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Senate Approves $1.2 Billion for Fiscal 2003

A key turning point in the seemingly endless process of determining the size of Amtrak's fiscal 2003 federal grant came January 16 when Republican leaders agreed to accept a bipartisan amendment introduced by Patty Murray (D.-Wash.), ranking member of the appropriations transportation subcommittee, and Kay Bailey Hutchison (R.-Tex.), who chairs the Commerce Subcommittee on Surface Transportation and Merchant Marine.

Their amendment restored Amtrak to the $1.2 billion level that Amtrak had requested and that the Senate Appropriations Committee approved last year.

A difficult House-Senate conference lies ahead, with resolution likely in mid-February. The House has not endorsed specific funding levels, but the House Appropriations Committee last year voted a shutdown level of $762 million for Amtrak.

A crucial factor leading to the good Senate outcome was a bipartisan, pro-Amtrak "dear colleague" letter signed by Senators Murray, Hutchison, Byrd (D.-W.Va., Appropriations Committee ranking member), Snowe (R.-Me.), Hollings (D.-S.C.), Chafee (R.-R.I.), Biden (D.-Del.), and Specter (R.-Pa.).

Good personal relationships between Ernest Hollings (Commerce Committee ranking member) and senior Republicans apparently had much to do with the willingness of Appropriations Chairman Ted Stevens (R.-Alaska) and Commerce Chairman John McCain (R.-Ariz.) to accept the amendment.

This is not to say that either Stevens or McCain has become "pro-Amtrak." Stevens spoke said "subsidies to railroads are 150 years old," but federal support for the transcontinental railroad "was not a taxpayer burden. I think we really have to examine this and find out what is the taxpayer burden for the future as far as Amtrak." Some observers fear Stevens might accept the old House committee's crippling $762 million for Amtrak.

[Under continuing resolutions that fund Amtrak at an annual rate of $1.04 billion, Amtrak by February 15 will have received $400 million—in other words, 52% of $762 million in just over one-third of the year.]

McCain said he doesn't "think the decision necessarily has to be to shut [Amtrak] down or to fund it. I think it is to reform the system." McCain's view of reform clearly is massive service cuts: "Or we are going to tell the American people that we are going to fund the Northeast corridor, we are going to fund the Far West, and other places in the country where it is economically viable."

He criticized the *Sunset Limited* for its $347 per passenger subsidy. NARP looks at the $347 this way:

• *Sunset Limited* and *Texas Eagle* (also cited by McCain), have the worst

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AMTRAK'S INCREASING EFFICIENCY

Amtrak President David L. Gunn and his team have been working to improve Amtrak efficiency. This includes reducing management layers, improving locomotive utilization, and scrapping old equipment that costs money to store.

A new frequency—the 10th New York-Boston Acela Express frequency—was added January 27 without increasing crew costs. Plans are underway to improve running times on the national network trains as unprofitable express contracts are eliminated. Mail contracts also are coming under scrutiny.

Amtrak announced January 24 that its Chicago call center, the smallest of its three centers, would close at the end of December, 2003. Much business has migrated to the internet, leaving Amtrak with excess call capacity.

Amtrak's organizational structure has been flattened compared with what we reported in July—the Eastern and Western general managerships were eliminated, as first William B. Duggan and then Lynn Bowersox left Amtrak.

The seven divisional general superintendents now report directly to Vice President-Operations Ed Walker (one of six direct reports to senior operations vice president William L. Crosbie—see box, p. 3).

AASHTO Unveils Rail Reports

Just hours before the Senate approved $1.2 billion for Amtrak, on January 16, the American Association of State Highway and Transportation Officials (AASHTO), which represents state highway and transportation departments, released two major reports.

Intercity Passenger Rail Transportation is AASHTO's first-ever report on that subject. *Freight Rail Bottom Line* report documents the $53 billion shortfall between the estimated needs of the rail freight industry over the next 20 years and the industry's ability to raise capital.

At a Washington news conference, during the annual Transportation Research Board meetings, "Joseph Boardman, Commissioner of the New York Department of Transportation and Chairman of AASHTO's Standing Committee on Rail Transportation, and John Horsley, Executive Director of AASHTO, called for thoughtful federal investment in both sectors" (AASHTO release).

The 151-page passenger report contains a wealth of state-generated data about corridor development prospects. It advocates corridor development, but

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Senate Action *(from page 1)*

on-time records. Delays drive up costs and dampen revenues. This should be temporary, stemming partly from intensive Union Pacific track work on a busy, largely-single-track railroad to correct deferred maintenance (see box, p. 3).

• Subsidy per *passenger-mile*—not *per-passenger*—is the correct intercity measure. As the Air Transport Association notes, "Revenue passenger mile is the industry term used to quantify the volume of business; one RPM equals one fare-paying passenger transported one mile" (January 21 release). Loss per passenger is more a measure of average trip length than of economic efficiency.

For example, in 2001, Amtrak's *Southwest Chief* posted the 5th best operating ratio (costs divided by revenues) out of 19 long-distance trains, but ranked 15th in terms of loss per passenger—just behind the *Kentucky Cardinal.*

• Amtrak President and CEO David L. Gunn is reducing costs and generally improving efficiency (see box, p. 1).

• Discontinuing the *Sunset Limited* would affect other trains because so many passengers make connections, and because of cost sharing with other trains, particularly at New Orleans (*Crescent, City of New Orleans*) and San Antonio (*Texas Eagle*). ■

The entire Senate floor debate is in the Congressional Record, *January 16, pages S1048-1059, available on-line at <thomas.loc.gov>.*

AMTRAK RETURNS TO KANSAS CITY UNION STATION

Amtrak's new space in Kansas City Union Station was dedicated December 17, 2002. Special honorees were Carolyn and Pete McMasters, of the Missouri-Kansas Rail Passenger Coalition, who volunteered over 2,000 hours at the station since 1996.

The 1914 Union Station was already in decline when Amtrak took over in 1971. Soaring heating costs and crumbling ceiling plaster led to operations in a "bubble" structure, until Amtrak opened a new facility under the Main St. viaduct in 1985.

Union Station sat vacant until a science museum opened in 1999. Plans to move Amtrak back were already underway and gained momentum.

Street entry is through the majestic Grand Hall, with waiting and ticketing in the former drugstore and soda fountain area (now next to Pierpont's Restaurant).

Passengers with layovers now can visit the museum, see a movie, take a tour, or visit the food court in the old Harvey House restaurant.

The Grand Hall has a booth that includes local information. There is a shuttle bus to the airport, and two hotels connected by walkways.

ABOVE—Union Station soon after Science City opened in 1999. Amtrak's former home (1985-2002) was behind and below the tall building at right, whose construction blocked the old track area.

BELOW—The old North Waiting Room was an elevated concourse over tracks that no longer exist. It's now the Festival Plaza. A new, elevated walkway outside the wall on the right connects the Amtrak area with the platforms beyond the end of the concourse.

—both, A. J. (Pete) McMasters

Amtrak Sues Acela Express Makers

Amtrak filed a suit against Bombardier and Alstom, who make up the Canadian-French consortium that built the Acela Express train sets and the HHP-8 electric locomotives, on November 20, 2002—the last day Amtrak could exercise its option for a countersuit against Bombardier's November 2001 suit against Amtrak (Dec. '01 *News*).

In September 2002, a federal judge rejected Amtrak's motion to dismiss Bombardier's suit. Amtrak is preparing an appeal to that ruling.

Amtrak seeks over $200 million in damages from late delivery of the trains and failure to meet performance targets.

Bombardier Spokeswoman Carol Sharpe called Amtrak's filing "a necessary step toward resolution of the dispute." She said talks between Amtrak and the consortium continue, and Bombardier remains "hopeful we'll come to a settlement" before the suit goes to trial.

Amtrak President David L. Gunn has said Bombardier and Amtrak are working well together on the problems that temporarily sidelined the equipment starting last August.

In late January, the Federal Railroad Administration announced an agreement on permanent repairs to the Acela Express power units. ■

HOLLINGS REINTRODUCES NATIONAL DEFENSE RAIL ACT

Sen. Ernest Hollings (D.-S.C.) reintroduced his National Defense Rail Act January 7; with 30 co-sponsors at our press time. S.104 has only a few technical changes from last session's S.1991 (Mar. '02 *News*).

The bill authorizes $4.6 billion a year (2004-08) for Amtrak, plus a one-time $1.3 billion in 2004 for security items. A Hollings statement says that would "develop a world-class, national passenger rail system," "essential to achieve a balanced U.S. transportation system."

The bill authorizes development funding for long and short routes alike, including high-speed rail corridors.

It also includes several Amtrak reform measures—new cost accounting and reporting system, more detailed financial plans to be submitted to Congress, development of short-term working capital (to prevent what are becoming annual "shutdown" crises), and the removal of the failed 1997 operational self-sufficiency mandate.

AASHTO Reports *(from page 1)*

within the context of a nationwide, linked intercity passenger rail network.

The report says Amtrak's "long-distance trains serve a basic transportation role in many markets throughout the United States" and "provide an alternative form of travel during periods of severe weather conditions or emergencies that affect other modes of transportation." Extensive maps accompany discussions of both corridors and long-distance trains.

The report says new, higher-speed corridor services have the greatest potential for increasing overall rail use. It suggests that the most successful means to accomplish this is to overlay these with the long-distance trains, integrating the services, strengthening both.

Corridor service to airports is recommended to keep airports accessible and to avoid airport congestion and construction by diverting many shorter trips to rail.

The report concludes that about $17 billion needs to be invested in intercity passenger rail corridors over the next six years, and there is a need for another $43 billion over the next two decades.

Boardman said the report shows that "states are willing and committed partners" in providing quality, intercity service. "However, states cannot carry the burden alone—the federal government, appropriately, invests billions of dollars each year in other critical transportation systems in partnership with state governments. Similarly, it must be a strong financial partner with states in the provision of future rail passenger service, without draining funding from other modes."

This report is an important step forward in getting AASHTO and its members to stop treating passenger rail as a stepchild, but it likely will be a long time before AASHTO strongly advocates the kind of funding flexibility that such groups as the National Governors Association and National League of Cities have endorsed.

The freight report, "one of a series of AASHTO Bottom Line reports that deliver objective data about transportation investment needs to Congress...establishes the need for investment of $175 billion to $195 billion over the next 20 years to maintain rail's share of projected total freight movement. Given the constraints on the ability of the industry to raise capital, an estimated $53 billion of the total must come from other sources, the report concludes. If that gap is not filled, billions more will be needed to cover costs of more freight moving on highways."

AASHTO's release quotes Horsley: **"These reports add further support to a case that must be made in the coming surface-transportation reauthorization— no transportation mode exists in isolation from the others. To keep our highway network viable, we need strong transit, freight-rail, and passenger-rail systems to absorb some of the rising demand."** ■

AASHTO's web site is <http://www.aashto.org>. For the release about the reports, click on "News". To get a report, click on "Bookstore" and enter passenger rail or freight rail in the search field. For AASHTO non-members, the passenger report is $84; the freight report is free.

GUNN ON HIGH SPEED RAIL

"Amtrak failed to present a vision which could be achieved in an affordable fashion in our lifetime. What Amtrak tended to focus on was the electrified, high-speed Acela Express, TGV-type service—and it is a very good service, but to replicate that elsewhere is tough.

"What we should have done, and I hope we'll live to do this, was higher-speed, not high-speed. Take Portland-Seattle. We run 79 mph there. You could up that to 90 mph. You'd have to make some investment, we have a willing railroad—they want to do it. We have equipment that we run today that is very reliable, economical to buy, and you could do that for a relatively small investment, you could provide a very good service in that market.

"If you focus on going 150 mph, you have to build a separate right-of-way, you got to electrify it, and you've got all kinds of land use and environmental problems. It becomes an enormous project."

UP AIMS TO IMPROVE AMTRAK ON-TIME PERFORMANCE

"There have been times when our performance handling Amtrak trains hasn't been as good as Amtrak would hope it would be, or as *we* would hope it would be. Following the [Southern Pacific] merger, we identified about $1.5 billion in incremental capital that needed to be spent to put our infrastructure in good shape, and while we've worked through a large amount of that, there's still more to be done. We've also been blessed with business growth...

"We do want to be a good partner with Amtrak, and we're doing our best to get our railroad upgraded on the Amtrak routes and work with them to improve performance...That's just the way we try to conduct our business—without making judgments on long-haul passenger service...And it's just a myth that passenger transportation—rail, air, whatever—will ever be self-sufficient, anywhere in the world."

—Dick Davidson, Union Pacific Chairman and CEO, and* Railway Age *"Railroader of the Year," (Jan. issue)

BORDER IMPROVEMENTS

U.S. Customs and Immigration have decided to search trains leaving the U.S. only when specific intelligence indicates such a need. That should improve on-time performance of trains going from New York to Canada.

Security for passengers on the New York-Toronto *Maple Leaf* should improve as Customs and Immigration finally will occupy the new facility Amtrak built for them at Niagara Falls, N.Y. (Oct. '00 *News*). The security improvement is because, during inspections, the train can park at this facility rather than sit on the international bridge(!!).

CROSBIE HEADS OPERATIONS

Amtrak announced the appointment of William L. Crosbie as Senior Vice President for Operations on December 5; he began work January 6. He had been president of FibreTech Telecommunications of Kitchener, Ont., since January 2001.

Before that, he was at the Toronto Transit Commission, as general superintendent of subway transportation (1998-2001) and general superintendent of signals, electrical, and communications (1996-1998). Earlier, he worked in signals and communications at Canadian Pacific.

TRAVELERS' ADVISORY

Fares—Amtrak reduced many fares January 7. The lowest "bucket" (a fare level assigned to a certain percentage of seats on a reserved train, depending on anticipated demand), the D bucket, went down 25%. The next, B, went down 20%, A went down 10%, and full fare stayed the same.

This "permanent" reduction took effect on all Amtrak lines with "revenue management"—generally, everything but the Northeast Corridor, West Coast corridors, and a few other lines.

Sleeping cars also have such buckets, and they also were reduced, but only through March 3.

Advance-reservation requirements—Amtrak has eliminated the need to book in advance to get a fare in the cheaper bucket (by one, two, or three days, depending on the bucket). This should mean lower "walk-up" fares on many long-distance and Midwest routes. (Requirements remain for some deep discount fares.)

Acela Regional—Amtrak sharply reduced off-peak fares on this route's end points—Washington-Baltimore (which has no cheaper, weekend commuter service) and Boston-Providence.

Acela Express—A 10th weekday Boston-New York frequency began January 27. The move of a weekday Acela Express to an 8:30 departure from Washington has resulted in a $59 one-way fare to New York, through April 25.

Kentucky Cardinal—Amtrak sent 180-day notices to states January 6 (so the train could end about July 9).

The train has been hobbled by the failure of the express business, slow running across Indiana (albeit at night), irregular equipment assignments (including long stretches with no sleeping car), and lack of the state funding needed to make the investment necessary to improve things (such as faster running in Indiana or extension to Nashville).

Pennsylvanian—Due to extended talks with Norfolk Southern, the change from Philadelphia-Chicago to New York-Pittsburgh service comes February 10 rather than January 27.

Eastbound, it leaves Pittsburgh 7:30 am (1:30 pm Sundays); westbound it leaves New York 7:10 am Monday-Friday (7:00 am weekends). There are related changes to Keystone Corridor trains and to Northeast Corridor Trains 181 and 186.

Amtrak's companion plan to run the eastbound *Three Rivers* later was postponed to February 9—10:30 pm from Chicago, 10:00 am (starting February 10) from Pittsburgh, 8:04 pm arrive New York.

Stations—Renovation at Norman, Okla., was dedicated January 17.

Travel Agent Commissions

In November, Amtrak raised commissions on some long-distance sales, and created a web site "dedicated to the needs of our Travel Agency partners."

• Group discounts go from 5 to 20%, while preserving the group commission at 10%, which Amtrak calls "one of the highest in the industry." [Groups consist of least 20 people.];

• Rewarding "agents who increase Amtrak ticket sales through our National accounts program." Those accounts include AAA, TravelSavers, International Tours Group, Carlson, and Vacation.com;

• Maintaining Amtrak's basic long distance commission at 8%, with no caps;

• A commission increase to from 10% to 12% for Amtrak Vacations packages booked by February 28 for travel by December 31.

Amtrak eliminated commissions on trips confined to short-distance trains (except for groups). "Since many of our customers are purchasing tickets through other outlets and most travel agencies are assessing fees for their services, we will no longer offer 5% commission on corridor travel..." ■

MISSOURI TRAIN IN JEOPARDY

Amtrak needs $1.2 million more if the St. Louis-Kansas City *Mule* round trip is to run beyond February 28. In May 2002, legislators granted $5.0 million for running two round trips through June 2003—but Amtrak needed $6.2 million (Aug. '02 *News*).

For the fiscal year that starts July 1, Gov. Bob Holden's (D.) budget request has the $8.9 million Amtrak says would be needed to run both trains.

Loss of service could be temporary, but approval of Holden's full request is far from certain.

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