Fiscal Year 2009 Evaluation Reports

Comparison of Amtrak's Infrastructure Labor Cost to European Railroad Averages
Report E-09-01, 03/24/2009 Semiannual Report #39

The objective of this evaluation was to compare labor costs between Amtrak and European Railroads. The OIG found that the annual cost of an Amtrak infrastructure worker is more than twice as much as the average European infrastructure worker.

The OIG briefed these preliminary results to the Amtrak President and CEO and explained the primary reasons Amtrak labor costs are so much higher than that of the average European worker. Specifically, Amtrak workers earn significantly more in extraordinary wages (overtime) and Amtrak pays more than four times more for employee benefits each year.

As a percentage of the total difference between Amtrak and European labor costs, 51 percent of the variance in labor cost is due to Amtrak's higher benefit expenses, 30 percent due to higher extraordinary wages, and 19 percent due to higher base wages. A major contributing factor to the higher base wages and extraordinary wages is that, on average, Amtrak infrastructure workers work 32 percent more hours per year, including six times more overtime hours, than Amtrak's European counterparts.

Management Response: This report was for information only and did not require a response.

Financial Impact of Equipment Delays
Report E-09-02, 03/25/2009 Semiannual Report #39

This report provides Amtrak a tool to assess the economic benefits of investing in rolling stock maintenance initiatives to improve equipment reliability. The OIG analyzed the impact that equipment related train delays had on FY 2007 ticket revenue and quantified the impact in terms of revenue loss per delay minute and total annual revenue loss by type of equipment.

This information should be helpful in determining which equipment maintenance programs to focus on and in estimating the anticipated revenue gains from any maintenance initiatives that impacts equipment reliability.

Management Response: This report was for information only and did not require a response.

Human Capital Management

Report E-09-03, 05/15/2009 Semiannual Report #40

The OIG initiated a company-wide evaluation of how Amtrak manages its human capital (HC). The team evaluated how well Amtrak identifies its manpower needs and then recruits, hires, develops and retains the individuals with the skills needed to accomplish Amtrak's mission and strategic goals.

The OIG found that, although the traditional role of human resources (HR) has evolved over the past 20 years from being mainly transactional and reactionary to one that is more proactive and strategic, Amtrak has been slow in following this trend.

The OIG found that more than a quarter of Amtrak's workforce will be eligible for retirement in less than five years. Investments in recruiting, developing, motivating, and retaining, highly qualified employees with the skills that are critical to Amtrak's current and future needs are required for the company to maintain its position as the leader in intercity passenger rail within the United States.

To ensure these investments are spent wisely and targeted in the correct areas, Amtrak needs a comprehensive, corporate-wide HC strategy that is tied to the company's strategic plan and is supported by Amtrak's senior leadership and Board of Directors. To help the company address this critical issue and to improve the efficiency and effectiveness of its HC, the report included 24 specific recommendations – including the creation of a HC officer position for the company to provide a single point of accountability for leading the strategic transformation of HC Management.

Management Response: Management agreed with the recommendations except to combine the Labor Relations and Human Resources departments into one department under a single Human Capital Officer. Amtrak has made progress by identifying employees who are eligible to retire and preparing talent profiles for non-agreement covered positions. Amtrak has not yet identified its mission critical and other key positions or developed a strategic workforce plan. Regarding a corporate retention strategy, Amtrak is currently implementing the Employee Information Management system that provides a basis to effectively track and guide career paths for its employees. Fully implementing the recommendations will require a concerted effort over several years.

Lessons Learned – Acela and Surfliner Programs

Report E-09-04, 07/21/2009 Semiannual Report #40

To ensure Amtrak decision-makers are aware of "lessons learned" from past Amtrak procurements, the OIG reviewed the experience of two of Amtrak's major equipment procurement programs (Acela and Surfliner) during the last 15 years and documented the lessons learned from these programs. To accomplish this, the OIG interviewed over a dozen key individuals involved in these procurements.

The individuals interviewed had many recommendations from their experiences with these procurements. The OIG incorporated 20 of those recommendations into the OIG report to help guide Amtrak Management in any future major equipment procurement.

Management Response: Management agreed with the recommendations and has incorporated some of them into current procurement actions.

Amtrak's Infrastructure Maintenance Program
Report E-09-05, 09/28/0909 Semiannual Report #40

The OIG conducted a multi-year evaluation of the efficiency and effectiveness of Amtrak's right-of-way (ROW) maintenance programs. The OIG utilized a combination of qualitative and quantitative techniques to assess the efficiency and effectiveness of Amtrak's program and to identify opportunities for improvement.

To measure the relative efficiency and effectiveness of Amtrak's Infrastructure Maintenance program, the OIG benchmarked Amtrak's performance metrics to those of comparable European railroads. To identify the "best practices" in infrastructure maintenance, OIG staff visited six European countries/infrastructure operators that were included in the benchmarking study and had unique expertise in specific areas of infrastructure maintenance and renewal.

The benchmarking process showed that Amtrak has an opportunity to reduce its long-term infrastructure capital and operating maintenance costs by $50 million to $150 million per year by improving the overall efficiency and effectiveness of its infrastructure maintenance program to the level of comparable European railroads.

During its evaluation, the OIG staff discovered numerous maintenance practices and technologies that Amtrak may be able to adopt to improve the efficiency and effectiveness of its infrastructure maintenance program.

The OIG evaluation further revealed that there are numerous causal factors that determine why Amtrak spends more on its infrastructure maintenance and that some of these factors are outside of Amtrak's direct control. This report made sixteen recommendations to help Amtrak manage its Infrastructure maintenance program more effectively and efficiently and to take advantage of the opportunity to reduce its long-term infrastructure capital and operating maintenance costs.

The recommendations took into consideration that Amtrak is not totally in control of all of the factors impacting its infrastructure maintenance costs and that Amtrak must enlist the support of outside agencies to accomplish several of the recommended actions.

Management Response: Management agreed with all of the recommendations and has begun to implement them. For example, Amtrak is well along in implementing a new asset management system but it will take several years before it is fully operational. Additionally, Amtrak is exploring new technologies along the NEC.