Subcommittee. I serve as a member of the Peer Review Group established by California Law AB 3034 and can discuss the findings and conclusions highlighted in the March 23, 2023 report that specifically impacts SJPPA's role as a provider of intercity passenger rail service in the Central Valley<sup>2</sup>.

### Background on San Joaquins

In 2012, the California legislature passed AB 1779 to protect and improve existing rail service throughout the San Joaquin Corridor. The corridor runs up the Central Valley from Bakersfield to Stockton and then splits to take riders to Sacramento or Oakland. The route spans 365 miles, includes 7 daily round trips (6 currently running post-pandemic), provides 18 stations, and has been entirely funded by the state for many years. Even when factoring in the state-supported routes within the Northeast Corridor, the San Joaquins are Amtrak's fifth-busiest service. The

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<sup>2</sup> California High-Speed Rail Peer Review Group Report. March 23, 2023. <https://www.cahsrprg.com/wp-content/uploads/sites/15/2023/03/Final-to-legislature-3-23-2023.pdf>

San Joaquins also include the most extensive connecting bus program in the country at \$20 million per year, which is as big or bigger than many of the other state-supported rail routes. During Fiscal Year (FY) 2019, the San Joaquins carried 1.1 million passengers and the state provided over \$50 million in subsidies. During the pandemic, the San Joaquins were reduced to 5 roundtrip trains, but had the highest ridership in the nation over many months. In this last Fiscal Year with 6 out of 7 roundtrips running at 85% of full service, ridership reached 850,000, or 79% of pre-COVID levels. This indicates that the San Joaquins have a strong elasticity despite other negative impacts in the larger environment. This is particularly worth exploring further because the San Joaquins riders have some of the lowest household incomes nationwide.

### Background on Altamont Corridor Express (ACE) Service

I was part of the start-up of the ACE commuter rail program in 1998 and learned the ‘boot strap’ method of funding and delivering a passenger rail program through local revenues and competitive procurement. The ACE service provides 4 weekday trains in the peak period and runs over an 86-mile route between the Central Valley and Silicon Valley, with Herzog Transit Services as our operations and maintenance contractor. Pre-pandemic, ACE trains handled 6,500 daily passenger trips and over 1.5 million annual riders. However, as the ACE passengers are primarily peak period commuters, pandemic related remote work models have had a significant impact on ridership. Ridership is currently at 50% of pre-COVID levels but has been steadily increasing. The federal COVID relief transit operating funding passed by Congress in the CARES Act (P.L. 116-136), CRRSA (P.L. 116-260), and ARPA (P.L. 117-2) was a lifeline that kept trains running at minimum levels for essential workers – and we thank you for making that tough decision.

We are working closely with Central Valley, Sacramento, and Bay Area Economic Councils to monitor the evolution of the new hybrid work models and the changing commuting patterns. Flexibility in responding to these factors could make or break the success of future passenger rail services.

### Critical Collaboration

The San Joaquins and ACE trains both operate on Class 1 railroads. To have a successful partnership for existing and expanded passenger rail service, a public agency must understand freight company business goals and commit to fund network capacity improvements that keep freight and passenger trains moving. Union Pacific and BNSF have been consistent allies in planning for our service expansion. A key factor in maintaining these relationships is the efficient governance models between the elected boards for ACE and San Joaquins services. Rather than duplicate the governance effort and create potentially competing interests, the two boards share one consolidated staff and one vision for providing passenger rail between the

Central Valley, Sacramento, and Bay Area. Each board assumes the roles that play to their strengths. The San Joaquin Regional Rail Commission that oversees the ACE service focuses on ground game – day-to-day operations and maintenance, engineering and construction, negotiations with the host railroads, and rolling stock procurement. The San Joaquin Joint Powers Authority focuses on planning in the larger geographic area and communicating the opportunities and challenges to the state for overall rail network integration. This board is also responsible for negotiations with the state and the California High Speed Rail Authority to operate an interim service on the new high-speed infrastructure in the Central Valley. This shared governance model is a departure from the usual agency oversight and has saved time, money, and has streamlined the coordination effort between the numerous service partners. Such efficiencies will be required to advance new state and national passenger rail goals.

### One Size Does Not Fit All

I want to share a few examples that show where a national approach to state-supported passenger rail programs can be flawed. Over the past few years, California and the current Federal Railroad Administration have committed unprecedented levels of funding to new and improved passenger rail service and the transition toward zero-emission trainsets. These visions have been percolating for a while, but with serious money on the table, there are serious expectations of simultaneous advancement in many corridors and across many fleets. And yet, the general intercity passenger rail environment has not been a place of speedy transition or evolution. Under the current framework, the dreams of more accessible rail service to more populations could take decades or stall altogether.

Timely innovation efforts in a highly regulated industry with a centralized national railroad will inevitably face numerous barriers. Recent service expansions and new service have been plagued with excessively long planning, negotiation, procurement, and delivery times. Centralized decision-making often means those who are ready have to wait for those who are not. Equipment procurements or modifications can be bogged down waiting for over two dozen parties (and their attorneys) to agree on excruciating details. When there are national processes in place, changes to those processes can be geared toward centralized expediency (which Congress has often pressured Amtrak to achieve) rather than protecting and improving the services for the passengers who rely upon them.

Last year, I was the sole state vote against the new State-Amtrak Intercity Passenger Rail Committee (SAIPRC) cost model required by the Infrastructure Investment and Jobs Act (IIJA). It is likely that I will once again vote against the upcoming standardized cost rate for service. This time, however, I may not be the only one. It is not about whether the costs are higher or lower under the model, but rather because the 2019 cost data, which is used as the baseline in the new cost allocation rate, were grossly inaccurate due to Amtrak's inability to provide clear back up for the inflated expenses. Again, the national interests were pushed forward to meet a

deadline, but our San Joaquins service continues to suffer on account of these inaccurate cost allocations that cannot be explained. This significantly hampers our ability to sustain and grow the service.

Ironically, when a service change negatively impacts California, it does significant harm to the largest Amtrak cost center outside of the Northeast Corridor. The double irony for our San Joaquins service is that we receive no federal funding. Our state and our riders pay all the operations and maintenance costs, which are now nearing \$100 million per year. National decisions have crippled our service without justification, and yet, the established Passenger Rail Investment and Improvement Act of 2008 (PRIIA) framework sticks us with the check, and we are left with no other option but to foot the bill.

In fact, even when Amtrak acknowledges that there is a problem in this arena and attempts to make changes, as was noted in the January 2022 Amtrak OIG report, the vast majority of state partners continue to have lingering distrust with the new national data. This further demonstrates that the one size fits all national approach set up by Section 209 of PRIIA is fundamentally broken.<sup>3</sup>

### Right Size – Right Place

Another example where one size does not fit all relates to the state's desire for a more rapid deployment of zero emission technologies for trainsets. Demonstration programs are being developed for battery, hydrogen, and various hybrid solutions for rail applications. Rail corridors have different requirements based upon grades, curvature, station stops, and length of route. We are part of several different demonstration efforts for locomotive-hauled and multiple unit trainsets. These will require close coordination and nimble response to host railroad feedback in specific corridor-by-corridor discussions. Integration between the San Joaquins and ACE service with the interim high speed rail service will also be a complex process. We can appreciate the general benefits of a national, standardized fleet transition for emission reductions, but also know the pace of such an effort and the standardized outcome, much like the cost allocation formula, may not result in an outcome that is beneficial for the San Joaquin corridor.

California owns the fleet for the San Joaquins and Capitol Corridor in the northern part of the state. The state has resolute goals for fleet modernization, emissions reductions, and improved passenger experience. This cannot be accomplished in the expected timeframe through a national framework, particularly when there are so many plans for new services and expansion around the country. Each region in California may require different approaches depending on geography, demographics, and connections to other transportation options. The same is true for the state's

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<sup>3</sup> *Governance: Amtrak Has Begun to Address State Partners' Concerns About Shared Costs But Has More Work to do to Improve Relationships*. January 31, 2022. <https://amtrakoig.gov/audit-documents/audit-reports/governance-amtrak-has-begun-address-state-partners-concerns-about>

equity objectives. Local and regional nuances will dictate the most effective and meaningful strategies. The creation of the three interregional Joint Powers Authorities (JPAs) was a concerted effort to drive oversight and decision-making down from the state level closer to communities and the passengers. True transformation will require flexibility and adaptability that the historic national model has not offered.

There are, however, a few bright spots. A new model is emerging from our discussions with Amtrak, host railroads, FRA, and the state. The parties are evaluating the rightsizing of national and state level efforts on the San Joaquins and assigning responsibilities that make sense. This extends the reach of each player and allows more progress to be accomplished toward state and national goals simultaneously. We have the expertise to focus on advancing our equipment strategies and Amtrak has the turnkey expertise to get the new services on the ground quickly.

California has detailed plans for unique rolling stock modification and rehabilitation of our state-owned fleet to reflect the regions and communities that are served. The interior mock-ups we have done with the state give passengers a connection to their rail service beyond the utility of connecting from “point A to point B.” We want the journey to be as important as the destination, including the connecting bus trips, which currently feel like a lesser experience than the train trip. While California is also pursuing aggressive goals for electric and autonomous vehicles, the highway gridlock is predicted to worsen and moving people by train and connecting bus becomes increasingly important. Under the historical national maintenance model, these train equipment modifications would be difficult, if not impossible, to achieve. But, under a new strategic model with Amtrak and FRA, a more localized workforce effort would address these equipment needs, and the national workforce effort would focus on the impending expansion efforts throughout the nation.

In closing, having experienced both the failure of what I call the national one size fits all policy and the success managing regional service with a localized decision-making model, we have clearly seen what a path forward looks like for successful intercity passenger rail policy. This experience informs us that now is the right time and place to rectify the efforts to build passenger rail service that is demanded of us for the future and I ask that the members of this Subcommittee be supportive of this effort. I suspect that other services across the country have shared similar experiences. My hope is that our advocacy will lead to an outcome that will provide us all with the flexibility to rightsize and customize the appropriate path forward for each unique route, something that is impossible today. In short, rightsizing today will allow us to get it right tomorrow.

I look forward to answering any questions the Subcommittee may have about our program and experiences managing the two publicly funded passenger rail services.