

## Warrington Seeks "Clear Mission", Capital

"For thirty years, Amtrak has been expected to perform like a business and at the same time serve community needs like a non-profit organization. We can't do this, and we shouldn't let this unrealistic expectation erode confidence in our rail system, which I would argue is more important today than at any time in recent history.

"Just as we need a clear mission, we also need adequate capital investment to support that mission. Since 1971, when Amtrak was created, \$11 billion in federal money has been invested in intercity passenger rail infrastructure nationwide. At the same time, we have invested nearly 70 times that number—or \$750 billion—in highways and aviation."

—Amtrak President and CEO George D. Warrington, speaking to a National Press Club luncheon, Washington, May 24

The Amtrak president's message at the National Press Club generally is consistent with what he long has said—with the support of many legislators. He added an interesting number to the discussion—the \$11-billion reference shows that almost half of total federal spending on Amtrak since 1971 has gone to "intercity passenger rail infrastructure." This may be helpful because of the widespread belief that capital grants are politically "better" than operating grants.

As for what is not new, Warrington:

- Said he "fully expects" that Amtrak "will meet our commitment to operational self-sufficiency in 2003. That's my responsibility, and I take it very seriously."

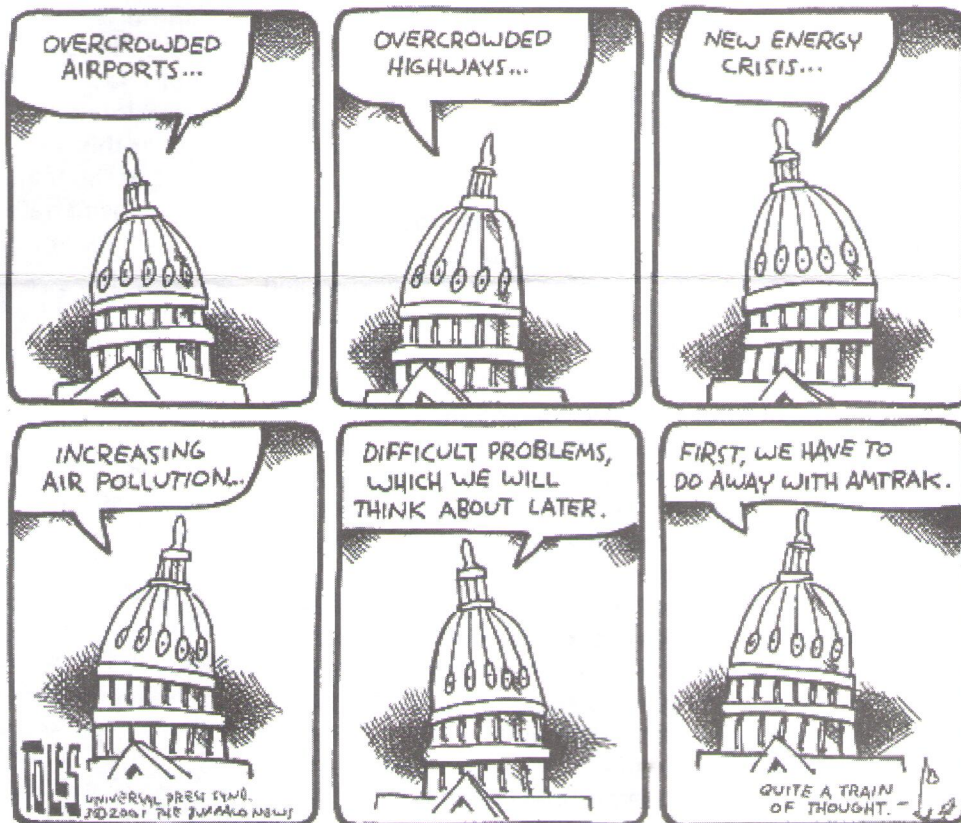
- Discussed Amtrak's work with state and local officials who "are searching for hard answers to America's transportation crisis," saying "to fulfill the potential of these partnerships, capital is essential. So, working together with the states, we've developed a 20-year capital investment plan [Mar. News]. The plan provides a blueprint for strengthening the network and developing higher speed services in federally designated corridors. It calls for increasing the annual federal investment in intercity rail from 1 percent to

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### TGV'S NOW COAST TO COAST (IN FRANCE)

Yet another major rail service improvement in France starts June 10—the new TGV Mediterranee line to Marseille. In a May 26 test, a train averaged 190 mph on the 660-mile run from the English Channel port of Calais to Marseille. French National Railways spokesman Pierre-Bernard Fauvergue said this was "the first time in the world a high-speed train covered such a long distance without stopping and maintained a speed of over 300 km per hour" [186 mph].

"The fares to come into effect with the opening of TGV Mediterranee to Marseille...show only modest increases on present levels, despite the massive improvements to all aspects of the service...This means a second-class peak-time fare of [about \$64] for the Paris-Marseille journey of nearly 800 km (500 miles)..."(June Modern Railways). By comparison, a business-class, one-way, weekday fare from Washington to Boston (457 miles, top speed 150 mph) costs \$162. But then, so far, France has taken balanced transportation much more seriously than the U.S. has.



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2.5 percent of the federal transportation budget—to roughly \$1.5 billion a year. A substantial portion of this financing could come from the High Speed Rail Investment Act, which is sponsored in the Senate by Joe Biden and Kay Bailey Hutchison.”

- Said “we do not need and do not want to fight with the other modes over” use of Highway and Aviation trust funds. The High Speed Rail Investment Act is politically attractive precisely because it doesn’t touch those trust funds.

- Made clear that the added capital investment is required even with Amtrak reaching its operational self-sufficiency target, something which at least the majority of Senator Hutchison’s Commerce subcommittee understood and supported at a hearing on February 23, 2000 (Mar. ‘00 News; a major issue was clarification that the operational self-sufficiency test does *not* mean covering depreciation).

But Warrington expressed concern that Amtrak’s opponents would use the big accounting losses—largely depreciation, “paper” losses that Amtrak would continue to show after meeting its 2003 target—to attack and undermine Amtrak’s credibility. Evidently part of his mission with this speech was to “get out in front” on that issue, to reduce the ability of critics to claim later that Amtrak was trying to hide these losses.

And he asked for closure on three critical questions, questions where Amtrak “will help inform...policy decisions, particularly with respect to capital, but we cannot make them”:

- “What should the national intercity rail system be? Profitable routes? Routes through federally designated corridors? Long distance routes in under-served markets? Or some combination of these? Amtrak can inform this discussion, but only policy makers can clearly define the mission.”

- “Should the system cover the costs of public services that don’t pay for themselves—through cross subsidization as we do today? Through direct support? Or by other means?”

- “How much capital will be provided to support this system, and where will it come from?”

He sounds like an executive frustrated with trying to run a \$100 system with \$50; concerned that too many people will misinterpret the meaning of meeting the operational self-sufficiency mandate. That mandate was a compromise between legislators who hoped to kill Amtrak and legislators who wanted to increase pressure on Amtrak to improve its bottom line.

It looks like the latter viewpoint prevailed. Amtrak has become more businesslike, but the major bottom-line improvements lie ahead. They are based on the ramp-up of Acela Express, and on the realization of other initiatives under way. Though Amtrak says its federal operating support has dropped from “\$318 million in fiscal 1999 to a projected \$59 million this year,” that \$59 million assumes over \$100 million in cash from rolling stock and infrastructure leaseback deals (similar to deals that yielded \$124 million last year). These are one-time deals; the assets that can be leased back are rapidly being used up.

Warrington implies that certain services are profitable, but that’s only true of Metroliner and Acela Express. The Northeast Corridor as a whole is not profitable. However, there is the prospect that, with adequate capital investment, a number of corridors could be operationally profitable.

Nevertheless, it’s clear that rail passenger supporters must work to inform the discussion Warrington requested. ■

## “Americans Want Rail Investments”

*The March 16 letter below went from NARP Executive Director Ross Capon to US News & World Report, in response to a one-sided article on Amtrak in their March 19 issue. Sections in italics were left out when US News ran the letter in the May 7 issue.*

*The next “national debate” about Amtrak should recognize Amtrak’s many successes. Along the “Cascadia” corridor linking Eugene, Portland, Seattle and Vancouver (BC), ridership grew from 226,000 in 1993 to 640,000 last year. Meanwhile, the average Seattle-Portland speed of the line’s fastest trains rose only from 47 to 53 mph. Ridership likely will skyrocket after further planned speed-ups. Nationwide, 2000 was the fourth straight year in which Amtrak ridership grew.*

*The Janesville train whose photo accompanied your story is nearly empty, but also is experimental and atypical. Amtrak today (March 16) announced the train’s termination. Due to a legal 180-day notice requirement, it will run Saturdays only, March 24 to September 22.*

*It is misleading to say Amtrak’s new nonstop New York-Washington train is just two minutes faster than a 1969 Penn Central schedule without also noting Penn Central quickly abandoned the schedule due to bad on-time performance.*

*Amtrak’s real high-speed story is not one showcase “super express.” It’s the hourly Acela Expresses—with lucrative intermediate stops—that will replace Metroliners to Washington and introduce a new world of travel reliability and comfort to southern New England. Not surprisingly, Amtrak’s finances look very tight right now—much of the high speed investment has*

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### AMTRAK TO MORTGAGE PENN STATION

**The *Washington Post* reported on June 6 that Amtrak is seeking to mortgage part of New York City’s Penn Station in order to raise \$300 million. In a statement later that day, Amtrak President George Warrington said, “As we set forth in our business plan earlier this year, we are dealing with the adverse impact of the manufacturers’ delay in delivering Acela high-speed train sets. The consequence of the delay is that we are making a one-time financial transaction to make up the Acela-related shortfall. This transaction is not unlike steps taken by other private sector companies to secure operating cash.”**

**Warrington also indicated that Transportation Secretary Norman Y. Mineta agreed to approve the mortgage (this was reported in the June 7 *Post*). Warrington said Mineta “communicated his assurance that the department will work closely with Amtrak on mapping the future for essential rail services.”**

**The June 6 article also reported that Mineta “said Amtrak and the government should take a look at whether Amtrak should be cut back to a system that serves the East and West coasts with perhaps some lines out of Chicago. He said Amtrak should ‘look at selected routes rather than blanket the country with rail service that is not...really viable.’”**

**NARP quickly released a statement (now on our web site) noting, among other things, that the present network is skeletal and does not “blanket the country.”**



## RAILROAD HISTORY TEXT REPRINTED

*Trains Across the Continent*, covering the political, economic, technological, and social aspects of railroad history in the US and Canada, has been updated, expanded, and reissued. The author is NARP member Dr. Rudolph Daniels, who teaches history and Railroad Operations Technology at Western Iowa Tech Community College in Sioux City.

The 224-page book has many illustrations and diagrams and is a useful overview of the subject. It's \$39.95 (hardcover) or \$19.95 (soft, Indiana residents add 5% sales tax), plus \$5 shipping/handling for one copy (\$1 for each additional copy), from Indiana University Press, 601 N. Morton St., Bloomington, IN 47404-3797, <<http://iupress.indiana.edu>>.

## Rail Investments

(from page 2)

been made, but most of the new trains are yet to be delivered.

*The bitter, ex-Amtrak, ex-NARP "expert" who says Amtrak will not remove "a single flight" either hasn't ridden the beautiful new trains or hasn't flown within the Northeast lately. Last fall, 25% of U.S. airline delays were at LaGuardia Airport; the average delay was close to an hour.*

*You call Amtrak's mail profit "small," yet a 30% profit margin on \$96.1 million in revenues sent \$28.8 million to the bottom line last year. Amtrak's express-freight initiative indeed went through a grow-the-revenues-hang-the-costs phase, but Amtrak to its credit last year appointed Lee Sargrad, an experienced rail freight executive, as VP-Mail & Express. His focus, like Amtrak's general focus today, is the bottom line.*

*Indeed, some argue that this focus is too intense. It produces some high fares, causing University of Pennsylvania Prof. Vukan Vuchic to observe: "Often even a single person can rent a car cheaper. Instead of unloading the New Jersey Turnpike, we're pushing people into cars." Vuchic also believes that our accounting system does not provide reasonable comparisons among government support for rail, aviation and roads.*

*Much of the 30-year, \$23 billion federal investment in Amtrak went to reverse decades of disinvestment in the passenger rail business—disinvestment that continued almost a decade after Amtrak's 1971 start-up. In 2001 alone, federal highway spending will be \$31 billion, federal aviation spending \$12 billion.*

Americans increasingly feel that—given a choice between balanced transportation investments that include rail and a near-total focus on building more roads and airports—the former will be better for quality of life, the economy and the environment. That message is getting through: Senate Majority Leader Trent Lott and Minority Leader Tom Daschle both are co-sponsors of S.250, the High Speed Rail Investment Act. ■

### MOVE TO WORCESTER STATION COMPLETE

**Amtrak moved into Union Station in Worcester, MA, on May 30. The historic station has undergone a major renovation, conducted by the Worcester Redevelopment Authority. See Jan. News for a photo.**

## Amtrak Good and Bad

NARP gets many letters from passengers about their trips. One cannot get a complete picture of the status of Amtrak service just from such letters—people, by nature, are more likely to send in "horror stories" than accounts of positive experiences—but even so, such letters can throw light on general areas where Amtrak performs well and poorly.

### Nothing Else Like It

"...I love every mile of the [Amtrak] coast-to-coast journey—the Chicago to New York route's small-town main streets and big city backyards, still with indigenous styles in housing and places of work, worship and learning and even more vintage train depots..."

"Families take trains for the time together. So do some couples. Some were elder siblings, now widowed, supporting each other, physically as well as emotionally. Some travel

solo to find time for themselves, or make a friend in the *Chief's* sightseer lounge car, where a double feature is shown each evening. The young or the restless may hang out at the lower level cafe/bar car, where things get pretty lively at times. But not for me, these diversions, not with that real-life movie playing outside the train windows..."

—Bette Dewing, "For a Gentle City" column, *Our Town* weekly, New York, April 19

### Unhelpful at Intercity's Main Hub

"...[As our train arrived in Chicago several hours late on April 18,] we knew that we had missed our connection to the *Southwest Chief* along with about 30 or more other passengers. Your [Amtrak's] customer service was of little or no help at first. One of your people stated that when you take the train you have to expect you will have problems. They finally put people up for the night, but we were told we would not have our sleeping car the next day. I told customer service that we would miss our trip to the Grand Canyon..."

—May 13 letter to Amtrak from a NARP member from Fredericksburg, VA

### Abandoned at Midnight at Penn Station

"[After a power problem caused a cancellation of Amtrak and New Jersey Transit trains between New York and Newark late on May 5]...At no point in all that time, with the possible exception of the off-duty Amtrak employee who pointed us in the direction of the PATH station, did we receive any assistance from anyone connected with [Amtrak]. In fact, at no point in the first five hours of our surreal journey, did we encounter, or even see, an Amtrak employee of any kind. Even when we arrived in Newark, there was no one on hand to tell us, or any of the other passengers who had muddled through the [PATH] system, where to go, what train to take, or whether we had actually managed to find our way. It was literally every man for himself, and we couldn't help wondering, in view of the fact that none of your employees was visible, who was running the railroad..."

—May 7 letter to Amtrak from a passenger from Owings Mills, MD





## TRAVELERS' ADVISORY

**Vermont**—has been suspended north of Springfield, MA, since June 1, due to track conditions on the New England Central. Amtrak annulled the train when inspections revealed a total of 2.5 hours of "slow-order" imposed delays. Amtrak will return to the route when repairs are made.

**New airline partner**—Amtrak and Icelandair announced May 31 a code-sharing plan for travel by rail to/from Washington and Philadelphia to BWI Airport on the Northeast Corridor, connecting with that airline's flights to Iceland and Europe.

**Fares**—Amtrak has extended the deadline for sale of its 30%, 30th Anniversary fare (G/PRO/ANV) from June 15 to August 24. Travel must still be completed by August 31. Several restrictions apply.

**Quiet cars**—Amtrak Northeast Corridor on June 1 expanded this program to nearly all weekday trains (all but Acela Express 2170; Metroliners 121, 123). Cell phones may not be used in the quiet car, usually the first car in a train—signs will be posted and announcements made. Cell phones may be used elsewhere; this is a major advantage to cell phone users over air travel (and safer than using cell phones while driving).

## FLORIDA HIGH-SPEED RAIL UPDATE

The Florida legislature and Gov. Jeb Bush have taken the first steps to comply with the high-speed rail constitutional amendment unambiguously approved by Florida voters in November 2000 (Feb. News).

The High Speed Rail Authority Act allows for a nine-member authority and \$4.5 million for first-year funding, covering preliminary engineering and an environmental assessment. A report on the latter is due January 1, 2002. Florida DOT's Nazih Haddad says this is the first time Florida high-speed rail efforts have gotten past the planning stage. Both Florida US Senators and some Representatives are supporting \$10 million in federal funds to supplement the state funds.

The legislature acted on the basis of a study released in December which said that, even based on conservative farebox estimates, a line linking Tampa Bay with Orlando Airport could cover operating and maintenance costs and make roughly a 15% contribution to capital. Total construction cost was estimated at \$1.2 billion plus rolling stock.

To facilitate high-speed rail construction, Florida has preserved the median of the I-4 right-of-way from Tampa to Daytona Beach on the east coast.

## Weyrich: "Fundamental Reform" Needed

Amtrak Reform Council Vice-Chairman Paul M. Weyrich, prominent conservative and longtime NARP member, spoke to the NARP Board, April 27. He also spoke at the last board meeting, October 2000, in Pittsfield, MA.

Weyrich emphasized that he is an "absolute supporter of a national rail passenger system." He acknowledged that one can argue the justice of rail having to fulfill the operational self-sufficiency mandate placed on Amtrak, but said the requirement is there nonetheless.

He expressed concern that Amtrak's operating costs have been rising well above the rate of inflation, and that some key capital projects have been behind schedule and over budget. Deferred maintenance and capital requirements on the Northeast Corridor are significant and must be faced.

In Weyrich's view, fundamental reform is needed "if any improvement is to be realized." He favors ideas recommended in the Reform Council's second annual report (Apr. News)—creation of a separate train operating company "shielded from political interference," and an infrastructure entity.

He said "Amtrak as it now exists will not exist in the future," and expressed concern that "even to suggest these ideas makes you an enemy of Amtrak...I want Amtrak to survive, to succeed. I want there to be a national passenger rail system ten years from now, 20 years from now." ■



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