



OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

MAJOR PROGRAMS:

Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

Certain information in this report has been redacted due to its sensitive nature.


OIG-A-2024-007 | May 2, 2024

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Memorandum

To: Laura Mason
Executive Vice President, Capital Delivery

From: Jim Morrison 
Assistant Inspector General, Audits

Date: May 2, 2024

Subject: *Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk (OIG-A-2024-007)*

The Portal North Bridge project is a \$2 billion investment to replace the 110-year-old, two-track swing bridge over the Hackensack River in New Jersey, which typically carries more than 400 passenger trains daily. Replacing this bridge with a new fixed bridge is the first major project under construction for the Gateway program, a \$40 billion portfolio of projects¹ to upgrade and replace rail infrastructure between Newark, New Jersey, and New York City—the most heavily used passenger rail corridor in the United States. Amtrak (the company) has varying responsibilities across the Gateway program, from leading the construction and delivery on some projects to supporting its partners as they lead other projects.

For the Portal North Bridge project, the New Jersey Transit Corporation (NJ Transit) is the lead sponsor and is responsible for its procurement, construction, and delivery. Construction began in April 2022 and is estimated to be complete by late 2027. The company owns the existing tracks and will ultimately own the bridge. The company is also responsible for contributing about \$495 million to the project, along with ■ percent of any cost overruns. Therefore, the company has a significant role in supporting NJ Transit in the bridge's construction and has a vested interest in ensuring that the project meets its requirements. To that end, it has a range of responsibilities on the project, including reviewing design submittals, performing site inspections, taking tracks out of service, providing labor to protect the worksite, and performing force account² construction work.

¹ Federal Railroad Administration, *2024 Northeast Corridor Project Inventory*, 2024.

² Force account is the use of one's own labor force to carry out a capital project. Force account includes company labor used to protect and support the construction contractor's forces while working on or near company assets, as well as company labor employed to construct portions of the project.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

Given the importance, size, and scope of this project, our objective was to assess the company's efforts to support NJ Transit and oversee company interests as construction advances. This is our fourth report on the Gateway program. Our previous reports focused on early work on the Hudson Tunnel project and the company's management of its commitments to the overall portfolio of Gateway projects.³

To complete our assessment, we reviewed the company's policies and standards for project management, applicable grant agreement requirements, and guidance from public- and private-sector sources on managing projects. We also reviewed the company's agreement with NJ Transit, the construction contract for the project, and other company documents. To understand how the company prepared for and has worked to support the project, we interviewed officials from the company's Gateway program team, the Portal North Bridge project team, executives to whom the teams report, and company officials from other supporting departments. In addition, we interviewed officials from NJ Transit, the Federal Railroad Administration (FRA), and the Federal Transit Administration (FTA) who work on the project. We also visited the construction site in August 2023 to observe operations and better understand the project's magnitude. For more details on our scope and methodology, see Appendix A.

SUMMARY OF RESULTS

The company has opportunities to improve its support to NJ Transit on the Portal North Bridge project and better oversee its own interests. The project was on budget and on schedule through January 2024; however, we identified risks to the project and the company's oversight of it. More broadly, learning lessons from this project could help the company better deliver on its planned, multi-billion-dollar portfolio of capital improvements. We identified the following three challenges:

- **Unanticipated demand for track outages and company labor.** Current needs for track outages⁴ and labor (force account) far exceed what the company anticipated. At the project's outset, the company did not have a disciplined process to ensure that its estimates for outage and force account needs

³ *Governance: Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program* (OIG-A-2022-006), February 4, 2022; *Acquisition and Procurement: Gateway Program Projects Have Certain Cost and Schedule Risks* (OIG-A-2015-002), December 19, 2014; and *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.

⁴ Outages take tracks out of service to enable the construction and maintenance of infrastructure.

Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

OIG-A-2024-007, May 2, 2024

considered the project's design and the methods a construction contractor may use to implement it. The company shifted train schedules to provide the construction contractor with longer dedicated work windows and is increasing the size of its workforce, but the project faces cost and schedule risks if Amtrak cannot fully meet outage and labor demands as construction advances—risks it could have mitigated during planning.

- **Differing expectations for information sharing.** The company did not initially receive construction and financial information it requested from NJ Transit. The flow of information has since improved, but expectations continued to differ during our review. Two factors contributed to this challenge. First, the company and NJ Transit agreed—based on FTA input during agreement negotiations in fall 2020—to reduce the company's role in the construction process, thereby limiting some of the information the company would receive. Second, the company did not fully identify its information requirements at the project's outset, resulting in different interpretations of some agreement terms.
- **Under-resourced project team.** The company's project team did not have enough staff to effectively manage its work on the project because the company's planning underestimated the resources it would need. The company has expanded its team and is adjusting future project staffing plans to incorporate the lessons it learns from this project; therefore, we are not making a recommendation in this area.

Accordingly, we recommend improvements to the company's process for identifying outage, force account, and information needs at the outset of future projects. Further, for the Portal North Bridge project, we recommend that the company assess and address where information-sharing expectations may continue to vary with NJ Transit. In commenting on a draft of this report, the Executive Vice President, Capital Delivery, agreed with our recommendations and detailed the actions the company plans to take or has taken to address them. For management's complete response, see Appendix C.

BACKGROUND

The Portal North Bridge project will replace the Portal Bridge, a two-track, moveable swing bridge between Newark and Secaucus, New Jersey, that began operation in 1910. The current bridge opens and closes to accommodate maritime traffic over the

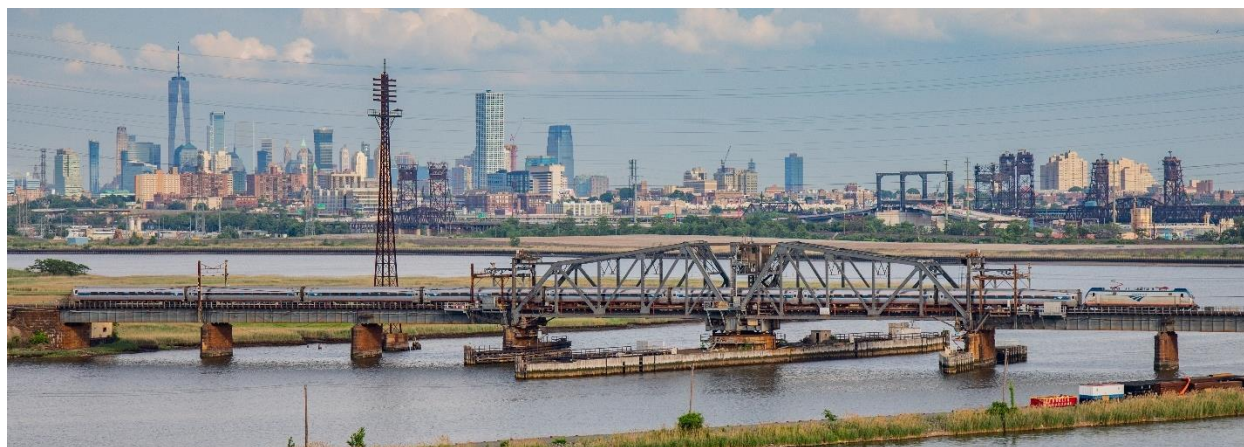
*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

Hackensack River. When it malfunctions, however, it delays trains on the Northeast Corridor (NEC), the busiest rail corridor in the United States.

The new bridge will have a fixed span that allows maritime traffic to pass freely underneath it. The project spans about 2.5 miles and includes related work such as property acquisition; new railroad embankment sections; bridge and viaduct structures; signals, communications, traction power, and catenary systems; and demolition of the existing bridge. The project is expected to cost approximately \$2.4 billion.⁵ The company is contributing about \$495 million to the project and has set aside approximately [REDACTED] million in additional contingency funds for unforeseen cost increases. For more details on the project's funding, see Appendix B. Figure 1 is an image of the current bridge, and Figure 2 is a rendering of the future bridge.

Figure 1. Existing Portal Bridge



Source: Gateway Development Commission

⁵ The project budget also includes contingency amounts to account for unforeseen costs, such as variations in material quantities or change orders.

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
OIG-A-2024-007, May 2, 2024

Figure 2. Future Portal North Bridge



Source: Amtrak

Project stakeholders. The following stakeholders have a role on the project:

- *Amtrak's Capital Delivery department* has a project team that is responsible for the day-to-day management and delivery of the company's obligations to the project. The Capital Delivery department, working with the Transportation and New York Division group, also plans and coordinates outages on tracks the company owns, which include those on the Portal Bridge. Prior to construction, the Gateway program team managed the project through the planning, design, and contracting stages. The company also engaged a consultant for construction support on the project.
- *NJ Transit* is a public transportation system that serves the state of New Jersey and is the lead sponsor⁶ of the project. To implement the project, NJ Transit has contracted with several entities, including a construction contractor, a construction manager, and an engineering consultant.
- *FRA* is a U.S. Department of Transportation agency that provides the company with annual grants for the NEC, as well as discretionary grants it can use for projects such as the Portal North Bridge.

⁶ FTA defines a project sponsor as an entity that is applying for or has received a grant to implement a capital project.

Amtrak Office of Inspector General

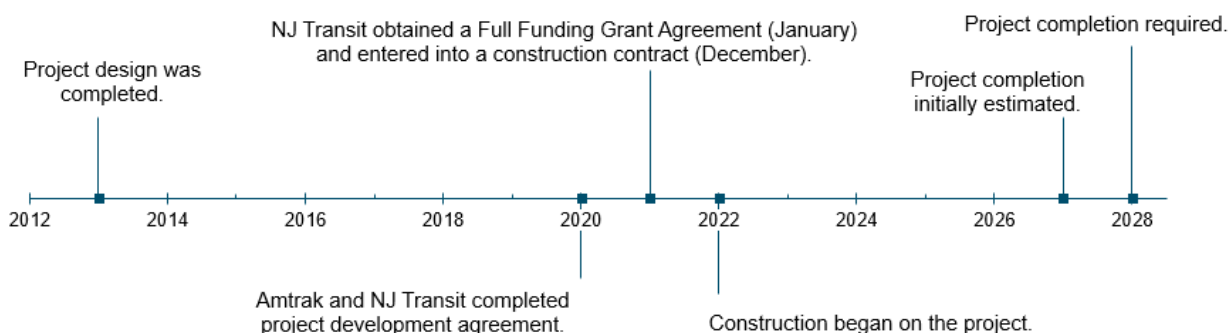
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

OIG-A-2024-007, May 2, 2024

- FTA is a U.S. Department of Transportation agency that provides financial and technical assistance to agencies that operate local public transit systems, including NJ Transit.

History. Planning for the Portal North Bridge project began in 2006, and the bridge’s design was completed in 2013. Funding uncertainty delayed the project for several years. As funding became more certain, the company and NJ Transit entered into a project development agreement in November 2020 that established their roles and the company’s support on the project. In January 2021, NJ Transit obtained a Full Funding Grant Agreement⁷ from FTA to receive \$766.5 million in grant funding for the project. The grant agreement authorized NJ Transit to procure a construction contractor, and in December 2021, NJ Transit entered into a construction contract with its construction contractor. Construction began in April 2022. The grant agreement between NJ Transit and FTA stipulates a required completion date of June 30, 2028. For a timeline of key dates in the project’s history, see Figure 3.

Figure 3. Timeline of the Portal North Bridge Project



Source: OIG analysis of company documents

PROJECT IS PROGRESSING, BUT THREE CHALLENGES POSE RISK

Through January 2024, the project was on schedule and on budget with approximately 50 percent of the project completed. We identified three challenges, however, that pose risks to the project’s cost and schedule and to the company’s oversight of its interests: (1) unanticipated demand for track outages and labor, (2) differing expectations for

⁷ A Full Funding Grant Agreement is a type of grant agreement that FTA uses for making a major investment in a new fixed guideway system such as commuter rail.

Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

OIG-A-2024-007, May 2, 2024

information sharing between NJ Transit and Amtrak and, (3) an under-resourced project team for the company.

Unanticipated Demand for Track Outages and Labor Pose Cost and Schedule Risk

Leading industry practices state that when project teams estimate components of work, they should consider the conditions and constraints they may face during construction.⁸ At the project's outset, however, the company did not have a disciplined process to ensure that its estimates for outage and force account needs considered the conditions and constraints resulting from the project's design and the methods a construction contractor may use to implement it (a concept called "constructability"). As a result, the company significantly underestimated its track outage and force account requirements. Going forward, if Amtrak cannot fully meet outage and labor demands, the project could face cost and schedule risk.

Track outages. The construction contract between NJ Transit and the construction contractor identified nine double track outages and stated that additional single and weekend double track outages might be available. The contract did not specify how many additional outages would be needed. Company and NJ Transit officials told us the company provided outage language input to NJ Transit for the construction contract completed in 2021. In spring 2023, however, the construction contractor requested more than 300 single track outages and more than 100 double track outages to complete the work—an amount far exceeding the company's original expectations. The project team later conducted its own analysis of the construction drawings and validated the number of outages the construction contractor requested.

Given the company's supporting role on the project, NJ Transit and its construction contractor also had a role in identifying the project's needs. The company, however, is the ultimate provider of these track outages. Accordingly, an earlier company assessment of outage needs that considered the project's constructability would have given the company a more realistic estimate of the outages needed and more time to plan for them. The company did not complete this assessment during earlier planning stages of the project because it did not have a disciplined process to do so. Having such

⁸ Project Management Institute, *Construction Extension to the PMBOK Guide*, 2016.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

a process would have helped the company better inform NJ Transit's construction contract, and ultimately, better protect the company's interests.

As a result of these gaps in early planning, project team members have been pulled from daily project responsibilities to plan for and supply the outage requests while the project is underway, consuming a considerable amount of their time. To accommodate increased outage needs, the company has established a maintenance outage schedule in the work area and shifted train schedules to provide the construction contractor longer dedicated work windows several nights a week.

Force account. Since its initial planning, the company's force account budget to support construction of the project has increased by about 140 percent (from [REDACTED]). Although these increases have not affected the overall project budget, the company will need to use a portion of its own contingency funds to cover these increased costs, thus reducing the amount remaining for any other unforeseen costs. Two key reasons exist for this increase:

- *Adding outages increased the need for related force account support.* During track and electrical outages, the company must de-energize catenary and transmission lines. This work requires specialized force account staff who are qualified to work on electrical equipment; therefore, the increase in track outage requirements directly increased demand for this type of labor. We previously reported that effectively planning track outages helps identify the labor needed for projects.⁹
- *Planning underestimated certain force account staff.* The company's original estimate for roadway protection staff—the workers who protect work sites from oncoming train traffic—identified that the company would need to support the construction contractor only during day shifts. The construction contractor, however, has been working day, night, and weekend shifts as the construction contract anticipated. As a result, the company has had to increase its roadway protection staff to support 24-hour-a-day construction operations. Further, the company's original force account estimate did not account for the work site's

⁹ *Governance: More Effective Planning and Coordination of Track Outages Would Help Achieve a State of Good Repair* (OIG-A-2020-016), September 14, 2020.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

curved track, which requires additional roadway protection staff to ensure adequate visibility of oncoming train traffic.¹⁰

More broadly, these types of risks with outage and force account demands are not unique to the Portal North Bridge project and will affect each project in the Gateway program. We previously recommended that the company develop and implement a process to identify and plan for program-level risks that could impact the company's ability to deliver on its commitments for the Gateway program.¹¹ In March 2024, company officials told us of plans to finalize the program risk register and potentially hire a dedicated risk manager longer term. Notwithstanding these plans, the company has not yet fully implemented this recommendation, and we will continue to monitor its efforts. Ultimately, assessing and designing mitigations for such program-wide risks will help the company better deliver on its commitments.

Differing Expectations for Information Sharing Between NJ Transit and Amtrak

After construction began in April 2022, the project team was initially unable to obtain certain information and documentation it requested from NJ Transit.¹² This included spending forecast data the team uses for its financial planning and mandatory grant reporting, as well as project construction records held in NJ Transit's document management system.¹³ In December 2022, the project team escalated these challenges to the project's Executive Oversight Committee, which worked to resolve the information-sharing issues between the two organizations. The following spring—nearly a year after construction started—the company began receiving more of the information it requested from NJ Transit, including monthly project spending forecast data, and

¹⁰ When tracks curve near a work site, the work site may need more roadway protection staff because there is less visibility of an oncoming train compared to when tracks are straight.

¹¹ *Governance: Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program* (OIG-A-2022-006), February 4, 2022.

¹² This is inconsistent with management controls standards, which suggest that organizations obtain the information necessary to achieve their business objectives.

¹³ NJ Transit houses a document management system that tracks and stores all construction-related information and communications.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

access to the project document management system.¹⁴ Nonetheless, expectations for information sharing continued to differ between NJ Transit and the company.

Two factors during project planning contributed to these challenges.

Amtrak's role was reduced during agreement negotiations. When NJ Transit and the company negotiated their project development agreement in fall 2020, they agreed, based on FTA input, to reduce Amtrak's role in the construction process, thereby limiting some of the information the company would receive. An FTA official told us FTA assessed the agreement and found that the initially proposed construction management and review role for Amtrak would have required NJ Transit—the grant recipient—to significantly increase the project's budget and lengthen the schedule, which neither NJ Transit nor Amtrak wanted. FTA and company officials told us FTA anticipated that company reviews of project information would slow the project. As a result, Amtrak's role in processes like change orders is limited. For example, despite being responsible for ■ percent of any cost overruns, the company does not have the right under the agreement to review or approve change orders until ■ percent of the project contingency is spent. At that point, the company can review and approve only the change orders valued above ■■■■■.

Company information requirements not fully defined. Notwithstanding the above limitation, the company did not fully identify to NJ Transit the specific information it would need to oversee its interests during construction of the project. Because of this, company officials managing the project day-to-day told us that some information requirements in the agreement did not provide enough detail to enable the project team to obtain the information it needed to conduct its work. The two organizations also had differing interpretations of some agreement terms and thus varying expectations of information sharing, according to company and NJ Transit officials.

Earlier in the project, NJ Transit communicated to Amtrak that the agreement did not require it to share certain information. Since then, NJ Transit has provided the company direct access to the project's document management system and, according to an NJ Transit official, has provided more information than the agreement required. Nonetheless, during our review, the company continued to have different expectations

¹⁴ The company previously identified similar challenges and lessons learned stemming from unclear requirements in the project agreement regarding company access to the Moynihan Train Hall project's document management system.

Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

OIG-A-2024-007, May 2, 2024

of what and how it will receive the information it says it needs to conduct its work. For example, project officials told us that although they had access to the document management system, searching for what they need is time-consuming and inefficient compared to directly receiving needed information. Additional examples of differing expectations include the following:

- *Invoices.* The company is responsible for paying a portion of the construction manager's invoices. To obtain reimbursement for Amtrak's share, NJ Transit compiles multiple invoices from the construction manager and forwards a summary invoice to the company. A project official told us they expect to receive full documentation to back up the invoices the company is to pay. Our review of two summary invoices submitted to the company found that they did not provide sufficient detail to support how the construction manager spent \$3.7 million in company funds.¹⁵
- *Change orders.* Construction circumstances sometimes necessitate changes to a contract. For changes that NJ Transit or the construction contractor initiate, the company—per its agreement with NJ Transit—is entitled to advise NJ Transit that it does not concur with any proposed change if it would violate company standards or adversely affect the safety of Amtrak's property, personnel, or operations, among other reasons. Company officials told us during our review, however, that they were not formally receiving all notices of proposed changes on the project and had to search the project document management system for any proposed changes and their status. Accordingly, project officials were uncertain if they were seeing all changes to determine whether any such change would violate standards or adversely affect safety.
- *Value engineering proposals.* The company requested that NJ Transit provide complete information on the construction contractor's value engineering proposals, which are alternative designs the construction contractor proposes to reduce costs or achieve schedule savings. The company requested details, including the full commercial benefits of presented proposals, but had not received all of them as of November 2023. As a result, project officials told us

¹⁵ We are not identifying these costs as questioned costs because the project team was able to find additional supporting documentation.

Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

OIG-A-2024-007, May 2, 2024

they could not evaluate these proposals to determine whether they provided the stated cost savings.

The company has not fully assessed whether or where such information-sharing expectations may continue to vary with NJ Transit to determine a course of action to remedy them, including potentially amending the agreement, if necessary. For example, during our review, we identified several areas of the agreement that may warrant additional review to ensure that the expectations between the company and NJ Transit are aligned in terms of what, when, and how information is to be shared. These areas include updates to the project cost and budget, project spending forecasts, change order and value engineering documentation, and documentation to support invoices and cost overruns. Assessing the extent to which the company should address these areas could help it more effectively support NJ Transit and protect its interests for the remaining years of the project.

More broadly, reviewing these areas could also help inform the development of future agreements and help prevent information-sharing challenges on future projects. For example, the company is currently pursuing opportunities to partner with various state agencies to deliver its multi-billion-dollar capital portfolio and is actively negotiating similar project agreements with other entities that will construct projects on Amtrak's behalf. To do this, company officials told us the company is creating a new group in the Capital Delivery department that will lead the design and construction-related aspects of contract negotiations and provide technical input for agreements. Given this new group, the company has an opportunity to develop a process to identify, document, and communicate the company's unique information requirements related to the role it could serve on capital projects to avoid these challenges from happening again. Having such a process would enable the company to obtain the information it needs to monitor and manage its commitments more effectively and fully.

Under-resourced Project Team Limited Company Oversight

Leading industry practices suggest that organizations identify all of the skill sets and staffing necessary to adequately complete the anticipated work of a project.¹⁶ Instead, we found that the company team supporting NJ Transit was overtasked and insufficiently staffed to effectively manage the company's work on the project. During

¹⁶ Project Management Institute, *A Guide to the Project Management Body of Knowledge, Seventh Edition*, 2021.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

our review, the volume and scale of the work overwhelmed the project team, as the following examples demonstrate:

- As part of its oversight, the company inspects concurrent construction operations along the 2.5-mile construction site and, during our review, it relied on two day-shift inspectors to cover this entire area. For the company, at that time, if one of the two inspectors from the construction support consultant was out, its capacity to inspect work was reduced. Since then, the company has added a third day-shift inspector to its team.
- More immediate needs, including those we identify above regarding outage and force account demands, limited the team's capacity to conduct oversight work. As a result, as of June 2023, the team had up to a nine-month backlog of cost data to review from contractors and NJ Transit, according to the company's project director. Although the team has since improved this backlog, several months of reduced oversight passed before the team could address the backlog.

Not having sufficient team capacity increased the risk of the company not protecting its interests or ensuring that construction complied with applicable standards. The project team was overtasked because the company did not plan for the resources it would need on the project at the outset. We are not making a recommendation in this area, however, because the company is already addressing it as follows:

- **Building capacity.** The company hired additional project management and inspection staff to expand its team supporting NJ Transit.
- **Resolving prior recruiting challenges.** The project team experienced difficulties filling certain positions because of market-related challenges, such as competitive pay and a tight engineering labor market—similar to challenges we previously identified.¹⁷ The company had begun addressing these challenges through a series of human capital initiatives that our office continues to monitor.
- **Applying lessons learned.** In 2022, we recommended that the company's Gateway program team develop a comprehensive resource assessment to ensure that the company would have adequate staff with the right skill sets when needed to manage its program commitments. The company implemented this

¹⁷ *Amtrak: Areas for Management Focus in Advance of Infrastructure Investment and Jobs Act Funding* (OIG-SP-2022-008), March 31, 2022.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

recommendation, and the Executive Vice President, Capital Delivery told us the company has been learning from the Portal North Bridge project how much staff the company needs for a project of this size.

As part of our future oversight work, we plan to continue monitoring the extent to which the company is sufficiently staffing its Gateway program projects to ensure that the company can meet its commitments.

CONCLUSIONS

In addition to its traditional role of operating a railroad, Amtrak's mission now includes delivering the largest capital program in its history. Portal North Bridge is the first major project under construction in the Gateway program and, at this stage, the project is on schedule and on budget. Nevertheless, the company, in its supporting role, has opportunities to improve its processes and reduce risk to the project. Going forward, the lessons learned from Portal North Bridge can also contribute insights to the company's multi-billion-dollar portfolio of capital improvements. Collectively, improving its planning processes for outage, force account, and information needs will enhance the company's ability to better protect its interests, help keep projects on time and budget, and ultimately facilitate a safe and modernized rail infrastructure.

RECOMMENDATIONS

To address these issues, we recommend that the Executive Vice President, Capital Delivery, take the following actions:

1. Establish a process to take future projects' constructability into account when assessing track outage and force account needs.
2. Assess where information-sharing expectations between the company and NJ Transit may continue to differ on the Portal North Bridge project and determine a course of action to remedy them, including amending the agreement if necessary.
3. Establish a process to identify the company's unique information requirements related to its role on future capital projects and communicate these requirements to its partners.

Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

OIG-A-2024-007, May 2, 2024

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the Executive Vice President, Capital Delivery, agreed with our recommendations and identified actions the company plans to take or has taken to address them, which we summarize below.

- **Recommendation 1:** Management agreed with our recommendation to establish a process to take future projects' constructability into account when assessing track outage and force account needs. Management stated that the Capital Delivery department plans to recruit for and fill a position that will be responsible for establishing and implementing the constructability review process and developing training. The target completion date is June 30, 2025.
- **Recommendation 2:** Management agreed with our recommendation to assess where information-sharing expectations may continue to differ on the Portal North Bridge project and determine a course of action to remedy them. Management stated that, since October 2023, the company and NJ Transit have collaboratively overcome their early information-sharing challenges.¹⁸ For example, management stated that NJ Transit submits regular reports to the project team regarding updates to project records. The company does not believe amending the agreement with NJ Transit is necessary at this time.
- **Recommendation 3:** Management agreed with our recommendation to establish a process to identify the company's information requirements related to its role on future capital projects and communicate them to its partners. Management stated that it plans to incorporate enhanced information-sharing requirements into project agreements the company initiates after July 1, 2024. The target completion date is July 31, 2024.

For management's complete response, see Appendix C. Management also provided technical comments that we have incorporated in this report as appropriate.

¹⁸ Management stated that it took these actions while we were performing our audit work. We will review the actions the company took as part of our standard recommendation follow-up process.

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
OIG-A-2024-007, May 2, 2024

APPENDIX A

Objective, Scope, and Methodology

This report provides the results of our audit of the Portal North Bridge project. Our objective was to assess the company's efforts to support NJ Transit and oversee company interests as construction advances. Our scope included the company's support activities, funding, and oversight of the project. We conducted our audit work from April 2023 through March 2024 in Washington, D.C; Philadelphia, Pennsylvania; and Secaucus, New Jersey. Our scope did not include a review of grant compliance or construction-specific operations. Certain information in this report has been redacted due to its sensitive nature.

To assess the company's efforts to support NJ Transit, we reviewed the company's policies and standards for project management, as well as guidance from public- and private-sector sources on managing and partnering on projects. We also reviewed the company's agreement with NJ Transit and draft versions of that agreement, the construction contract, and other company documents related to the management and implementation of the project, such as communications and meeting minutes.

To assess the company's efforts to oversee its funding, we reviewed applicable grant agreement requirements, company project budget spreadsheets, and the available invoices for construction management services that NJ Transit provided to the company as of August 2023. To determine whether the amounts NJ Transit invoiced for construction management services were supportable, we reviewed the amounts charged on each invoice against supporting documentation submitted with the invoice.

To assess the status of the project, we reviewed project updates prepared by the company, NJ Transit, and the construction contractor. For reporting on schedule progress, we compared the construction contractor's baseline schedule milestone dates to those reported in the construction contractor's January 2024 schedule update. In addition, we interviewed officials from the company's Gateway program team and the Portal North Bridge project team, executives to whom the teams report within the Capital Delivery department, and executives and managers from other supporting departments. This included officials from the Law, Finance, and Service Delivery and Operations departments. We also interviewed officials at FRA, FTA, and NJ Transit.

*Amtrak Office of Inspector General***Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk**

OIG-A-2024-007, May 2, 2024

In addition, we conducted a site tour of the Portal North Bridge project in August 2023. During the site tour, we observed the status of multiple construction operations—including the construction of several retaining walls, catenary foundation structures, and bridge piers—and interviewed company officials involved with the project.

We conducted this performance audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

We reviewed internal controls for overseeing the company's commitments and funding to the project. Specifically, we assessed internal control components and underlying principles and determined that the following three of the five internal control areas were significant to our audit objective:

- **Control environment.** Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
- **Control activities.** Management should design control activities to achieve objectives and respond to risks. Management should implement control activities through policies.
- **Information and communication.** Management should use quality information to achieve the entity's objectives. Management should internally and externally communicate the necessary quality information to achieve the entity's objectives.

We developed audit work to ensure that we assessed each of these controls. This included assessing whether the company has developed an appropriate organizational structure, was effectively recruiting individuals to fill open positions, and was obtaining quality information to respond to risks and achieve the project objectives. We did not review the company's overall system of controls and procedures. Because our review was limited to these internal control components and underlying principles, it may not

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
OIG-A-2024-007, May 2, 2024

have disclosed all of the internal control deficiencies that may have existed at the time of this audit.

Computer-processed Data

Our analyses and findings did not rely on computer-generated data from any company information systems.

Prior Reports

In conducting our analysis, we reviewed and used information from the following Amtrak OIG reports:

- *Human Resources: The Company is Addressing Engineering Management Workforce Challenges, but Additional Work Remains* (OIG-A-2022-012), July 12, 2022
- *Amtrak: Areas for Management Focus in Advance of Infrastructure Investment and Jobs Act Funding* (OIG-SP-2022-008), March 31, 2022
- *Governance: Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program* (OIG-A-2022-006), February 4, 2022
- *Human Resources: Department Will Face Challenges Supporting Workforce Growth Plans* (Interim Audit Report OIG-A-2022-003), December 7, 2021
- *Governance: More Effective Planning and Coordination of Track Outages Would Help Achieve a State of Good Repair* (OIG-A-2020-016) September 14, 2020
- *Governance: Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020
- *Acquisition and Procurement: Gateway Program Projects Have Certain Cost and Schedule Risks* (OIG-A-2015-002), December 19, 2014
- *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

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
 OIG-A-2024-007, May 2, 2024

APPENDIX B

Funding Sources and Amounts for the Portal North Bridge

Type	Source	Amount (\$ millions)
FTA	Federal Transit Administration Capital Investment Grant	\$766.5
FHWA	Federal Highway Administration (Congestion Mitigation and Air Quality) for Rail Cars	57.1
NJ Transit	NJ Transit (Congestion Mitigation and Air Quality match) for Rail Cars	████
NJ Transit	New Jersey Transportation Trust Funds	████
NJ Transit	New Jersey Economic Development Authority Bond Proceeds	590.7
Federal ARPA	American Rescue Plan Act Funds	████
Amtrak	Amtrak Escrow Account (NJ Transit Settlement Fund)	████
Amtrak	Amtrak – Gateway Program Reserves	████
Amtrak	Amtrak – Net Operating Income (State of Good Repair match)	████
Amtrak	Federal Railroad Administration State of Good Repair Grant	████
Amtrak	Amtrak – Future Amtrak Annual Grants (Fiscal Year 2023-Fiscal Year 2026)	████
Amtrak	Gateway Reserve – Fiscal Year 2018 Amtrak Grant	████
Total Project Funding – Without Financing		████
NJ Transit	New Jersey Turnpike/Transportation Trust Funds for Financing	████
Total Project Funding – With Financing		2,362.7

Source: NJ Transit Project Management Plan

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
 OIG-A-2024-007, May 2, 2024

APPENDIX C

Management Comments

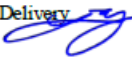
NATIONAL RAILROAD PASSENGER CORPORATION

Memo



Date: April 17, 2024

To: Jim Morrison, Assistant Inspector General, Audits

From: Laura Mason, EVP Capital Delivery 

Department: Capital Delivery

cc: Stephen Gardner, CEO
 Roger Harris, President
 Eleanor Acheson, EVP General Counsel
 Tim Cupples, AVP Project Development & Commercial Management
 Robert Grasty, EVP CHRO
 Eliot Hamlich, EVP Marketing & CCO
 Jason Hoover, AVP Major Programs
 Bridges
 Ashok Nayee, Project Director
 Dennis Newman, EVP Strategy & Planning
 Steven Predmore, EVP CSO
 Jaidev Sankar, VP Infrastructure Project Delivery
 Jim Short, VP Program Development & Project Services
 Gerhard Williams, EVP Service & Delivery Ops
 Tracie Winbigler, EVP CFO
 Christian Zacariassen, EVP CIO

Subject: Management Response to *Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk* (Draft Audit Report for Project No. 009-2023).

This memorandum provides Amtrak's response to the draft interim audit report titled, "*Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk*". Management agrees with all the noted OIG recommendations below and appreciates the opportunity to provide a response.

To address these issues, the OIG recommends that the Executive Vice President of Capital Delivery take the following actions:

Recommendation #1:

Establish a process to take future projects' constructability into account when assessing track outage and force account needs.

Page 1 | 3

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
 OIG-A-2024-007, May 2, 2024

NATIONAL RAILROAD PASSENGER CORPORATION

Management Response/Action Plan: Amtrak recognizes the importance of establishing a constructability process within Capital Delivery, that is, a process that ensures that force account resources and track and catenary outage requirements are expressly made part of any plan for construction, schedules, and budget of every project. We have a director level position in our FY24 staffing plan and will be starting the job posting/recruitment process before the end of June for this role. This position will establish the constructability review process, develop training and implement that process for Capital Delivery. The following planned action steps will need to be completed in order to on-board this position:

- Post position: June 30, 2024
- On-board new Director: December 2024
- Publish Constructability Review procedure: March 2025
- Implement process on new projects^[1]: May 2025

Responsible Amtrak Official(s): Jim Short, VP Program Development & Project Services
 Tim Cupples, AVP Project Development & Commercial Management

Target Completion Date: June 30, 2025

Recommendation #2:

Assess where information-sharing expectations between the company and NJ Transit may continue to differ on the Portal North Bridge project and determine a course of action to remedy them, including amending the agreement if necessary.

Management Response/Action Plan: Since October 2023, the company and NJ Transit have made strides in obtaining access to information-sharing on the Portal North Bridge project. On a weekly basis, NJ Transit submits [REDACTED] Metadata Report, which indicates each document that has been processed and filed as a Project Record. The report indicates the name of the document, date created, created by, from, to, file number, and other pertaining information. Amtrak believes that the early challenges of document sharing have been overcome collaboratively with NJT, and at this point in time, does not believe amending the agreement is necessary.

Responsible Amtrak Official(s): Jason Hoover, AVP Major Bridges
 AJ Nayee, Amtrak Project Director Portal North Bridge

Target Completion Date: Complete – Ongoing process

^[1] Projects to be included within this process will be established as part of the procedure development.

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
OIG-A-2024-007, May 2, 2024

NATIONAL RAILROAD PASSENGER CORPORATION

Recommendation #3:

Establish a process to identify the company's unique information requirements related to its role on future capital projects and communicate these requirements to its partners.

Management Response/Action Plan: Amtrak recognizes the importance of this recommendation and will incorporate the learnings from the Portal North Bridge Project regarding information sharing requirements into future Project Agreements to ensure alignment of expectations between Amtrak and our partners. We will plan to incorporate enhanced requirements, regarding information sharing, into Project Agreements initiated after July 1, 2024.

Responsible Amtrak Official(s):

Jim Short, VP Program Development & Project Services
Tim Cupples, AVP Project Development & Commercial Management

Target Completion Date: July 31, 2024

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
OIG-A-2024-007, May 2, 2024

APPENDIX D

Abbreviations

FRA	Federal Railroad Administration
FTA	Federal Transit Administration
NEC	Northeast Corridor
NJ Transit	New Jersey Transit Corporation
OIG	Amtrak Office of Inspector General
the company	Amtrak

Amtrak Office of Inspector General
Major Programs: Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk
OIG-A-2024-007, May 2, 2024

APPENDIX E

OIG Team Members

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OIG MISSION AND CONTACT INFORMATION

Mission

The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits and investigations focused on recommending improvements to Amtrak's economy, efficiency, and effectiveness; preventing and detecting fraud, waste, and abuse; and providing Congress, Amtrak management, and Amtrak's Board of Directors with timely information about problems and deficiencies relating to Amtrak's programs and operations.

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or

800-468-5469

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