



## Amtrak OIG finds cost reduction opportunities in Amtrak's service and inspection activities

**For Immediate Release**

**November 13, 2018**

WASHINGTON –Amtrak has opportunities to reduce the cost of performing service and inspection activities by adjusting workloads, staffing, and better managing overtime, according to an Amtrak Office of Inspector General audit released Friday.

Depending on the extent of OIG-recommended changes implemented, Amtrak could put an estimated \$2.3 million to \$6.4 million to better use, the report said.

Amtrak has a total of 62 locations nationwide where it services and inspects trains – 12 larger preventative maintenance facilities and 50 smaller outlying sites. OIG auditors focused on operations at Amtrak's 50 smaller outlying service and inspection sites, looking for opportunities to reduce costs. Federal Railroad Administration-required safety inspections are conducted at these sites to include cab signal tests, brake tests, and interior and exterior inspections. Additionally, Amtrak employees or contractors at the sites clean restrooms and café cars, wash windows, vacuum the cars, pump waste from toilets, and replenish cars with potable water. Various equipment repairs are conducted at these sites as well. Of the 50 sites, 16 are staffed by Amtrak employees and the remaining 34 are staffed by contractors.

In looking for cost reduction opportunities, the OIG found that some of the work conducted at four service and inspection sites located in Michigan and Missouri could be done at the service and inspection areas within Chicago's preventative maintenance facility. OIG auditors assessed route schedules for trains that originated or terminated in Chicago and found that a number of trains were in Chicago every 24 hours. Preventative maintenance facility employees in Chicago are already responsible for cleaning the trains and have the capacity to conduct the additional FRA-mandated safety inspections, according to an Amtrak official cited in the report.

While the four Michigan and Missouri sites may still require the capacity to clean trains, a reduced workload would allow staffing adjustments for service and inspections, according to the report. In addition to Chicago, the OIG identified potential savings opportunities at 11 other preventative maintenance facilities, and, depending on the amount of additional inspection work that could be performed at the service and inspection areas of the preventative

maintenance facilities, the OIG estimated Amtrak could put \$1.4 million to \$3.9 million to better use.

In a review of four other service and inspection sites staffed by Amtrak employees, the OIG found that employees worked standard eight-hour shifts even though the sites did not have enough service and inspection work to fill a full shift. For example, Amtrak's Heartland Flyer train is scheduled to be at the Fort Worth, Texas, service and inspection site for five hours a day, but, due to track constraints, service and inspection employees can only work on the train for three hours. Still, the employees work a full eight-hour shift.

While a portion of the eight-hour shifts are used by employees to complete other tasks like gathering tools and supplies, they do not require a significant amount of time to complete, according to the report. Company officials cited in the report said staffing levels were based on a historical preference to ensure that sites had a full complement of staff to quickly mitigate incidents that might arise at a site or along a train's route. However, the OIG found this practice results in inefficiencies for Amtrak.

Across all 16 service and inspection sites, to include the four at which the OIG found a lack of service and inspection work to fill an eight-hour shift, employees received overtime payments in addition to their base wage in fiscal year 2017. Overtime payments above base wages ranged from 11 percent to 38 percent per employee at the sites. In Kansas City, Missouri, employees received an average of more than \$27,000 in overtime payments each, and the OIG found that managers at some of the sites didn't know why or how much overtime their employees were earning. As such, these managers could not take steps to manage employee overtime or ensure the overtime was necessary. By better managing overtime and reducing it when possible, Amtrak could put an estimated \$900,000 to \$2.4 million to better use, the report said.

To address its findings, the OIG recommended that Amtrak consider the extent to which it can take actions to operate more efficiently at its service and inspection sites. This includes identifying opportunities to shift work from these sites to the service and inspection areas of preventative maintenance facilities, reducing unnecessary full-time positions at sites without a full-time workload, and better managing the amount of overtime that staff incur at service and inspection sites. Company officials concurred with the report's findings and agreed to implement all of the OIG recommendations.

To download the full report, go to <http://go.usa.gov/xPfZF>