



OIG: Better planning on Frederick Douglass Tunnel program would improve oversight and reduce risks

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WASHINGTON – Amtrak has not completed all necessary planning for the Frederick Douglass Tunnel (FDT) program despite the approach of major construction, increasing the risk of cost overruns and schedule delays, an Amtrak Office of Inspector General report released today found.

The estimated \$6 billion FDT program is the single largest infrastructure effort that Amtrak is leading, with construction scheduled to start this year, the report said. According to the report, Amtrak is developing its management structure for the FDT program but initially did not have an effective structure or sufficient staff in place. In December 2022, the company decided to hire a contractor—a “delivery partner”—to provide management and oversight, but until it onboarded the contractor more than a year later, it relied on an overwhelmed internal team to manage multiple, complex, and concurrent commitments.

The Federal Railroad Administration (FRA) approved the program in 2017, but the availability of funding to advance into the construction phase remained limited for several years. Amtrak’s Strategy and Planning department restarted planning in 2021 in anticipation of receiving funding with the passage of the Infrastructure Investment and Jobs Act (IIJA) and turned over responsibility for the program to the nascent Capital Delivery department in 2022. In 2023, the FRA awarded \$4.7 billion for the FDT program through an IIJA-funded grant program.

At the time it took over responsibility for the FDT program, the Capital Delivery department was developing its own processes and hiring project and program professionals to improve Amtrak’s oversight of its major capital programs. Because it had not established a process to ensure sufficient staffing at the outset of a program, the Capital Delivery department initially assigned responsibility for the \$6 billion FDT program to a single person who had limited support to manage and oversee a program of this size and complexity.

By October 2023, the company’s program team grew from one member to seven, including an Assistant Vice President. Despite the additional staff, five of six staff-level members told OIG auditors that they were overwhelmed by the workload. Senior Amtrak officials acknowledged the insufficient staffing, in part due to funding restrictions, and noted that Amtrak should have staffed the Capital Delivery team before it took responsibility for the FDT program.

The OIG also found that Amtrak did not establish a program management structure early enough. According to the report, industry standards suggest organizations establish a program management structure in a program’s early stages. Without an effective management and oversight structure or sufficient staff from the outset, the company struggled to produce the necessary planning in four key areas: scheduling, communications, document management, and risk management. As a result, the program experienced delays and faces a significantly increased risk of cost overruns and additional delays as it proceeds into major construction, the

report said. In addition, the delivery partner must now concurrently complete program management planning at the same time that it and Amtrak prepare for and start construction.

To reduce the risk of delays and cost overruns, the OIG recommended that Amtrak advance the requisite program management planning and that it improve program planning processes to ensure that it implements a management structure and provides sufficient staff early enough to avoid similar challenges on future programs. Given the scale of the company's historic capital plans, avoiding similar challenges on other programs will be key to protecting and maximizing taxpayer investments, the report said.

More information is included in the full report which can be downloaded on the OIG's website: <https://direc.to/mkta>.

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