




## Memorandum

**To:** Stephen J. Gardner  
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Executive Vice President/Chief Operating Officer

**From:** Stephen Lord   
Assistant Inspector General, Audits

**Date:** July 7, 2017

**Subject:** *Preliminary Observations on the New York Penn Station Infrastructure Renewal Program*

Two derailments this spring at New York Penn Station (Penn Station) led to significant delays for Amtrak (the company) passengers and rail commuters across the New York City region, raising questions about the aging infrastructure at the nation's busiest train station. In response, the company launched the New York Penn Station Infrastructure Renewal Program (Renewal Program), which company documents describe as compressing several years of planned construction work into about a one-year period. The Renewal Program began in May 2017 and is projected to finish in June 2018. This work period combines several months of planned weekend track outages—including two months of intensive continuous track outages—to renew important assets in various locations throughout the station. The continuous outage work is scheduled to take place from July 7 through September 4 this year.<sup>1</sup> Much of the initial Renewal Program work focuses on "A" Interlocking—a critical set of tracks and switches that serves as a sorting mechanism on the west side of the station to route trains entering from the Hudson River tunnels. A diagram illustrating the complexity of the track work at the interlocking is included in Appendix A.

In May 2017, we began reviewing the Renewal Program (then in its early stages of formulation) to: (1) identify the factors that led to the current infrastructure conditions, (2) assess the company's plans, estimated costs, schedule, and sources of funds being used to support the planned track and infrastructure repairs at Penn Station, and

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<sup>1</sup> The intensive construction work will begin on Friday night, July 7, and will continue through Monday, September 4 (Labor Day); however, train schedules will need to be modified for only a portion of that time—from July 10 through September 1. In this memorandum, we use the construction dates.

(3) evaluate the company's efforts to mitigate passenger inconvenience resulting from the scheduled repair work.

Although our work is ongoing, we are providing these preliminary observations on risks in the company's approach for managing the Renewal Program. Several company executives told us that the Renewal Program is the most critical challenge facing the company at this time, and our intent is to make the company aware of these risks as the program intensifies in order to help ensure its success. Our observations are based on interviews with company officials and our analysis of internal and external company documents. We also obtained documents and met with representatives from the two commuter railroads that share tracks and facilities with Amtrak in Penn Station—New Jersey Transit (NJT) and Long Island Rail Road (LIRR).

## **Summary of Observations**

The company has taken several important steps to help ensure the Renewal Program stays on schedule and provide timely and relevant information to stakeholders. For example, it has created an internal executive steering committee to coordinate all efforts related to the Renewal Program across departments, augmented its track maintenance workforce in New York City by temporarily relocating personnel from elsewhere in the system, developed a cost estimate that includes contingencies, and constructed a work schedule that it considers sufficient to accommodate anticipated worker fatigue. The company has also made positive strides in communicating with its internal and external stakeholders—including the Board of Directors, employees, and the general public—using a variety of media such as Twitter, YouTube, tours for the press and public officials, and internal employee communications.

However, because of the current scope of work and compressed time frames for completing the scheduled track repair, we have identified risks in the company's plans for implementing the Renewal Program that warrant management attention. These risks involve potential weaknesses in the project management framework, as well as limitations in the company's plans for both communicating with stakeholders and mitigating passenger inconvenience. To address these risks, company officials told us they are taking a number of steps, which are in various stages of development. They agreed that completing these risk-mitigation efforts is particularly important given their potential to undermine the Renewal Program's prospects for success, the company's short- and long-term ridership and revenues, and the company's relationships with key Northeast Corridor stakeholders. In addition, shortcomings in any of these areas may result in reputational harm and reinforce questions that we and others have raised about the company's capability to effectively manage its critical infrastructure assets.

To further mitigate risks, we are suggesting several matters for the company's consideration. To address *program management risks*, we suggest that the company continue its efforts to develop an integrated master schedule and coordinate its project management framework with the company's Enterprise Program Management Office (ePMO). To address *communications risks*, we suggest that the company consider further efforts to encourage and sustain collaboration with key stakeholders and implement a long-term communications strategy to assess and address possible residual negative customer impressions.

To address the risk of additional *passenger inconvenience*, we suggest that the company consider developing alternative train operating schedules for contingencies that could occur during the work period and reinforcing company service values to customer-facing personnel in stations and elsewhere during the Renewal Program. We recognize that many of the risks we identify involve actions that the company does not fully control, and mitigation of these risks will require cooperation from and coordination with external parties. For the full list of matters for consideration, see pages 15 and 16.

In discussing the contents of this memorandum, company officials agreed that the issues addressed pose risks to the successful completion of the Renewal Program and the long-term reputation of the company. However, the officials told us they have plans in place or efforts underway to address many or all of these risks, and they are confident that those risks within the company's control will be successfully mitigated to ensure the Renewal Program's success and long-term protection of the company's brand.

## **Program Management Risks**

Our prior audits of the company's large capital projects have documented a long history of weak project management, raising questions about the company's ability to effectively manage the Renewal Program. Since May 2013, we have issued 15 reports identifying weaknesses in the company's management of large capital projects, including the lack of effective governance and project management frameworks.<sup>2</sup> These project management weaknesses have resulted in scope changes, cost overruns, and missed milestones on significant capital initiatives and projects. The cost estimate for the Renewal Program through fiscal year 2017 is \$26.3 million; no estimate has been developed yet for work remaining through fiscal year 2018.

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<sup>2</sup> For the 15 audit reports identifying weaknesses in the company's management of large capital projects, see *Amtrak: Top Management and Performance Challenges—Fiscal Years 2017 and 2018* (OIG-SP-2017-009), March 29, 2017, and *Information Technology: Operations Foundation Program—Restructuring Could Help Control Costs and Limit Risks* (OIG-A-2017-011), June 19, 2017.

Our preliminary audit work on the Renewal Program suggests that there are potential gaps in the program's project management framework, which could increase the risk that the program will not be completed on time and within budget, or fully meet its objectives.

For example, at the time of our review, the company's ePMO had not yet been involved in any aspect of the project's planning, scheduling, and cost estimating. The ePMO was established in 2016 for the specific purpose of bringing rigor and discipline to these critical project activities by providing experienced, knowledgeable, and skilled project management expertise to the company's departments. According to the company, the initial focus of the ePMO has been to create a standard process for managing projects across Amtrak and to assist with gathering and organizing the company's overall project portfolio. The ePMO provides program management on some, but not all, large projects.

However, because of the time constraints and the ePMO's current resource limitations, the company told us it decided instead to engage several external project management and technical experts to support the project. Specifically, the company engaged HNTB Corporation (HNTB), a national infrastructure solutions firm, and TDCU Rail Services Company (TDCU)—both companies are familiar with infrastructure renewal work and managing these types of projects. According to the company, HNTB's team for this program features several members with extensive Northeast Corridor and/or Penn Station experience, and TDCU is owned and operated by a former Vice President of Engineering for Norfolk Southern who oversaw major track projects at one of the nation's largest freight railroads. According to company officials, HNTB's and TDCU's tasks include the following:

- **Validation.** Validate the scope and schedule of the Renewal Program.
- **Inspection.** Provide additional, objective onsite inspection during construction to review the work and determine if it meets Amtrak's standards and specifications.
- **Construction Methodology.** Review Amtrak plans and establish a baseline of execution and process for continuous improvement.
- **Quality Assurance.** Review Amtrak's quality assurance plan and ongoing documentation and provide recommendations for improvement of these elements and compliance.
- **Risk Management.** Develop and utilize a risk matrix, including identification of potential at-risk activities for operations and construction activities.

- **Technical Assessments and Design Management.** Review plans, specifications, and construction integration, as required; review any plans developed by the Engineering department and others; issue recommendations concerning all affected disciplines and systems within the reviewed plans.

Additionally, the company reports that HNTB will provide direct program management including partnering with Engineering to develop Site Specific Work Plans (SSWP) with Safety Site Specific Work Plans, project schedule and project milestones. These tools will be used by Amtrak senior leadership to monitor process of the project and to assist in making any necessary adjustments to meet targeted scope and schedule. The company has stated that upon completion of the final draft plans for the program, they will ask the ePMO to review the plans and provide comments and recommendations to the Chief Operating Officer (COO) and Chief Administrative Officer (CAO).

The COO also told us that an experienced project management consultant from HNTB was scheduled to join the team on July 5—independent from those working specifically with engineering on the scope, schedule, means, and methods, and SSWP. The consultant will provide overall program integration and management support for the duration of the summer work period. Company officials told us that this person will work directly for the COO to ensure the development and monitoring of an integrated master schedule based on the SSWP and project milestones, which brings together the various aspects of the program from all of Amtrak’s departments in order to oversee the projects schedule, scope, and costs. The project management consultant will also review plans with the ePMO for input while completing the work plan and schedule materials for the COO.

Company officials also told us that the company has established an executive steering committee to facilitate coordination across departments. Additionally the COO told us that this committee, which he leads, will hold a daily progress meeting with key project personnel and leadership. The meeting will cover safety issues, work completed over the past 24 hours, current status versus schedule, passenger and station user issues, crowd levels, train and station flow, any assistance needed from support functions, and any other pertinent matters that could negatively impact the project. Daily reports will come from representatives from departments and offices such as Engineering, Station and Train Operation Management, Corporate Communications, Government Affairs, and Safety and Security. Finally, the company noted that Amtrak’s Safety and Security leadership had also established a working charter with operating membership from NJT, LIRR, New York City Fire Department, the Port Authority of New York and New

Jersey, and other local agencies. This team is led by the Assistant Vice President Emergency Management and Corporate Security.

Our preliminary work identified three additional risks:

- **Internal Coordination and Accountability Risk.** The company has taken positive steps to help ensure companywide coordination and accountability for the Renewal Program by establishing an executive steering committee and designating a senior accountable official.

The executive steering committee, established to facilitate coordination across departments, is a positive step that we have previously reported constitutes a leading practice in project management. In our 2014 report on the company's management of the Gateway concrete casing project, we reported that the steering committee developed a charter that described the committee's purpose, authority, organization, responsibility, and protocols for meetings and reporting.<sup>3</sup> Leading practices indicate that such a charter could help the Renewal Program avoid gaps in project accountability and management. The company reports that it will task the new project management consultant with developing and monitoring the execution of the charter.

According to company officials, the COO is the senior official accountable for the overall success of the Renewal Program. We view this effort to consolidate overall program responsibility with a single accountable executive as a positive step. However, we note that the company has historically experienced problems coordinating decision-making across departments. The success of this program—as measured by both the improvement of physical assets and the maintenance of critical stakeholder relationships—will involve a high degree of planning, resources, and execution by multiple company divisions and departments: most notably the Engineering, Operations, and Government Affairs and Corporate Communications departments.

- **No integrated master schedule.** Our prior work has identified the importance of using an integrated master schedule for large capital projects, which is a leading practice of program and project management. An integrated master schedule structures the planned work, the resources necessary to accomplish that work, and the associated budget in a logically linked sequence of activities.<sup>4</sup> Without an

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<sup>3</sup> *Acquisition and Procurement: Gateway Program's Concrete Casing Project Progressing Well; Cost Increases Will Likely Exceed Project Budget* (OIG-A-2014-004), February 11, 2014.

<sup>4</sup> *Schedule Assessment Guide: Best Practices for Project Schedules* (GAO-12-120G), May 2012.

integrated master schedule, management may not focus on key activities or consider key risks that could cause the schedule to slip or costs to increase, and may not even know if the Renewal Program is proceeding in accordance with its schedule and budget.

In place of an integrated master schedule, the Engineering department created a 32-page PowerPoint slide deck that provides a high-level scheduling target for all the work planned between May 2017 and May 2018. Additionally, the company reported that the Engineering department has been working with HNTB to develop the SSWP for the two major jobs for the intensive summer renewal work. The plans, according to the company, include all of the necessary schedule elements.

The company reports that as the SSWP are finalized, a final integrated master schedule will be developed and submitted for review by the ePMO, which will contain key milestones for use by the COO and the executive steering committee. The company states that the Engineering department and HNTB are developing more detailed weekly work schedules and SSWP linked to the overall Renewal Program scope and budget to show progress against its overall scope. The COO also told us that the new overall program management consultant will be tasked with developing and overseeing this schedule and other critical project management tools.

- **No schedule risk analysis or mitigation strategy.** Leading practices have shown that when developing a schedule, assessing scheduling risks and identifying mitigation strategies are essential to prevent schedule slippage that could impact the project's completion date.<sup>5</sup> Our preliminary discussions with company and stakeholder personnel identified a number of risks that could affect the Renewal Program's milestones and costs, including the potential for heat-related work outages and the need to divert personnel and other resources to perform emergency repairs outside the New York City area. The company has built some scheduling contingency into the summer schedule for delays and work slippages; however, by not fully assessing all risks and developing plans to mitigate them, the contingency may not be sufficient to allow the company to complete all the work it plans to do by September 4. As reported by the company, HNTB has worked with the Engineering department and other stakeholders to develop a draft risk mitigation plan and strategy. The company reports that the plan, which is being reviewed, will be part of the SSWP.

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<sup>5</sup> *Schedule Assessment Guide: Best Practices for Project Schedules* (GAO-12-120G), May 2012.

The continuous outages this summer present a unique opportunity for the company to accomplish a significant body of work critical to improving safety and operating reliability without having to accommodate full weekday train operating schedules. Officials told us they believe that there is adequate time in the current schedule to complete the planned scope of work. However, if delays or changes in scope are encountered during this period, the company told us it plans to return to full service by September 5 and will use subsequently scheduled weekend outages to handle any remaining work. However, the company explained that weekend work is less efficient and could prolong the work because significant time and resources are required to take tracks out of service Friday nights and restore them to service before the Monday morning rush hour.

## Communications Risks

The company has developed what appears to be a comprehensive Renewal Program communications strategy; however, some elements of its execution may pose financial and reputational risks. The Vice President for Government Affairs and Corporate Communications has led the company's efforts to develop and coordinate a comprehensive Renewal Program communications strategy that targets key internal and external stakeholders—including the Board of Directors, the senior leadership team, company employees, federal and state government officials, commuter railroads, the media, and the traveling public.<sup>6</sup> The strategy involves engaging multiple departments on a weekly basis and providing weekly status reports to company leadership. The strategy also includes providing information to customer-facing employees so they can better assist passengers. To reach the public and other external stakeholders, the company has used or plans to use multiple media platforms—including the public landing page on its website, social media sites such as YouTube and Twitter, print advertisements, station posters, and seatback cards on trains.

Nonetheless, the company's communication strategy has limitations that could affect passenger satisfaction, the company's ability to work effectively with stakeholders to fund key infrastructure projects, and the company's brand and reputation, including the following:

- **Challenges with passenger communication.** The company released its final changes to the Renewal Program schedule on Monday, July 3, announcing the reroute of

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<sup>6</sup> On April 27, 2017, the company announced an effort to review the interaction between Amtrak and the commuter railroads' various passenger concourses in Penn Station. This effort—the New York Penn Station Passenger Commission Coordination Review—is separate from Amtrak's communications strategy related to the Renewal Program and will focus on generally improving coordination between all parties in the station to improve passenger experience, safety, and security.



six daily Empire Service trains from Penn Station to Grand Central Terminal in New York City. Company officials attributed delays in announcing these schedule changes to challenges finalizing an agreement with the New York Metropolitan Transportation Authority, which operates Grand Central Terminal. Although all schedule modifications have been publicly announced, the delayed notice to travelers on the Empire Service trains may result in some passenger confusion and travel challenges in the New York City area.

To address these risks, the company's Government Affairs and Corporate Communications department and the System Operations group are prepared to provide information to passengers on the modified schedules via the traditional sales distribution methods, posting important information on [Amtrak.com/NYPRenewal](http://Amtrak.com/NYPRenewal), and sharing it through social media and other communication channels. Additionally, officials told us that the company plans to deploy dedicated management, mechanical employees, and coach cleaners to Grand Central Terminal to support the six impacted Empire Service trains.

Officials also stated that to foster robust and regular communications with stakeholders and the traveling public, the company has developed numerous communications tools and materials, including the following:

- creation of landing page for renewal work ([www.amtrak.com/NYPRenewal](http://www.amtrak.com/NYPRenewal))
- creation of Chief Executive Officer (CEO) video messages to customers and employees
- placement of informational seatback cards on all Northeast Corridor trainsets
- creation of informational transit poster boards for display starting July 10
- creation of Informational Brochure for distribution in stations on July 10
- creation of digital advertising with information on renewal program starting July 10
- CEO electronic messages to Amtrak Guest Rewards and Amtrak passenger audiences
- creation of station informational posters on display in major Northeast Corridor stations
- collaboration with call centers and onboard services for conductor and call center service representatives' messages
- creation of frequently asked questions available on [Amtrak.com/NYPRenewal](http://Amtrak.com/NYPRenewal)

Additionally, the company also agreed with our observation that it will be critical to continue outreach activities during the summer work period, including addressing negative impressions.

- **Challenges with external executive-level collaboration.** Company and commuter railroad officials told us that the three railroads have effective working relationships at the operational level, but correspondence and statements made by senior executives suggest that challenges remain in sustaining collaboration at the most senior level. Company officials told us that maintaining these executive-level relationships has presented challenges to all stakeholders, who must simultaneously balance competing priorities and political pressures. These challenges could undermine efforts to pursue a unified approach to maintaining and fixing the Penn Station infrastructure. In addition, the three railroads share a joint interest in other critical projects, such as the Gateway Program,<sup>7</sup> and sustaining effective relationships could help ensure that those other projects are pursued with a unified commitment and purpose.

To assist in this matter, the company reports it has taken several steps to encourage executive collaboration. According to the company, Amtrak's CEO has been in regular communication with the leadership of the other railroads serving Penn Station and has proposed several initiatives related to improving operations of the various passenger concourses at Penn Station and has invited both LIRR and NJT to participate. The company also reports that regular meetings regarding the leadership of the various communications teams have been underway and that the Assistant Vice President Emergency Management and Corporate Security has worked with all external stakeholders to establish a charter with bi-weekly meetings that is sponsored by executive leadership to address safety and security issues during the work period.

- **Challenges in long-term strategy to manage reputation and brand.** During the first week of the schedule changes, the company is planning short-term passenger appreciation efforts in Penn Station, such as providing coffee, ice cream, vouchers, and gift cards to passengers. Additionally, the company plans to have staff or managers available to assist with new connections associated with the schedule, such as transfers of riders in Washington to the Crescent and in Philadelphia for the Keystone Service.

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<sup>7</sup> The Gateway Program is an estimated \$24 billion family of projects, including construction of two new rail tunnels under the Hudson River, expansion of Penn Station in New York City, and replacement of the century-old Portal Bridge to double capacity between Newark, New Jersey, and New York City.

However, the company is still in the preliminary stages of establishing a long-term strategy for countering any residual negative perceptions caused by the schedule disruptions this summer and any future disruptions to accommodate repair work beyond September 4. These residual perceptions could result in damage to the company's brand, a loss of public confidence, reduced market share, and a decrease in ridership and revenue. Company officials told us they are aware of the need to focus on reputational repair issues beyond this work period and will continue to assess needs and develop additional strategies as the Renewal Program and reactions progress.

Company officials also pointed to the Renewal Coordinating Committee, made up of more than 40 people from across every key department of the company, as the forum for this continuing work. As part of its ongoing messaging strategy for the Renewal Program, the company reports that it has been working to relate an underlying core message of safety and reliability and Amtrak's role as a competent, responsible steward of Penn Station and the Northeast Corridor. Officials also explained that although the immediate work leading up to July 10 requires much of management's focus, additional campaigns are being planned—one from Marketing and one from Corporate Communications—that focus on long-term reputational strength and positioning. They also told us that the Marketing department is scheduled to launch a new brand awareness and advertising campaign in September, and Corporate Communications has been developing further installments of its infrastructure investment campaign—"Ready to Build"—which will begin in September. In comments on this memorandum, company officials stated that the combination of these campaigns will "provide strong, external messaging on multiple levels, utilizing multiple channels."

## Risks of Increased Passenger Inconvenience

To accommodate the Renewal Program, several tracks will be taken out of service from July 10 through September 1, requiring the company, NJT, and LIRR, to temporarily—but significantly—reduce their operating schedules. These scheduling changes will affect passengers of all three railroads in a number of ways, including the following:

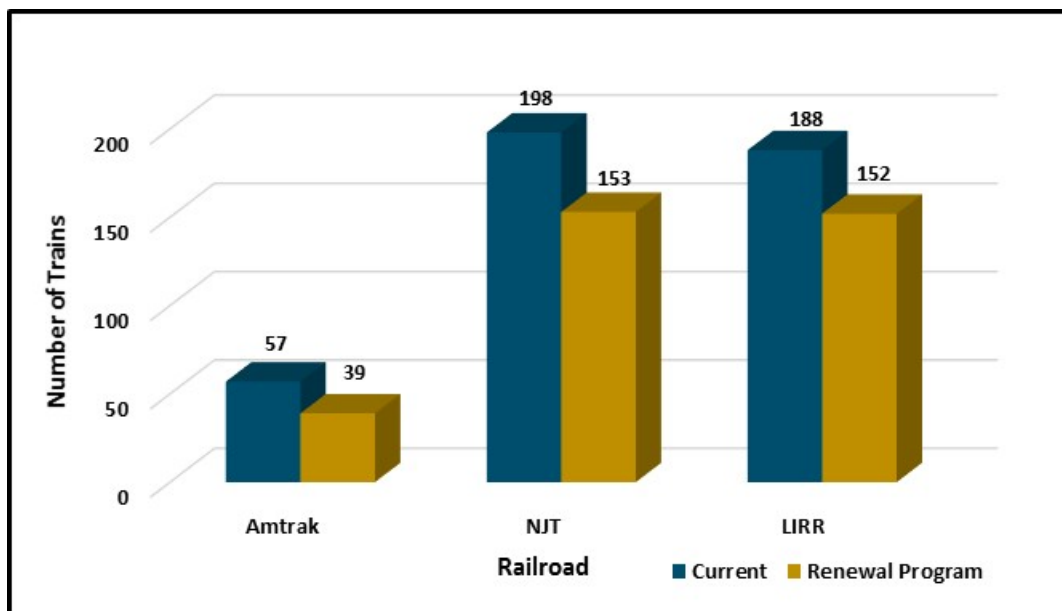
- **Limited accommodation for reduced transportation options.** From July 10 through September 1, Amtrak is reducing its peak hour trains by 32 percent,<sup>8</sup> NJT by 23 percent, and LIRR by 19 percent, as shown in Figure 1. Although Amtrak is reducing a larger percentage of trains than NJT and LIRR, more commuter passengers are likely to be affected. Based on historical ridership numbers, Amtrak's

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<sup>8</sup> Peak hours include weekdays from 6:00 a.m. to 10:00 a.m. and 4:00 p.m. to 8:00 p.m.

reduced weekday schedule is likely to affect an average of 5,200 riders per day, and NJT projects that at least 46,600 passenger trips will be directly inconvenienced each weekday by canceled, rerouted, or modified train schedules.<sup>9</sup> Affected Amtrak riders include all passengers who would have been traveling to or from Penn Station or between other stations no longer served on modified or canceled trains.<sup>10</sup>

**Figure 1. Total Number of Trains Operating During Peak Hours at Penn Station: Current Operations vs. Planned Renewal Program Operations**



Source: OIG analysis of preliminary data as of June 9, 2017, from the Amtrak Transportation department

The company has decided to address the loss of capacity to Penn Station by coordinating connections between various impacted trains, such as the Crescent and Keystone services, and by adding cars to trains. Officials told us the company believes that these actions will be sufficient to handle a significant portion of remaining demand for intercity travel. Additionally, because of the reserved nature of Amtrak services and advanced booking, officials told us they will be able to monitor available capacity and passenger demand and make adjustments as needed. The company did not choose to provide alternative transportation options, such as

<sup>9</sup> Ridership numbers here represent unique passenger trips, not individual passengers. For example, a passenger traveling to and from New York City every weekday would represent 10 passenger trips over a one-week period.

<sup>10</sup> For example, we included all passengers on canceled Northeast Regional trains, but we counted only the passengers boarding or departing on the Crescent north of Washington, D.C. The Crescent, which normally travels between New York City and New Orleans, will terminate and originate in Washington, D.C., from July 10 through September 1, 2017.

shuttle buses or transfers, for passengers affected by the canceled or modified trains, noting that ample commercial aviation and bus service is available in the primary markets on the Northeast Corridor.

This inconvenience may be particularly acute for the approximately 1,300 monthly Empire Service passengers who typically connect to or from other Amtrak trains at Penn Station but will be rerouted to Grand Central Terminal during the planned summer work period. During the Renewal Program, six Empire Service trains will originate from or terminate at Grand Central Terminal instead of Penn Station. For example, passengers traveling from Albany, New York, to Washington, D.C., will need to make their own arrangements to get from Grand Central Terminal to Penn Station (two miles) to make their connection via Northeast Regional or Acela train to Washington, D.C. After discussing the transfer issue with various regional transportation officials, the company told us it decided not to offer additional shuttle service from Grand Central Terminal to Penn Station because increased bus traffic planned by other transportation agencies during the summer work period will increase congestion and potentially limit capacity at both terminals to efficiently handle such buses.<sup>11</sup> The company reiterated that it has prepared communications for Empire Service and Northeast Corridor passengers on how to get to and from Grand Central Terminal and that it also plans to have Amtrak staff stationed at both stations to help passengers make these connections.

- **Limited margin to absorb unexpected schedule disruptions.** Although Amtrak, NJT, and LIRR have made substantial reductions to their scheduled operations, representatives from all three railroads acknowledge that the revised train schedules are aggressive. With such tight timeframes for moving trains in and out of the station, even minor unexpected disruptions could cause delays to cascade throughout the Northeast Corridor. For example, sick passengers, mechanical problems, and signal malfunctions are common disruptive incidents that may be mitigated before they cause widespread service disruptions; however, with even less margin for error in the schedules for the summer work period, such incidents could lead to substantial delays.

In preparation for this period, the company reported that all three railroads have taken additional precautionary steps to mitigate the potential impacts associated with typical operating delays. For example, NJT plans to stage and staff rescue locomotives outside the Hudson River tunnels to respond immediately if a train becomes disabled. The company also told us it will staff backup locomotives during

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<sup>11</sup> Commuter agencies are providing buses as one of several alternative transportation options to replace canceled trains during the Renewal Program.

peak station hours to handle disabled trains, and is augmenting its engineering resources to handle the renewal work as well as other issues that might arise while the program is ongoing. The company stated that plans include tabletop and other exercises for emergency response involving partner agencies, and that it has also communicated with and trained partner agencies on safety and security operating plans to mitigate risk to passengers. All three railroads will also jointly staff an emergency response command center during peak hours to respond quickly to potential disruptions, such as unattended bags or unruly passengers. However, even with these plans in place, railroad officials acknowledged the possibility of significant train schedule disruptions during the Renewal Program. Thus, it is incumbent upon the company to monitor any schedule disruptions closely to avoid the risk of additional passenger inconvenience, and to develop alternative plans if currently scheduled operations result in over-crowding or pose other safety risks.

- **Limited information on numbers of employee pass riders.** With fewer transportation options available, Amtrak and commuter trains still operating through Penn Station will likely be more crowded, sell out early, and have more limited seating options. To help ensure that crowding risks on Amtrak trains are not exacerbated by Amtrak pass riders—employees, retirees, and their family members who can use Amtrak trains for free or at reduced costs—the company recently sent employees a memorandum reminding them that when they are using their pass rider privileges, they must voluntarily relinquish seats if revenue passengers are standing. However, because not all pass riders use tickets to ride the train—the policy permits pass riders to “flash” their badges instead of using tickets under some circumstances—the company does not have a good estimate of how many pass riders use these routes.

Without knowing the full extent of the risk these employees represent to potential train crowding, it would be prudent for the company to closely monitor passenger loads and identify potential actions that could be implemented quickly if large numbers of pass riders appear to be contributing to overcrowding and passenger dissatisfaction. Company officials told us they are aware of several Northeast Corridor trains with high numbers of employee pass riders; they will monitor conditions on those trains closely and will take immediate action, as appropriate, if crowding becomes an issue during the Renewal Program.

- **Service values lacking in customer-facing personnel.** Because passengers may be unfamiliar with the new train schedules and may face more complicated connections or transfers, the company is planning to deploy “station ambassadors” and additional customer service staff to assist passengers at stations through the

Northeast Corridor.<sup>12</sup> However, our past reports have identified issues with station and customer-facing staff who have not embraced a culture of customer service. Although the company has advised its employees to treat passengers with patience and respect during the Renewal Program, our past observations suggest that more rigorous training, communications, and oversight may be necessary to ensure that customer-facing employees (and volunteers who may not normally have customer-facing responsibilities) exhibit the attitudes envisioned by leadership and expected by customers during this period.

Management agrees that additional communications and oversight will be needed during this period and believes that many of the communications steps completed or underway will support this. Additionally, the company noted that managers are meeting with station and onboard personnel to discuss the critical nature of the Renewal Program and the need for all of our employees to display empathy with passengers and other external stakeholders. Further, the company reports that they will have additional management staff, emergency management, Amtrak police, and station ambassadors to monitor and assist passengers and employees.

## **Matters for Consideration**

Because the Renewal Program is critical to the company's long-term financial and operating strategy, we are providing several Matters for Consideration that could help mitigate the risks we identified and ensure the program's success.

### **Program Management**

- Complete the coordination of the program schedule, budget, and oversight plans and include appropriate involvement with the company ePMO.
- Establish an executive steering committee charter to guide the Renewal Program steering committee in order to avoid gaps in project accountability and management.
- Complete the development of an integrated master schedule that structures the planned work and various supporting efforts, the resources necessary to accomplish that work, and the associated budget in a logically linked sequence of activities.
- Complete the preparation of a schedule risk assessment to identify schedule risks and prevent schedule slippage that could impact the project's completion date.

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<sup>12</sup> Amtrak station ambassadors support a range of activities that result in high passenger volumes or service disruptions during customer surge events, such as holidays or unplanned emergencies.

## **Communications**

- Distribute additional Renewal Program information specifically designed to help passengers understand how the work affects their travel so they can make informed decisions.
- Continue to pursue a sustained collaborative effort at the executive level among all external stakeholders—including regular and ongoing communications with executives from commuter railroads that share infrastructure and facilities at Penn Station.
- Finalize and implement a long-term communications strategy focused on sustaining positive brand awareness and countering residual negative perceptions regarding the company's ability to maintain its assets in good working order. Such a strategy could also help build confidence and generate support for the company's efforts related to the Gateway program and future infrastructure improvement programs important to the region as a whole.

## **Passenger Inconvenience**

- Consider providing transfer options between Penn Station and Grand Central Terminal for connecting passengers on rerouted trains.
- Prepare an alternative train operating schedule that could be activated if the current schedules prove unrealistic as indicated by heightened safety risks or excessive delays.
- Identify and prioritize potential options that could be quickly implemented if train crowding is exacerbated by employee travel pass riders.
- Provide additional training and guidance for all customer-facing personnel and volunteers who will assist with customer relations to reinforce the need to be proactive in their interactions with passengers, especially during any potential travel disruptions.

In discussing the contents of this memorandum, company officials agreed that the issues addressed pose risks to the successful completion of the Renewal Program and the long-term reputation of the company. However, the officials stated they have plans in place or efforts underway to help address all or many of these risks, and they are confident that those risks under the company's control will be successfully mitigated to ensure the Renewal Program's success and long-term protection of the company's brand.



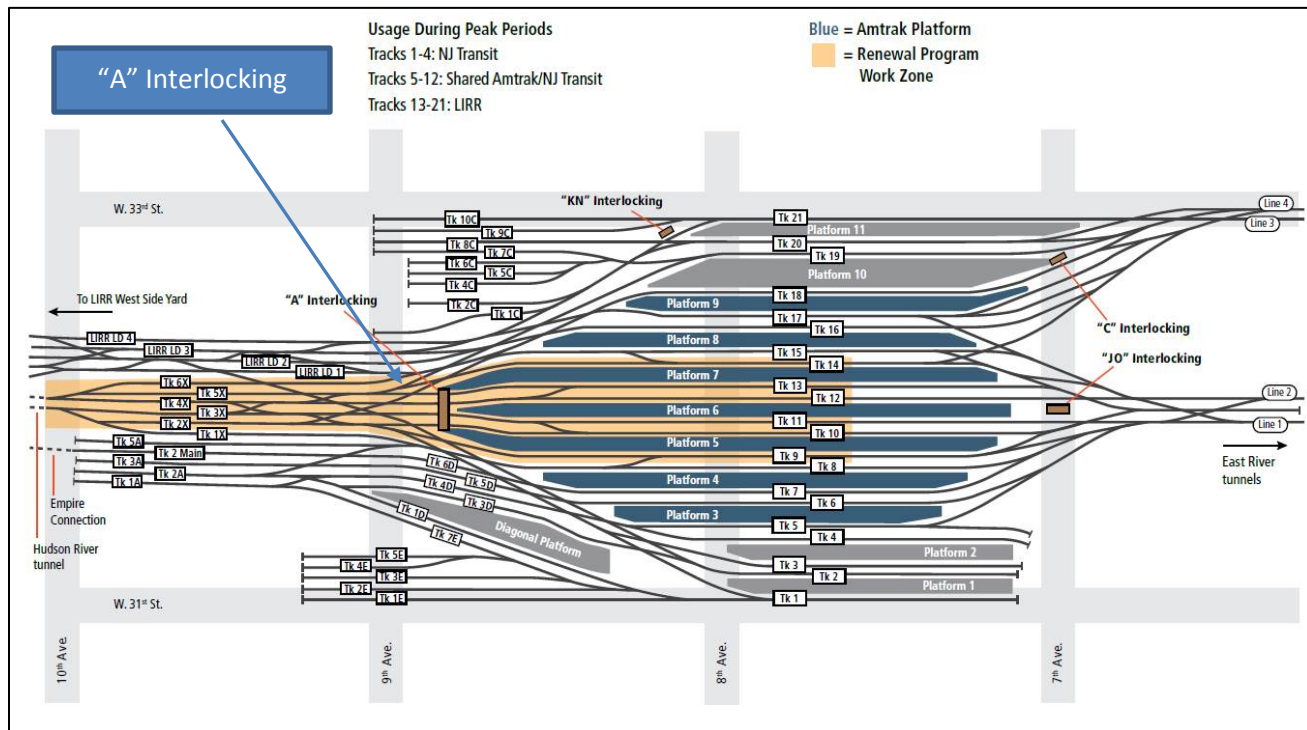
We appreciate the time and cooperation of the personnel from the Engineering, Operations, Marketing and Sales, Government Affairs and Corporate Communications departments, as well as the ePMO, and we thank them for their assistance and for the valuable information and insights they provided. Our work was conducted in accordance with standards we developed for alternative products.

If you or your staff have any questions or need additional information, please contact me (Stephen.Lord@amtrakoig.gov, 202-906-4742); Jason Venner, Deputy Assistant Inspector General (Jason.Venner@amtrakoig.gov, 202-906-4405); or Leila Kahn, Senior Director (Leila.Kahn@amtrakoig.gov, 202-906-4325).

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# Appendix A

## Figure 2. Penn Station Track System



Source: Amtrak, May 2017