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Amtrak's Survival at Stake in Budget Process

Focus on Clinton Budget

The Clinton Administration's fiscal 1998 budget proposal, due February 5 but likely finalized weeks before then, may determine whether Amtrak lives or dies. [Fiscal 1998 begins October 1, 1997.]

This year is different because Amtrak management may be out of "magic tricks" for getting around the lack of both adequate funding and a reauthorization law with meaningful reforms (both discussed here for months).

Amtrak has cut its system to the point NARP regards as "skeletal." We are "appalled by the prospect that—under Amtrak's business plan—Dallas-Fort Worth, the nation's ninth largest metro area, and the entire states of Arkansas, Idaho and Wyoming, would be left without service May 10, 1997. We strongly support adequate [operations] funding to avoid such route eliminations—presumably in the neighborhood of $450 million [including 'mandatory payments']." The quotation is from a December 11 letter NARP letter to Office of Management and Budget (OMB) Director Franklin D. Raines.

Moreover, it appears that—if the Clinton budget includes less than $387 million in this category [$245 million operations plus $142 million mandatory payments]—the resulting "next" round of route cuts—by eliminating all service to Alabama, Louisiana, Mississippi, Tennessee, Texas and probably Kentucky—would destroy Amtrak's credibility and its political viability.

Management also has cut personnel, retired old equipment and gotten more funding from some states. One way to look at the results: in the single month of October, 1996 (the first month of fiscal 1997), Amtrak's operating loss was $21 million (25%) lower than October, 1994.

Meanwhile, the Administration has yet to make clear how it thinks Amtrak's vital, long-term capital investment needs should be addressed and whether, for example, Amtrak should get one half-cent of existing federal gasoline taxes.

[House Transportation and Infrastructure Chairman Bud Shuster (R-PA) reportedly has said he might accept such an earmark as part of a deal that included transfer of the 4.3 cents-a-gallon deficit-reduction tax to the Highway Trust Fund.]

Whatever the source, a significant increase over the current nationwide capital investment level of $223 million would reduce Amtrak's operating-grant needs: paying off some rolling stock loans would have an immediate impact; other uses of capital would have the same effect but take a bit longer.

Similarly, Amtrak says an increase in funding is needed to meet its 1999 target for Northeast high speed operation. Amtrak sees revenues from this as vital to the effort to reduce its overall operating loss.

Early reports indicate that the OMB had bad news for Amtrak, transit and highways. Final outcome of the budget debate within the Clinton Administration will be watched with interest by all in transportation, but especially rail passenger supporters, since Amtrak's very existence is at stake. ■

New Stripes on Amtrak Fares?

An encouraging change in "fares philosophy" by top management may keep Amtrak from becoming irrelevant to ordinary folks with ordinary incomes. The last thing needed is for the current ridership increase to be cut short by still more fare increases. It is good that Amtrak now seems to take seriously our long-standing claim that fares have risen too much.

Amtrak Northeast President George Warrington told NARP that NortheastDirect would not see fare increases in 1997. Indeed, in January, new commuter passes and multi-ride tickets will yield "major fare benefits for our most loyal riders" and some regular, peak Empire Corridor fares will be reduced.

There is plenty of existing damage to be repaired. As reported here last month, Amtrak's Northeast revenues have risen, but travel has fallen. (Would *lower* fares for a more Spartan service, perhaps using commuter cars, have produced better financial results and *growing* ridership?)

Under the gun of greater "profitability," Amtrak has driven

(continued on page 2)

"Amtrak's future lies in moving ever greater numbers of passengers at reasonable fares...Amtrak will not survive if it carves an ever smaller niche in the transportation mix. NARP will, and it must, oppose that approach in every way available to us."

—NARP President John R. Martin, in a September 3 letter to Amtrak Intercity President Mark Cane

"Amtrak will succeed only if it exceeds its customers' expectations and does so at the lowest possible price. Through better market research and testing, the Corporation must understand and nimbly respond to the ever changing market. In the final analysis, competitiveness will be the primary determinant of whether and by how much our passenger rail network grows, and will be the only real source of job security. We expect management to integrate competitive business practices in to every aspect of our operations."

—Strategic Plan, approved November 6 by Amtrak's Board

Bigger Head-End Revenues Coming

Better exploitation of mail and express opportunities is a big part of Amtrak's move to improve the economics of long-distance trains. Amtrak's gross mail and express revenues in fiscal 1996 were $66 million—$2 million over budget, $5 million over 1995, and a 340% increase over 1982 (which was $15 million).

Amtrak has created a large network of trucking subcontractors to handle mail, much as Thruway buses handle passengers. The first truck deal let Amtrak keep Texas-New England mail when the *Texas Eagle* was cut from daily to tri-weekly in late 1993 (trucks handle the St. Louis-Fort Worth segment four days a week). In 1995, when bad *Empire Builder* on-time performance jeopardized the much bigger Seattle-East Coast mail business, Amtrak shifted to trucks west of St. Paul, with stops in Fargo and Billings. [Thanks to poor reliability, the *Coast Starlight* mail contract was lost in 1994.]

Initiatives in fiscal 1997 include:

• The Postal Service loves the RoadRailer van services from Philadelphia to Jacksonville (*Silver Palm*) and to Chicago. Three *Palm* vans per trip carry first-class mail (which used to fly) from Pennsylvania and northern New Jersey to Tampa, Orlando and Miami. The Chicago route was cut back from St. Louis so the Florida runs could expand quickly; Amtrak is hauling its new Missouri mail in regular rail cars, until more vans arrive. [RoadRailer vans are 48 feet long and travel by rail with their rubber tires, thereby avoiding trans-loading of vans at Amtrak terminals. Vans must travel on the end of the train; for operating convenience or necessity, Amtrak also runs many other "head-end cars" at the rear.]

• The *Sunset Limited,* despite its tri-weekly schedule, will get regular head-end revenues for the first time in January.

• Amtrak hopes to partner with freight railroads, taking advantage of their marketing skills, to carry high-value freight on Amtrak trains. Amtrak President Tom Downs told a *Railway Age* conference in Washington November 8, "The host railroad furnishes the infrastructure, while the passenger train—which operates on fast, reliable schedules—handles the high-priority material...Amtrak can be a partner of its host railroads, sharing both the infrastructure as well as the revenue." This would give freight railroads, who control dispatching for most Amtrak trains away from the Northeast Corridor, another incentive for keeping Amtrak trains on time. ■

Fares Get Attention

(from page 1)

New York-Washington fares out of sight—a New York-Washington, unreserved, conventional-train round-trip costs $120, and can be as high as $166 (during expanded, onerous, 11 am-11 pm, Friday-and-Sunday peak-periods on trains requiring a reservation fee). The bus costs $52. The Montreal-Washington trip is $170 (vs. $104 on the bus).

A big reason Amtrak and the Northeast Corridor were created and maintained for so long was as an alternative to airports and roads. Trains use land and energy more efficiently and are kinder to the environment. They are useful to many for whom driving and flying is not an option. *These benefits are diminished when the lowest rail fares are sky-high.*

Amtrak says service improvements—including cleanliness and on-time performance—came with the higher prices. This is good, but not helpful to customers "priced off" the trains. Warrington said NortheastDirect is regaining riders. Monthly passenger-miles rose, in July-October (vs. the four year-earlier months), 3.3%, 3.9%, 1.3% and 0.0%. Amtrak says it tracks "markets and trends more closely than ever before" and is "eager to correct where we have overreached," citing as an example a September New York-Hartford fare cut.

Pricing craziness has not been confined to the Northeast or Amtrak management. Some Midwestern states saw higher fares as the "magic bullet" for solving their subsidy problems, only to find that they had to pull back, or lose too many riders.

On the long-distance trains, as reported here last month, Amtrak recognizes it must do a much better job of adjusting *capacity* and not simply "yield-manage" fares sky-high. NARP President John R. Martin is working hard to convince Amtrak how badly it needs to improve car utilization, especially by reducing the time cars are out of service for routine work.

In the Northeast, some of the strangest fares are on short segments—like Washington-Baltimore, $16 (reserved) or 40 cents a mile—which normally have lots of empty seats. These fares are particularly unfriendly on weekends when customers lack cheaper commuter rail alternatives. ■

SOME SHORT-DISTANCE ROUND-TRIP FARES

Bold numbers are fares, italicized fares per mile, all in dollars.

	12/96		4/94		5/92	
	Off-Peak	Peak	Off-Peak	Peak	Off-Peak	Peak
New York-Washington (1)	**120.00**	**150.00**	**92.00**	**136.00**	**89.00**	**128.00**
	0.27	*0.33*	*0.20*	*0.30*	*0.20*	*0.28*
Chicago-Milwaukee (2)	**28.00**	**38.00**	**20.00**	**25.00**	**24.00**	
	0.16	*0.22*	*0.12*	*0.15*	*0.14*	
St. Louis-Kansas City	**52.00**		**45.00**		**39.00**	
	0.09		*0.09*		*0.07*	
Los Angeles-San Diego	**33.00**		**32.00**		**31.00**	
	0.13		*0.12*		*0.12*	
Seattle-Portland (3)	**29.00**	**50.00**	**24.00**	**36.00**	**31.00**	
	0.08	*0.13*	*0.06*	*0.10*	*0.08*	

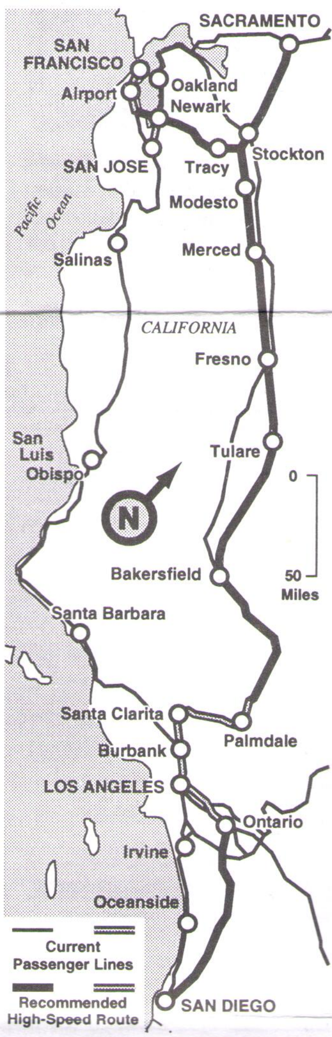
(1) In 1996, peak is 11 am-11 pm Friday and Sunday. In 1994 and 1992, it was only noon-7 pm Friday. Also, in 1996, $6 is added per off-peak segment ($8 per peak) for reserved trains.
(2) In 1996, peak is weekdays, off-peak weekends. In 1994, peak was weekends and the first two southbound weekday trains.
(3) In 1996, peak is related to the number of seats already sold (yield management). In 1994, off-peak was mid-week, off-season trains.

METROLINER WINS AWARD

***Progressive Railroading* magazine on October 25 gave its top "Productivity Award for Safe and Reliable Passenger Service" to Amtrak's Metroliner product line. Metroliner equipment is going through its last heavy-overhaul cycle before the arrival of new, high-speed trains in 1999; new, upgraded interiors are gradually appearing. Metroliners have a 94% on-time performance and a "Customer Satisfaction Index" of 87. They were the only Northeast product line (besides special trains) where ridership rose from 1995 to 1996 (+0.5%), and revenues had "record growth" (+9.2%). Amtrak says 1996 Metroliner revenues "exceeded fully allocated costs, a very notable event for any route in" Amtrak's history.**

State Commission: High-Speed Rail "Feasible"

The nine-member Intercity High-Speed Rail Commission, established by a California law in 1993, approved on December 13 a report saying that high-speed rail from Los Angeles to San Francisco via the Central Valley is feasible, using a public-private partnership. The Commission also looked at an extension to San Diego, and branches to Sacramento and San Jose. Another branch to Los Angeles International Airport is to be considered in the future, but was not studied in this report. A draft report had been in circulation during the fall; the final report now goes to the governor and legislature.



—Scott Leonard

The Commission looked at very-high-speed rail (VHS; top speed 220 mph) and maglev (310 mph)—even though no country on earth operates such services. France, Spain and Belgium run trains at 186 mph (Japan will by spring), and 200 mph is foreseen for the Florida project. No maglev is in commercial service. Thus the commission recommends VHS.

The report envisions a rail system that does not share tracks with freight railroads, but may share with other passenger trains "if technical and operational issues are resolved." Some carriage of high-value, time-sensitive freight may be possible (such as mail and express). Rights-of-way would be entirely fenced and free of highway grade crossings.

In the south, the line would begin in downtown Los Angeles (Union Station), with connections to local rail transit, commuter trains and Amtrak. An extension to San Diego via Ontario Airport and along I-15 is recommended. Going north, the line would follow the existing Metrolink line to Palmdale (providing a possible jumping-off point for Las Vegas), then over the Tehachapi Mountains to Bakersfield (Dec. '94 *News*).

North of Bakersfield, the line would follow a general SR-99 corridor, with variants. The report said that while a new alignment west of Central Valley communities would be cheaper to build, public opinion favors downtown stations (along one of the two existing rail lines). South of Stockton, a junction would allow a branch to Sacramento, accessible to trains from both the south and the Bay Area.

The route then turns west and crosses the Altamont Pass to Newark. There, a short branch to San Jose is foreseen, as well as a BART connection for Oakland (or another, later branch). Finally, the line crosses San Francisco Bay on a new bridge (where the Dunbarton Bridge is), then north on the Peninsula along the CalTrain route to San Francisco International Airport (see below) and downtown San Francisco.

The final report has total VHS costs at $20.7 billion (maglev $28.9 billion), and Los Angeles-San Francisco express travel time at 2:49 (maglev 2:03). The full system could be done in 2015; projected ridership is 19.8 million a year (maglev 26.4 million).

Other options were studied and are not precluded from final action. They include a direct Santa Clarita-Bakersfield route over the Tehachapis along I-5, and incremental improvements to the existing Los Angeles-San Diego rail line. Those two options had been favored in the draft report until a November 22 meeting of the Commission. Due to many requests from the Palmdale area, and from the Ontario-Inland Empire area, the Commission made the changes. However, these changes (for VHS, for example) add $2.1 billion to capital costs and reduce total annual ridership by 2.2 million. Community opposition along the existing *San Diegan* line also was cited, as was the opposition that existed when a much more ambitious high-speed plan was proposed in the early 1980's.

Hopeful signs: The Commission, which has completed its work, was actively chaired by a member of Governor Wilson's cabinet, Secretary of Business, Transportation and Housing Dean Dunphy. Also, the governor in September created a rail authority that will continue work on the project, including working to get a funding measure on the ballot in 2000. ■

More information is at web site <http://www.ns.net:80/users/bbrown/hsr.html> or at Intercity High Speed Rail Commission, P.O. Box 942874; Sacramento, CA 94274-0001, 916/324-1548.

"A valid question is whether the highway and air travel systems that have served us so well in the past can continue to maintain the degree of mobility necessary for continued economic growth and stability. Even with incremental capacity enhancements to the intercity highways and airports, it is likely that the historic functionality of these systems cannot be maintained at levels necessary to support anticipated population growth and travel demand."

—[California] Intercity High-Speed Rail Commission final report, executive summary

WHAT TO DO AT SAN FRANCISCO AIRPORT?

High-speed rail service along the CalTrain line would mean a stop west of US 101, across from the airport (unless a costly loop were built through the airport and across US 101 twice). BART is now planning an extension from Colma to a new international terminal at the airport, and the airport commission is planning a light rail system from all its terminals out to the CalTrain line. BART passengers still would have to change to the light rail to reach domestic flights.

It may make more sense to have the light rail line connect all airport terminals to a station on the CalTrain line, serving all other rail services (as a BART terminus, and for CalTrain and high-speed trains running to a new, downtown terminal in San Francisco).

TRAVELERS' ADVISORY

Amtrak Fares: **The popular All Aboard America excursion fare plan is now called the Amtrak Explore America Fare. Features, such as price, zone boundaries, and stopovers (limit three), remain the same.**

Crescent: **Amtrak service to Spartanburg, SC resumed October 7, after the station (burned July 27) was fenced off, north end of platform restored.**

Lake Shore Limited: **"Complimentary" food service for Boston sleeper customers has been reduced from tray meals to a cheese-and-sparkling-water package and cafe car snack-bar items; westbound, the full diner has a "post-Albany" [9:35 pm departure] seating. A Viewliner now runs Boston-Chicago.**

Transit: **Dallas' first commuter rail service starts December 30—the Trinity Railway Express, running 10 miles from South Irving to Union Station. It will use renovated rail-diesel-cars purchased from Canada...The Dallas DART light rail line will be extended north from Pearl to Park Lane January 10.**

AMTRAK'S 1997 CALENDAR

A painting by Ted Rose shows Amtrak customers, employees and equipment at the C. L. Dellums (Jack London Square) station in Oakland, CA. To order, send a check or money order made out to Amtrak Calendar; at P.O. Box 7717, Itasca, IL 60143. Prices are $5 for one copy, $9 for two, $12 for three, $14 for four, $15 for five, $17 for six, $19 for seven, $21 for eight, $23 for nine, $25 for ten, $2.25 each for 11-25, $2 each for 26-50. Back years are also available for 1980-96 (except 1987, 1992, 1994); $2 each for up to five, $1.50 each for 6-25, $1 each for 26-50.

The Environmental Defense Fund in September released a book showing the absurdity of the mathematical models used by highway engineers to justify building new roads and new lanes. The 63-page book is called *Inside the Black Box, Making Transportation Models Work for a Livable Community.*

Send $9 to EDF; Attn.: Publications; 1875 Connecticut Ave., N.W., Suite 1016; Washington, DC 20009; or use your credit card by calling EDF at 800/684-3322, 9 am to 5 pm ET.

UPDATE—OHIO has joined eight other states in the Midwest Regional Rail System Study (Oct.-Nov. *News*).

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