



NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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RETURN REQUESTED

Major New Labor Agreements

Tax Reform vs. Rails: It's the Senate's Turn

The long and uncertain process of overhauling federal tax law was to enter a new phase in late March when the Senate Finance Committee was to begin writing its version. The committee had an opportunity to correct major anti-rail, pro-truck provisions of the tax bill passed by the House Dec. 18.

HR 3838 would give "substantial tax cuts to motor carriers [truckers]," [*Traffic World*, Dec. 16], while 3 provisions would hurt the freight railroads on whose financial health Amtrak service largely depends. Also, supporters of public transport hope the Senate will allow Amtrak—not just airports and transit—to benefit

AIRPORTS "NEED" TAX-FREE BONDS

"It is inconceivable that a modern airport, which under the existing tax code includes such public service accommodations as terminals and their related retail stores, runways, hangars, loading facilities, cargo buildings, parking areas and maintenance bases, as well as appropriately sized inflight meal facilities, hotels and meeting facilities, could be provided on any adequate scale by taxable financing."

—Robert J. Aaronson, director of aviation of the Port Authority of New York and New Jersey
(Quoted in *Aviation Week & Space Technology*, Sep. 16, 1985)

from tax-exempt revenue bonds, and will reject the portion of HR 3838 that drastically reduces the extent to which revenue bonds would benefit transit.

The Association of American Railroads (AAR) estimates \$4.4 billion in cash flow would be lost in 6 years due to 3 provisions of the bill: loss of the investment tax credit, loss of accelerated depreciation, and the lengthening of the depreciation schedule itself (rolling stock write-offs would be stretched from 5 years to 13, while track depreciation would go from 5 years to 10). Railroads argue even the present schedule isn't sufficient, due to the industry's trend toward more intensive utilization of fewer track and equipment assets. Track maintenance would be particularly hard-hit by the bill, says the AAR, since track work is funded primarily from cash flow, not loan/collateral arrangements. AAR's Asst. VP—Information Services, Frank Wilner, says the industry should spend \$2.3 billion a year on track renewal, but this bill could cut such spending by almost \$1 billion annually. In 1984, railroad capital investment in track, yards, and terminals was \$2.9

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Amtrak to Take Over Train & Engine Employees Nationwide

Amtrak will assume direct employment of the locomotive engineers, conductors, and their assistants who operate most of its passenger trains throughout the United States. This will improve service and productivity, extending nationwide the benefits Amtrak has enjoyed for some time on its Boston-Washington Northeast Corridor (NEC) and Virginia-Florida Auto Train services.

On Feb. 6 Amtrak announced that it had reached agreement with the United Transportation Union (UTU) and the Brotherhood of Locomotive Engineers (BLE) to take over direct employment of train and engine (T&E) crews outside the NEC. (Amtrak owns the NEC and took over T&E crews there on Jan. 1, 1983, making Amtrak the only major U.S. railroad operating under totally revised, modern work rules.) Outside the NEC, operating crews on Amtrak trains currently are employed by the contracting freight railroads over whose tracks the trains operate. The transfer of these crews to Amtrak will give the passenger railroad direct control over all employees on most of its trains for the first time in its 15-year history.

In announcing the new accords which have been in negotiations for four months, Amtrak President W. Graham Claytor Jr. said: "These agreements represent one of the most significant advances in Amtrak's history, enabling the company to achieve its own ambitious productivity goals while improving the quality of rail passenger service we provide the traveling public." Claytor praised the BLE and UTU leadership for making the takeover agreements possible, adding: "We owe much to the dedication and hard work of our employees in achieving the progress Amtrak has made in the last five years, and we welcome these train and engine crews to the company as a vital component of our rail system."

BLE President John F. Sytsma said: "This is labor's contribution to keeping Amtrak." Referring to the sacrifices the agreements require, he said, "We tried to make it as equitable as possible." In a statement published in *UTU News*, UTU President Fred A. Hardin expressed the hope that the new agreements will "damage the efforts of the administration to 'junk' Amtrak," and noted that Amtrak's takeover of operating employees and "abrogating the agreements with the individual railroads will be a revolutionary change and will cause adverse effect to many UTU members now operating Amtrak trains for the individual railroads...."

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More on Those "Invisible" Highway Subsidies

Interstate highways account for only 19% of total traffic—but, in 1984, fully 40% of federal highway spending!

Far from being a "user fee," the federal gasoline TAX is a massive transfer mechanism in which those making short trips on non-Interstate highways help build Interstates. And the bulk of Interstate highway spending is on roads that compete with Amtrak—including costly urban segments that also compete with mass transit in serving markets where the encouragement of auto use works *against* such federal interests as improving the overall safety and economic efficiency of U.S. transportation and promoting clean air.

In short, the highway program is so massive and composed of so many different elements that—even if total highway use taxes did cover total highway costs (which is not the case)—a claim to that effect would be meaningless, so great are the cross-subsidies among various categories of highway programs. Consider the following chart published by *The Washington Post* (Dec. 20, 1985) based on information from the Congressional Budget Office:

THE NATION'S HIGHWAYS				
	Miles of Road	% of Total Traffic	% of Capital Spending Provided by Federal Govt.	% of 1984 Federal Highway Spending
Federal Highway System				
Interstate	41,216	19.0	91	40
Primary (Excluding Interstates)	257,012	29.5	70	26
Secondary	397,329	8.7	25	4
Urban	137,193	21.9	20	10
Bridges	259,950†	*	70	13**
Non-Federal Aid System				
Roads	3,045,076	20.9	NA	5
Bridges	313,700†	*	NA	2**

†Shows number of bridges, not miles of road.
 *Not applicable because total traffic is the same as for road.
 **Includes bridge repair, rehabilitation and other bridge work; does not include new construction because new bridges are funded as part of individual systems.
 BY JAMES SCHWARTZ—THE WASHINGTON POST
 SOURCE: CONGRESSIONAL BUDGET OFFICE

In 1984, general fund appropriations, property taxes, and other non-user payments provided 30% of total highway revenues (all levels of government), according to U.S. DOT's recently released *Highway Statistics 1984*.

Westway is Dead... Isn't It?

For 14 years, New York State had been planning to build a 4.2-mile Interstate highway/development project, known as Westway. It would have been the nation's most expensive highway, and, as an Interstate, would have been eligible for 90% federal funding. The Westway Project entailed placing 227 acres of landfill into the Hudson River, along the west side of Manhattan, to support not only the highway but a grand scheme of commercial real estate development and park. Of the total landfill, only about 37 acres would have been necessary for highway use.

President Reagan pledged support for Westway in his 1980 election campaign. In September 1981, he traveled to New York to make a symbolic presentation of \$87 million in federal funds for the project.

Westway's last official cost estimate was \$2.3 billion (1981\$). Some members of Congress and others, however, estimated that Westway costs would range from \$4-10 billion, or \$15,000 per inch. Beyond its high price tag, Westway's history was marked by

COMMUTER & TRANSIT

Boston's Massachusetts Bay Transportation Authority (MBTA) restored North Station-Rockport/Ipswich commuter rail service Dec. 1, a year after a Nov. 1984 fire claimed the line's bridge at Salem. During the service suspension, MBTA not only replaced the Salem bridge, but laid new rails and upgraded signals, various bridges, and 9 stations. Total cost: \$29 million. [This past April, MBTA opened a new Charles River bridge replacing one destroyed in a Jan. '84 fire.]

Buffalo's Niagara Frontier Transportation Authority (NFTA) opened a 4.5-mile, 6-station segment of its new light rail line (Dec. '84 News) this past May 18, extending trolley service from Theatre to Amherst St. Station. Thus, 5.7 miles of line and 12 stations are now in service. The remaining 0.7-mile segment from Amherst to the northern terminus at State Univ. of NY-Buffalo should open in 1986. NFTA officials are pleased with the 22,000 average daily ridership (no weekend service yet).

Greater Cleveland Regional Transit Authority (GCRTA) has taken delivery of the last of 60 rapid transit cars built by Tokyu Car for the Red Line. The \$55 million car order is part of an ongoing upgrading of the heavy rail line begun in 1982. [In 1983, GCRTA completed a \$100 million renewal of its light rail Blue and Green Lines, which involved complete reconstruction of the physical plant and purchase of 48 trolleys from Breda (\$43 million).]

Los Angeles, the nation's largest urban area lacking rail transit, broke ground in late Oct. for its 22-mile Long Beach light rail trolley line (Aug. '84 News). The project, now estimated to cost \$595 million, is being financed by regional sales tax money.

In Philadelphia, Southeastern Pennsylvania Transportation Authority closed streetcar Routes 6 and 50 Jan. 12, after concluding rehabilitation costs of \$106 million couldn't be justified. Route 50 actually closed (de facto) in 1980, when buses began substituting for streetcars.

San Diego's light rail system opens its second line Mar. 23: the East Line from downtown to Euclid Av. 4.5 miles of new track extend from Mills Center (ex-Imperial) Sta. on the existing South Line to Euclid (Aug. '84 News).

litigation, which culminated in August 1985 when U.S. District Judge Griesa issued a permanent injunction prohibiting the U.S. Army Corps of Engineers from issuing a landfill permit for Westway and barring federal funding of Westway and construction by New York State.

Amidst rising congressional concerns about the need to eliminate wasteful federal spending, and concerns about the environment, including impacts on the striped bass (which winter in the proposed landfill area), the House of Representatives on September 11, 1985, approved by an overwhelming majority (287-132) an amendment by Rep. Lawrence Coughlin (R-PA) to the DOT Appropriations bill to prohibit the use of federal Highway Trust Fund dollars for the landfill costs of Westway. The vote came minutes before the House beat back the Richardson amendment that would have cut Amtrak funding (*NARP News*, Aug. '85).

After Coughlin's victory, New York State attempted—unsuccessfully—to obtain a congressional extension of the Sep. 30 deadline for trading in Interstate highway money, a deadline already once extended for projects under injunction like Westway. New York then hastened to submit to the Secretary of Transportation by Sep. 30 a list of substitute highway and transit projects, which Secretary Dole approved "in concept." The trade-in sum comes to \$1.725 billion. Adding local and state matching funds brings the package to \$2 billion.

Of the total \$1.725 billion federal share, \$1.38 billion will go to highways and \$345 million to mass transit, a split city officials quickly explain is not what it appears to be. City officials have pointed out that mass transit will actually fare far better because half of the highway dollars (\$690 million) will be part of a novel

CONGRESSMAN, PASSENGERS FIX UP DEPOT



The Iowa Association of Railroad Passengers (IARP) sought and received Amtrak's permission to fix up the Osceola station last spring. More than 40 volunteers, including Rep. Jim Lightfoot (R-IA) and staff, IARP members, and local citizens, participated in the May 18, 1985, Work Day, which was covered by the Associated Press and two Des Moines television stations. Said Chamber of Commerce Pres. Roger Kentner: "With 11,000 passengers a year using this station, there are a lot of people who get an impression of Osceola. We want it to be a good one." Left photo: Rep. Lightfoot. Right photo: IARP Members Betty & Leo Schneider, Bob Hofer, Ray Callahan, and Eric Abbott. Photos furnished by IARP, 1203 W. 11th St., Cedar Falls, IA 50613.

"swap scheme" under which the city will free up \$690 million in its capital budget for transit, bringing the transit total from trade-in to \$1.03 billion. Whether the swap scheme actually delivers the promised \$690 million to transit remains to be seen. Westway opponents are very skeptical.

The single largest request on the substitute list is a maximum of \$690 million in federal aid to construct an alternate state highway along the Hudson River. The price is more than 10 times higher than the \$53 million for an alternate highway that organizations such as the Westway Trade-in Coalition (of NY Clean Air), the National Taxpayers Union, Environmental Policy Institute and Sierra Club said would be needed (based on figures in the Federal Highway Administration's Final Supplemental EIS). This latter figure would ensure that the vast remaining dollars would go to improved mass transit and commuter railroads and better serve the general welfare of the city (85% of whom use mass transit to travel to work).

Westway support and opposition cut across party lines and across lines of Amtrak and transit supporters, as many key Westway supporters were also Amtrak supporters. Westway supporters included both New York senators—Daniel Patrick Moynihan (D) and Alfonse M. D'Amato (R)—as well as Mayor Edward Koch (D) and Gov. Mario Cuomo (D). In the House debate on the Coughlin amendment, Rep. Bill Green (R-NY) a long-time friend of both Amtrak and transit, was one of Westway's most persistent defenders.

Rep. Ted Weiss (D-NY) in whose district the project would have been located, opposed Westway. He argued that "this is really a real estate boondoggle, if you will, posing as a highway project." Rep. Silvio O. Conte (R-MA), senior Republican on the Appropriations Committee and an avowed Westway foe, delivered the day's most colorful speech in his inimitable, deliberate and unabashedly enthusiastic style. Conte concluded by noting that Mayor Koch, when serving in the House, opposed Westway and had inserted in the Jan. 6, 1977 *Congressional Record*, a statement entitled: "The Approval of Westway (by former Secy. of Transp. Coleman) is an Environmental and Financial Fiasco That the Carter Administration Should Try to Correct."

After reading from Koch's 1977 remarks, Conte said: "Ed Koch was right in 1977. The project has not changed at all. It is still an

New Harrisburg Cars Needed

The Jan. 12 Philadelphia-Harrisburg service reductions and Amtrak's plans to replace self-propelled electric cars with diesel-hauled trains there should clearly signal the Commonwealth of Pennsylvania that it must act to prevent further loss of ridership. It is encouraging to note that state officials did move quickly and saved [with state funds via 403(b)] one round-trip Amtrak had planned to discontinue.

But more action is required, since there is no future here for the costly Capitoliners, the original, heavy Metroliner self-propelled electric cars whose unreliability continues to require a mechanic on board at all times. These cars cannot be operated singly, and they gained the distinction of being Amtrak's most costly to operate cars after the Jan. 12 elimination of the self-propelled diesel cars from the Hartford line.

Diesel Phila.-Harrisburg trains probably would mean a severe ridership loss due to slower schedules and the end of direct service into downtown Philadelphia (diesels are not run in the tunnel between 30th Street and downtown Suburban Station).

To serve this intrastate, "interurban railway" efficiently requires investment—probably by the Commonwealth of Pennsylvania—in economical electric cars and a commitment to keep overhead electrical power all the way to Harrisburg. Energy-efficient cars capable of "solo" operation (and thus a crew of 2 under current labor contracts) are desperately needed; the smallest train Amtrak runs today has 3 heavy cars(!) and requires a crew of 4, including the mechanic. (A 2-car train is technically feasible, but Amtrak considers the cars too unreliable to "risk" 2-car operation.)

One possible outcome would be a 3-party contract in which the Commonwealth agrees to purchase efficient cars and pay the reduced operating losses and contracts with SEPTA, which already operates Philadelphia-area commuter trains, to operate the Harrisburg trains over Amtrak's tracks.

The 12 heavy cars released by the Harrisburg service cuts and by substitution of Amfleet cars on the NY-Harrisburg "Valley Forge" may help improve the efficiency of other Amtrak services. If experimental conversion of these cars to loco-hauled use succeed, Amtrak may convert more Capitoliners to push-pull cab cars that would drastically reduce switching costs now associated with the Chicago-based and Los Angeles-San Diego corridors.

LATE FLASHES! Tri-weekly NY-Cincinnati-Chicago "Cardinal" begins serving Indianapolis Apr. 27 and will be combined with Chicago-Indianapolis "Hoosier State." Daily service will continue on the latter segment. NY-Cincinnati times will be roughly as they are now; the Cincinnati-Indianapolis run (with a Hamilton stop) will be "leisurely"; Chi-Indy: dpt. Chi 6:25 PM, ar. Indy 10:45 PM; dpt. Indy 7 AM, ar. Chi 11:20 AM. . . . To protect Coast Guard and aviation budgets from the Mar. 1 Gramm-Rudman cuts, Secy. Dole may seek congressional approval to "steal" up to \$115 million from transit/Amtrak immediately.

environmental and financial fiasco. Ed, I hope you are watching this on C-SPAN. Shame on you, Ed Koch. Shame on you. Shame on you for trying to destroy our striped bass. Shame on you for trying to bail out these developers in New York—these greedy developers—who will fill in and destroy the habitat of all the striped bass and the rockfish. Vote for the Coughlin amendment and return some sanity to this bill."

And so, extravagant Westway is dead... or is it? Rustlings in New York State raise an eyebrow. Legislation, under discussion by the state legislature, would allow funds of the Battery Park City Authority and the Port Authority of New York-New Jersey to finance landfill, concrete decks on piling and reuse of existing piers to create sites for real estate development in the area of the Hudson River where the Westway landfill would have gone. Also, curiously, New York State has refused to withdraw its permit from the Army Corps of Engineers.

TRAVELERS' ADVISORY

Berkeley, CA, site of Univ. of California's main campus, became a regular stop for Amtrak's Oakland-Bakersfield (-Los Angeles) "San Joaquin" trains Jan. 22. Shelter and platform are near old Southern Pacific station.

A new passenger service is now available at Chicago Union Station: a children's play area to occupy youngsters 12 and under during train layovers. Included are slides, rocking horses, and a playhouse. If successful, Amtrak may expand this to other stations.

Washington-Montreal "Montrealer" now has "Le Pub" (Heritage) lounges, replacing Amfleet II lounges. These piano-equipped cars feature "Hospitality Time" offering free snacks and a specialty drink, along with a unique food service with complete meals in containers called caddies.

Glenwood Springs and Grand Junction, CO, station agents were assumed by Amtrak (from D&RGW RR) Dec. 1, but Provo, UT, agent was eliminated Jan. 10. Barstow, CA, lost its agent and checked baggage service Jan. 15.

Dome-coach has been reassigned from Kansas City-Centralia "River Cities" to KC-Chicago "Ann Rutledge."

Ride quality is improving markedly on Chicago-Crestline, OH, segment of the "Broadway Ltd." and "Capitol Ltd." thanks to a \$20 million Conrail track upgrading project.

Long Beach, CA, residents have easier access to Los Angeles-San Diego "San Diegans," thanks to twice-daily feeder bus service between LA Airport, Torrance, Long Beach, and the Santa Ana Amtrak station. Buses sponsored by California DOT.

Improved Seattle-Vancouver train-bus connections will start Apr. 1, connecting at Amtrak's Seattle station with the "Starlight" (as presently) and the "Mt. Rainier," and with the "Empire Builder" at Everett. New morning departure from Seattle and Everett will stop at VIA Rail Canada's Vancouver station to connect with "Canadian" and "Super Continental." Some services will also stop at the gate of Expo '86 near Vancouver. Tickets and reservations available from Amtrak agents; Amtrak's Apr. 27 timetable will include times for these buses.

New Labor Agreements (continued from page 1)

The seniority zones and districts will be enlarged and many members now in passenger service will be forced to work out of terminals and over districts other than those they have been working on for many years." (*Labor*, Feb. 26)

To reduce start-up problems that may be associated with direct employment of T&E crews and supervision, takeovers will be phased-in over approximately 18 months. The first phase begins April 1, when Amtrak takes over those running its trains on Conrail, Boston & Maine, Central Vermont, Delaware & Hudson, Grand Trunk Western, plus Chesapeake & Ohio (Grand Rapids train only) and Seaboard's portion of the Chicago-Indianapolis run.

The labor agreements will eliminate locomotive firemen on runs of less than 4 hours, such as New York-Albany, Los Angeles-San Diego, Chicago-Milwaukee, Chicago-Champaign, Chicago-Fort Wayne, and Washington-Richmond. In addition, firemen will be eliminated on Chicago-Detroit trains, since engineers will be changed at Battle Creek. Firemen will stay on some of these runs initially, but will not be replaced when they retire or change jobs.

Under the new accords, freight railroad employees eligible for Amtrak service will be invited to bid on passenger assignments based on their railroad seniority. T&E crews will no longer be paid under the freight industry's standard of train mileage or hours of service, known as the dual basis of pay; rather, they will be paid by Amtrak under a contractually-defined standard 40-hour work week (actual jobs will vary somewhat).

Amtrak will assume all train and engine personnel on its 24,000-mile system, except where impractical—i.e., certain segments of triweekly routes. ■

SOO LINE JOINS AMTRAK FAMILY

Soo Line Railroad officially absorbed the Chicago, Milwaukee, St. Paul & Pacific Railroad (Milwaukee Road) Jan. 1, and assumed CMSP&P's Amtrak passenger contract. The merger is good news for railroad passengers.

The Milwaukee Road had been in bankruptcy since 1977, and its Chicago-Milwaukee-St. Paul mainline deteriorated to the point that many NARP members rank it the roughest ride in the Amtrak system. Several years ago, as an economy move, CMSP&P proposed downgrading the line from double- to single-track.

Financially-sound Soo plans to keep both tracks, and to invest considerable sums to improve the property. Amtrak riders can look forward to smoother sailing!

Tax Reform (continued from page 1)

billion.

Because many of the railroads' major customers and shippers are also capital-intensive and would likewise be hurt by this bill, the AAR views it as "a triple whammy." Wilner calls it a "deindustrialization bill."

Air carriers are also opposing the bill, but the American Trucking Association "is actively supporting the measure" [*Traffic World*], as it contains various truck-specific benefits including larger write-offs for equipment in the first 2 years of ownership (tractors, up from 61-63% to 77%; straight trucks over 13,000 lbs. and trailers, up from 35-37% to 52%).

President Reagan sought the *total repeal* of two provisions that encourage private and public investment in railroad station/property development and restoration. The House bill would preserve these provisions—although in modified form. We encourage you to urge senators to work for a final bill at least as supportive of these development/restoration incentives as the House bill.

Currently, a 15% tax credit may be claimed for rehabilitation of non-residential buildings at least 30 years old; 20% for those at least 40 years old. Many train stations qualify for the higher credit. The House bill combines these two categories into one, eligible for a reduced 10% credit. For restoration of historic structures, for which some railroad stations qualify, the existing 25% tax credit would be cut to 20%.

Tax-free revenue bonds have been routinely used for decades—and under the House bill would continue—to help fund capital improvements for all other modes (highways, bridges, airports, seaports, local transit). Indeed, between 1978-82, such bonds provided 65% of all investment in airport development (Dec. '85 News).

Why not equal treatment for rail? Amtrak could make such bonds saleable by pledging the proceeds from its non-rail projects which generate an adequate return on investment. This "self-help" funding mechanism would give Amtrak access to private capital and enable Amtrak to make more capital investment with a given level of federal funding. The more capital improvements Amtrak makes, the more its revenues-to-costs ratio will improve. Please urge senators friendly to Amtrak to support extending to Amtrak the right to issue such tax-free bonds.

Private investors and public entities have expressed growing interest in renovating and developing train stations, including Chicago Union, Philadelphia 30th Street, Pittsburgh Penn, Los Angeles Union, and San Diego. Continued availability of rehab tax credits and eligibility for tax-free bonds are critical factors in tipping the scales toward needed railroad investments.

Although the Senate is now working on tax reform, key members of House Ways & Means will get another shot later in a House-Senate conference committee, and the full House thereafter in considering that committee's report. Contact your own senators first; we suggest not writing anti-Amtrak senators about tax-free bonds, but everyone—including Senate Finance Chrmn. Bob Packwood (R-OR) and Ranking Democrat Russell Long (D-LA)—should hear concerns about the freight railroad provisions. (John Martin's Feb. 3 letter lists Senate Finance members.) ■