



## **New Report: Amtrak’s purchase, planned use of \$41.1 million Delaware building based on faulty planning assumptions**

**For Immediate Release**

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WASHINGTON – Amtrak’s plans to save costs and consolidate certain personnel and functions in a Wilmington, Delaware, building it purchased for \$41.1 million have not materialized because it did not effectively verify the feasibility of its plan before it made the purchase, an Amtrak Office of Inspector General report released Friday found.

In December 2018, Amtrak began planning the relocation of several vital customer care functions—including train-dispatching personnel who are currently spread across Boston, New York City, Chicago, Wilmington, and Washington, D.C.—under its Unified Operations Center program. According to the report, the company also planned to relocate a specialized Amtrak Police group based in Wilmington, a small group of employees responsible for social media, and move information technology personnel from leased spaces in Washington and Atlanta into the building. Company officials also said that mitigating flooding risks at the current Consolidated National Operations Center, located on the Christina River in Wilmington, was another reason they planned to move personnel to the new building.

By consolidating these functions and eliminating leased space, Amtrak estimated that it would save close to \$50 million over time in its original business case. Early in the planning process, it became clear that the projected lease savings from relocating personnel were unrealistic when the company determined that moving or replacing so many IT staff would have caused significant operational disruption.

According to the OIG’s report, Amtrak purchased the building in May 2020 before ensuring that it could reasonably accommodate its UOC program and other business needs, which impacted its estimated long-term savings and introduced additional risks.

For example, combining dispatching and police personnel in one “communications theater” required a one-and-a-half-to-two-story space to accommodate tiered seating and large overhead displays. Amtrak, however, did not confirm the structural feasibility of combining two floors of the building prior to its purchase. According to the report, it will not know the feasibility and cost of such a retrofit until its design firm completes its first phase of work.

Similarly, Amtrak will not know if it can add a large generator necessary to supply emergency power to the building—critical for dispatching and police communications—or how much it will cost until its design firm completes its work. The company cannot move operations to the building without emergency standby power, the report said.

Before Amtrak purchased the building, there were also indications in 2019 that collocating all train-dispatching functions and personnel would not materialize. Company officials had determined that they would not relocate dispatching personnel in Boston and some personnel in New York City, and later, in 2021, Amtrak further excluded dispatchers based in Chicago and the balance of those in New York from the move. According to the report, Amtrak's plan now calls for moving approximately 40 dispatchers from outside Wilmington, representing an 83 percent reduction of the 250 originally planned.

In addition, the company's initial plan for moving IT personnel assumed that it would need to replace more than 400 of them since many would be unwilling to relocate or, in the case of contractors, would be ineligible to relocate. Senior IT officials told the OIG that both the planned relocation or replacement of personnel was not feasible in 2019 or now because of the significant operational disruption that would result from losing so many people.

Amtrak now estimates that it will need less space in the building because of overall reductions in planned relocations. Additionally, the company is in the early stages of design work to retrofit the building to accommodate the UOC program at an estimated cost of \$37 million, and it is updating its business case for the program's future, the report said.

Amtrak's Finance department officials told the OIG that they have issued guidance and taken other actions to ensure that the company validates future business case assumptions and vets them with relevant stakeholders. The Finance department has also established a new group to help prepare and review the business cases that departments submit to support funding requests.

The OIG recommended Amtrak verify the assumptions in its updated business case about the UOC program's functions and staff relocations and the accuracy of the estimates of the associated costs and benefits so that decisionmakers can determine whether and how to proceed. More information is included in the full report which can be downloaded on the OIG's website: <https://direc.to/hDej>.