

Amtrak Alone Takes Wolf's Big Funding Hit

The House Appropriations Subcommittee on Transportation singled out Amtrak for deep cuts, in its June 6 mark-up of the 1997 transportation funding bill (starting October 1, 1996).

The subcommittee is chaired by Frank R. Wolf (R-VA), whose district in the Washington suburbs boasts above-average numbers of Amtrak employees and frequent

customers. Observers were at a loss to explain his sudden, apparent turn against Amtrak.

He slashed Amtrak 28%—decimating capital funding—but merely froze transit and aviation at about this year's levels. Highways were cut 2.6% (mostly through repeating last year's stand against federally funded "demonstration" projects).

In a June 6 release, Amtrak President Tom Downs said Wolf's "funding levels turn the glide path to success to a slippery slope to extinction." Wolf's \$542 million is 41% below the \$922 million assumed for 1997 in last year's Republican House budget resolution, and 28% below the freeze assumed in this year's resolution.

This is just the first step in a long process, but it is not good. Up until last year, the House underfunded Amtrak and former Senate Subcommittee Chairman Frank R. Lautenberg (D-NJ) played "hero," saving Amtrak in his bill and in the House-Senate conference committee.

But starting last year, Lautenberg was no longer chairman, so his impact on the process was reduced.

A big problem in Wolf's bill and President Clinton's request is an Amtrak operations level of \$200 million, \$50 million (20%) below Amtrak's request. [Some reports show \$342 million—adding in \$142 million for "mandatory payments" (see table)—but there is still a \$50 million operating shortfall overall.]

There is solid evidence Amtrak is not "crying wolf." Even at \$250 million, Amtrak's operating target is ambitious. It is \$142 million below the 1995 level. In April, Downs told NARP 1997 "is the worst year in Amtrak's five-year [operating plan]." Indeed, **operations at \$200 million may be a shutdown budget**, because:

- Borrowing to survive 1996 will raise 1997 interest payments (which are part of the operating budget).
- It is unclear when Congress will pass the long-awaited Amtrak reauthorization bill with revenue-raising and cost-cutting reforms, most of which would take effect months after enactment.
- Labor-protection payments cancel out the lion's share of savings that many service changes would bring.
- It also is unclear when Congress will reimpose the 10% aviation ticket tax, whose December 31, 1995, expiration enabled airlines to charge lower fares this year. This along with severe winter weather has badly hurt Amtrak's 1996 revenues.

No Amtrak floor amendment was planned on the 1997 House appropriations bill. The crucial Senate subcommittee mark-up is expected the last week in June, or in July. Mark O. Hatfield (R-OR), who is retiring, chairs both the full Senate Appropriations Committee and its transportation subcommittee.

1997 TRANSPORTATION FUNDING

Appropriations (\$ millions)

Administration	1995	1996	1997	1997	1997
	Enacted	Enacted	Amtrak Request	Clinton Request	House Bill
Federal Highway	19,879	19,970	—	19,423	19,441
Federal Aviation	8,392	8,216	—	8,103	8,155
Federal Transit	4,614	4,051	—	4,296	4,051
Federal Railroad	1,162	874	—	1,048	711
*Amtrak + N.E. Corr.	994	750	1,066	919	542

*These numbers also in Federal Railroad Administration total.

Intercity Rail Passenger Categories

Amtrak:	1995	1996	1997	1997	1997
* Operations	392	285	250	200	200
Capital	230	230	360	297	120
** Mandatory payments	150	120	142	142	142
Northeast Corridor	200	115	314	280	80
High Speed Rail	23	24	—	27	20
TOTAL	1,017	774	1,066	945	562

* 1996 operating figure includes \$100 million earmarked for "transition costs" related to Amtrak restructuring, service cuts, equipment retirement. Unspecified transition costs also are included in operations in 1995 and 1997.

** Federal railroad retirement and unemployment insurance costs in excess of Amtrak's demands on system, therefore not part of true cost of operating Amtrak system. Amtrak is requesting this as a separate, non-subsidy item.

Downs: "The System is National"

Adequate capital investment for Amtrak—and recent setbacks to Amtrak's operating budget—were high on the agenda of Amtrak President Thomas M. Downs when he addressed the NARP Board of Directors in Rockville, MD on April 26. He said the past year has proved that problems "perceived as a fatal threat to Amtrak ultimately can be managed."

Operations: Downs noted the financial setbacks caused by the harsh winter. [Much of that was the cost of clearing snow from Amtrak-owned tracks. Airlines and motorists escape such costs when paralyzed by blizzards. Even when operating in snow, they only pay for publicly-owned infrastructure "as they go"—via a per-gallon or 10% ticket tax that does not rise to reflect public-agency snow removal costs—ed.]

Downs emphasized that "mandatory payments"—retirement and unemployment insurance costs assessed against

(continued on page 4)

DOT's ISTE A "Road Show" Visits New York

The Department of Transportation's "intercity passenger" forum was June 7 in New York City. Reflecting the witness list DOT put together, much of the testimony actually focused on commuter railroads and local transit. Virginia Railway Express (VRE) Director of Operations Steve Roberts said, "For a healthy VRE, we need a healthy Amtrak."

NARP's Ross B. Capon endorsed ISTE A "flexibility" for intercity passenger rail, which he said should be an eligible use for National Highway System, Congestion Mitigation and Air Quality Improvement Program, Surface Transportation Program and Federal Transit Administration funds.

There was good news from Donald Nelson, President of Metro-North Commuter Railroad (which operates in New York State and Connecticut):

"We initially expected to get \$22 million from ISTE A. In 1992-1996, we actually got \$44.5 million (Congestion Mitigation and Air Quality: \$32 million; Surface Transportation Program: \$12.5 million). The metropolitan planning organization already has approved \$12.5 million more through 1999. We are proposing an additional \$18 million that would bring us to \$75 million through 1999.

"ISTE A-funded work falls into three categories: track and signal improvements, including new main trackage and passing sidings; more parking and new and longer platforms at stations; and infrastructure rehabilitation. Without ISTE A, most of these needs would have gone unmet or only partially met."

On the safety issue, Nelson said commuter rail operators are "coming together as an industry, speaking with one voice, and are able to sit across the table from" the Federal Railroad Administration, which regulates railroad safety. New Jersey Transit Executive Director Shirley DeLibero said NJT was spending \$100,000 to study safety issues "before someone else tells us what to do."

Amtrak President Tom Downs, answering a Federal Transit Administration official's question about the half cent (which would come from the Mass Transit Account of the Highway Trust Fund, *May News*), argued that Amtrak brings important rural-transportation constituents to the table, helping transit.

New York State DOT Commissioner John Daly said Amtrak has a "great run between New York and Albany" but said he

DRIVING AGAINST OUR WILL

"Many of us who used to take the train to Albany on business now drive because the Amtrak cuts last year took away the only train that would get us to our state capital in time for morning meetings. Driving is four to five hours each way from Rochester and Buffalo—grueling, dangerous in winter, and an extraordinary waste of time when we could be doing work on the train. Flying is \$300-500—not for ordinary people. Do you think our driving represents a vote for more highways? No way! We would rather see our gas tax used to bring back our train! Our fuel taxes should improve overall mobility—not just build more highways."

—Frank Barry, Director of Legislative Affairs, Empire State Passengers Association, at DOT's New York forum on June 7

REMAINING ISTE A REGIONAL FORUMS

This complete list of all-day hearings on what surface transportation policy should be after ISTE A expires in September 1997 updates the list in the *April News*. Comments from the general public may be taken at the end of the morning and afternoon sessions. For details and up-to-date information, call the U.S. Department of Transportation at 202/366-5682.

Date	City	Afternoon Topic
June 21	San Diego	Innovative Finance
July 2	Portland, OR	Environment
July 30	New Orleans	Special Community Needs
Aug. 5	Huntington, WV	Economic Development
Aug. 20	Missoula, MT	Rural Needs
Aug. 23	Minneapolis	** Intelligent Transportation
Sept. 18	St. Louis	Planning
Sept. 25	Miami	Global Economy
* Sept.	Providence	Livable Communities

* date not confirmed

** "high-tech" investments

fears "taking funds from transit, which must come first."

Greyhound President Craig Lentzsch was concerned that, to avoid using ISTE A funds on intercity bus projects, some governors were certifying that all intercity bus needs in their states had been met without careful study of those needs.

Asked if there should continue to be a separate "enhancements" spending category, New Jersey State DOT Commissioner Frank J. Wilson said that, "until you find more [state] DOT's being more intermodal, you need some encouragement...separate funding categories." ■

TWO REPORTS ON AUTOMOBILE IMPACTS

A report getting much media attention (including *The Washington Post*, April 15), is *The Car and the City*, by the Northwest Environment Watch of Seattle. Its main focus is the long-term effect of suburban sprawl and automobile dependency on the Pacific Northwest.

But the angle getting the most attention involved the perceived risk of being a crime victim, a prime reason people leave cities. With the risk of injury of death in auto accidents factored in, the combined risk for suburban residents (19.2 in 1000) was actually higher than for those who remain in cities (16 in 1000). That's due to the suburbanites' driving longer distances at higher speeds than urban residents.

To get the 60-page report, send \$9.95 to Northwest Environment Watch, 1402-3rd Ave. #1127, Seattle, WA 98101, or call 206/447-1880.

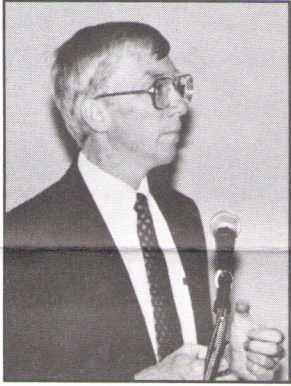
The Natural Resources Defence Council released on May 8 a report, *Breath Taking*, asserting that over 64,000 Americans die every year from heart and lung ailments caused by particulate pollution from automobiles and industries—more than twice the number of automobile occupants killed in accidents. The report drew in part on research conducted by the American Cancer Society and the Harvard Medical School.

To get the 150-page report, send \$14 to the NRDC Publications Office, 40 W. 20th St., New York, NY 10011, or call 212/727-2700.

Amtrak's New "Intercity" Chief Addresses NARP Board

Mark Cane, who on February 1 became CEO of Chicago-based Amtrak Intercity, the business unit with most long-distance trains and all Midwest corridors, addressed the NARP Board of Directors in Rockville on April 25. He is a Burlington Northern veteran (Feb. News). Cane had this to say:

- "We take the mandate that the government has given us that **we must be free of operating subsidy by the year 2002** as an absolute, for planning purposes...We are mobilizing to identify new revenue sources; doing market research to identify new market opportunities [and] where we are not as effectively tapping opportunities as we should. [In our capital planning and reviewing our business practices] we are identifying opportunities to improve service, improve safety and take costs out of the system."



—John A. Ross

Mark Cane

each business unit. Revenues from the improved Northeast are expected to help offset losses elsewhere—ed.]

- Intercity is "blessed...with a **relatively modern base of equipment**. Since about 1992, Amtrak has acquired 104 new locomotives (94 for Intercity, 10 for the Western business unit); we are bringing on 50 Viewliners and 195 Superliner II's."

- **On promoting Amtrak**, the key "is to let people know we're alive and we're doing business...a lot of people think we aren't any longer in business." Amtrak's \$60 million promotional budget is twice last year's. Of this, 30% goes to headquarters marketing—"to build up Amtrak's brand awareness," something Cane sees as particularly beneficial to Intercity. Intercity gets 35% (roughly \$21 million), for promotion of specific campaigns and routes. (Amtrak's Northeast and West units get 25% and 10%, respectively, of the promotional budget.) This year, Intercity paid for the "go where you wanna' go" campaign, joint efforts with states, and promotion of the "Explore America" package—"which I think is the best deal in transportation today"—and the air-rail program with United. Willard Scott came to Chicago Union Station on March 8 to help kick off the Explore America campaign.

- **Rapidly growing discount airlines have hurt Amtrak's revenues**—by charging low fares and causing major airlines to do likewise. [The ValuJet crash hurt new, low-fare airlines with old planes. In late May, Nations Air became a charter-only airline, ending scheduled Pittsburgh-Philadelphia-Boston flights. But long-established Southwest—with the youngest big fleet (226 planes, average age: 8.3 years)—still expands. And repeal of the 4.3-cent-a-gallon deficit reduction tax would help fuel-hungry airlines more than Amtrak. Ed.]

- **Amtrak service remains inconsistent**. Cane is amazed that some employees still act as if the customer will return no matter how bad the service. (He saw the same thing in his college years when, starting in 1973, he worked

three summers and one winter on Amtrak dining cars.) [He noted two specifics on service policy: A special "amenities team" is working "to spruce up" the *California Zephyr*. Henceforth, when the *Texas Eagle* is held in Chicago for connections, dining service will start before the train's departure.]

- For October-February (i.e., not counting summer travel), operating ratios for many Intercity routes exceed three, that is, it costs over three dollars to generate one revenue dollar. Therefore, **to become operationally self-sufficient, a lot of things have to get done in rapid fashion**. We're kind of like a ship...you're not going to turn the ship in the canal, you have to get to the turning basin. We're not there yet, but we're going as fast as we can. We need time..."

Cane listed what he must do to "supplement current revenues. We must take advantage of the higher proportion of the population in retirement years (when people tend to have more disposable income), the growth in families who want to spend more quality time with their kids," and develop upscale markets to increase revenues, particularly on existing long-distance trains and on special trains.

He also looks to "partnerships with cruise ship operators and the hospitality industry...more aggressive airline partnerships...private cars...mail and express...state support for short-distance corridors...commuter-service contracts...a new crew-consist agreement (which an authorization law would permit) and more flexibility with labor in other areas..."

- **"We need the half-cent gasoline tax. We need it badly. It represents a reliable source of capital funding."**

- When Cane arrived in Chicago, **the business unit had a \$32 million budget problem "and we didn't cut service, we added service"**...another frequency to the *City of New Orleans*...We're adding [the experimental Mobile-New Orleans train]. We're looking at adding a third train to Florida. We're working hard to try to figure a way to grow out of this dilemma, but, with the operating subsidy going away, there is no guarantee we'll be able to run everything we do today...there is no 'slam-dunk' for anything."

- "By example," he wants Amtrak managers to be **more receptive to suggestions from NARP**. On Cane's second day on the job, NARP's Ross Capon addressed a meeting of Intercity product-line managers. But Cane asked people "not to go ballistic" if their idea is not implemented, noting there may be good reasons "that aren't necessarily obvious." ■

- **"DON'T DO IT: Many economists say repealing the [4.3-cent-per gallon portion of the federal] gasoline tax is wrong. [Federal Reserve] Chairman [Alan] Greenspan and board nominee [Alice] Rivlin have previously called for higher rates to discourage consumption and balance the budget. Berkeley's Alan Auerbach calls the cut 'a silly idea;' the consensus of some 35 economists meeting there was for a rate near \$1 per gallon."**

—Robert Keatley, Wall Street Journal, front-page "Washington Wire" column, May 3.

- **"Somehow, someday, we're going to have to find a leader with the guts and the credibility to tell Americans the truth about energy: that our national dedication to cheap gasoline is leading us into a dead end."**

—Jessica Mathews, opinion column in Washington Post, May 6.

Amtrak for non-Amtrak employees—are just that: mandatory. [Amtrak's 1996 problems result in part from a \$30 million shortfall in what was appropriated for this category vs. the currently estimated need.]

Capital: Downs emphasized Amtrak's need for a dedi-

cated source of capital. He reiterated his understanding that federal capital dollars "won't keep coming if they are not used nationally." Capital improvements include upgrading maintenance facilities, track and signal work and new rolling stock.

Phoenix: Downs called Amtrak's departure from downtown Phoenix (May Travelers' Advisory) "a heartbreaker...I cannot believe that Phoenix and the state of Arizona, which spends one billion dollars a year on highways, couldn't find \$28 million for the Phoenix rail line. [This was] a terribly shortsighted decision about a key investment."

He said the line Southern Pacific is abandoning [west of Phoenix] needs \$28 million of work immediately, primarily on drainage and ballast. Asked why Union Pacific's merger documents



—John A. Ross

Amtrak President Downs

showed the line continuing in existence, Downs said: "They said it was a map error. I said it was a way of minimizing criticism during the merger process."

"People Traveling Alone in Sleepers": Downs acknowledged that the new Viewliner compartments cost single travelers a lot more than the roomettes and Slumbercoach single rooms they replace. He said, "we're trying to reexamine that whole single-person-on-Viewliner problem." He said transition sleepers will have some paying passengers this summer "because we need the revenue." There also are plans to make the transition-car lounge a smoke-free area for First-Class passengers, with a bar and books.

Freight Railroad On-time Performance: Amtrak at times has published on-time performance of the contracting railroads. Downs said, "it drives the railroads nuts when they get ranked at the bottom. They give us hell, but it gets their attention." He indicated plans to do this again.

Disney. Amtrak is in serious negotiations with Disney regarding three areas: display of Amtrak equipment at Disney World, where millions of visitors would see it; moving the Florida Auto Train terminal from Sanford into Disney World itself; and operation of special "land-cruise" trains. ■

TRAVELERS' ADVISORY

Fares: For travel starting June 21, Amtrak will apply "yield management" pricing to sleeping cars. Coach seats on reserved trains are already handled this way. Now, on a sleeping car on a given train and date, the first rooms to sell will go at the lowest published rate, with the rate going up in stages until the car is sold out. Therefore, the price advantage goes to the passengers who booked earliest.

Southwest Chief: To improve reliability, it will be rerouted in Illinois August 1, via Princeton and Naperville, skipping Chillicothe, Streator and Joliet. Joliet still will have St. Louis trains. All Galesburg trains now will serve the Seminary St. station.

Connecting bus: Amtrak and Lamers Bus Lines began an "interline" arrangement June 1 connecting Wausau (via Oshkosh and intermediate points) with *Hiawatha* trains 335 and 338 at Milwaukee.

Amtrak Contest: Through September 1, as part of its "Picture Yourself on the *Lake Shore Limited*" contest, Amtrak will give first-class passengers on that train single-use cameras (which coach passengers may buy on board). Photos taken by passengers on the train and submitted to Amtrak will be judged, and first and second prizes of *Lake Shore* trips will be awarded in mid-October.

Transit: Atlanta's MARTA opened a 7-mi. branch of the North rapid transit line from Lindbergh Center to Buckhead, Medical Center and Dunwoody June 8...Dallas' DART opened its first light-rail line June 14 from West End to Westmoreland, and branch to Illinois, both via Union Station (total 9 mi.).



News from the

National Association of Railroad Passengers

Vol. 30, No. 6



June 1996



RETURN REQUESTED

John R. Martin, *President*; Eugene K. Skoropowski, *Vice President*; Robert W. Glover, *Secretary*; Joseph F. Horning, Jr., *Treasurer*; Ross B. Capon, *Executive Director*; Scott Leonard, *Assistant Director*; Jane L. Colgrove, *Membership Director*.

News from the National Association of Railroad Passengers (ISSN 0739-3490), is published monthly except November by NARP; 900 Second Street, NE, Suite 308; Washington, DC 20002-3557; (202) 408-8362, fax (202) 408-8287, e-mail narp@worldweb.net, web www.worldweb.net/~narp. ©1996 National Association of Railroad Passengers. All rights reserved. Membership dues are \$24/year (\$12 under 21 or over 65) of which \$5 is for a subscription to NARP News. For the latest passenger rail news, call the NARP Hotline: 1-900-988-RAIL (\$1.20 per minute, most messages last 4 minutes; service available 24 hours a day; callers under 18 must have parental permission to use this service; updated at least every Friday PM).

Postmaster: send address changes to National Association of Railroad Passengers; 900 Second Street, NE, Suite 308; Washington, DC 20002-3557.

(This has news through June 14. Vol 30, No. 5 was mailed first class June 7.)

Second Class Postage Paid
At Washington, D.C.