



Fiscal 2003 Funding Still Uncertain

The federal appropriations process is further behind schedule than anyone can remember. A fiscal 2003 transportation appropriations bill so far has passed only the Senate committee. The House counterpart may be considered by the full committee, chaired by Rep. C. W. "Bill" Young on September 26.

Early fiscal 2003 (which starts October 1, 2002) will find most of the federal government operating under a short-term

continuing resolution ("CR"). The first CR likely will run to about October 11, when Congressional leaders will decide whether to plan on a post-election session or to pass a CR good to January, 2003.

President Bush on September 23 said the CR "ought to be clean." Technically, a clean CR, which continues 2002 spending levels, could force an Amtrak shutdown sometime in November, while maintaining highway spending based on the record 2002 level of \$31.8 billion, which is \$4.1 billion above what the Administration and House leaders agreed to. (The Senate Appropriations Committee approved \$31.8 billion for 2003.)

A clean CR would give Amtrak just \$10 million a week (1/52 of \$521 million, Amtrak's "regular" 2002 appropriation). A friendlier CR could be \$16 million a week, based on 2002 Amtrak outlays, which were 100% of the 2002 appropriation (\$521.5 million), plus 60% of the 2001 appropriation (also \$521.5 million).

Amtrak Needs \$1.2 Billion

As for the total fiscal 2003 federal grant, all evidence suggests that the \$1.2 billion requested by Amtrak is what Amtrak really needs to survive. Amtrak President David L. Gunn—who inherited this number—has called it too low.

Anything under \$1.2 billion, Gunn told

Washington Post editors and reporters, means "We're dead. It's over" (*Post*, Sept. 19). Indeed, the story (by Don Phillips) explained the resignation of Chief Operating Officer Stan Bagley (p. 2) this way: "Sources said [Bagley] and Gunn could not agree on laying off significant numbers of operating managers" to live within a \$1.2 billion federal grant.

Will Amtrak Get \$1.2 Billion?

The same story reported that DOT Deputy Secretary Michael Jackson "said the [Bush] administration wants Amtrak to be sufficiently funded in the short term as well as through next year." This implies Administration support for an Amtrak-friendly CR, particularly one that might extend past November.

But the House may approve much less than \$1 billion, and the Administration has not officially backed off its "non-starter" \$521 million budget request.

Also, *The Post* reported "administration sources... said the administration will ask that the [regular fiscal 2003 appropriations] bill clear the way for private enterprise to operate some Amtrak routes as an experiment, to determine whether competition could lead to more efficient service. Such service could then be set up in fiscal 2004." This could be controversial both with rail

(continued on page 3)

ALBANY STATION OPENS



—Joseph LaLumia

Amtrak moved into the new Albany-Rensselaer, N.Y., station September 22. There was a ribbon-cutting (above) the next day. The elevated concourse and escalators leading to the new platforms are visible through the window.

The station was built by the Capital District Transportation Authority. It cost \$53.1 million, and has 67,000 square feet—much more than the cramped, old station, which will be razed after Amtrak crew facilities move out in October.

A September 23 *Albany Times Union* article quoted several passengers giving rave reviews to the new facility.

Capon Addresses AASHTO Rail Group

NARP Executive Director Ross B. Capon was a panelist at the 35th Annual Meeting of the Standing Committee on Rail Transportation. This committee (of the American Association of State Highway and Transportation Officials) is composed of state DOT officials responsible for rail programs. Capon spoke August 26 as they met in Burlington, Vt.

Capon said reporters often ask him NARP's view on "state partnerships," in light of Bush Administration policies. He said those policies appear to involve a big

shift of the burden for funding the "status quo" from the federal government to states. The partnership states—and NARP—want, by contrast, involve the federal government becoming a genuine funding partner for making major improvements in running times on corridors where the states are prepared to spend funds.

The day before, Federal Railroad Administrator Allan Rutter criticized the "where's mine" argument for federal passenger-rail funding, that is, the notion that

(continued on page 3)

Amtrak Board Confirmation Hearing

A Senate Commerce subcommittee chaired by John Breaux (D.-La.) held a confirmation hearing September 5 for two Presidential nominations—David M. Laney to the Amtrak Board, and Roger Nober to the Surface Transportation Board. Laney's confirmation would fill the seat formerly held by Tommy Thompson.

Bush has said that Nober, if confirmed, would chair the STB. Nober is counsel to Deputy DOT Secretary Michael Jackson. He has been general counsel at the House Transportation and Infrastructure Committee, first to its surface transportation subcommittee and then to the full committee.

Democrats and Republicans alike said only good things about both candidates; September floor action remains possible.

Laney is a partner (and former managing partner) at Jenkins & Gilchrist, a large law firm headquartered in Dallas. He was a gubernatorial appointee for 12 years, on the Texas Finance Commission and later on the Texas Transportation Commission, which he chaired for five years. Laney joked that, due to Amtrak's woes, his nomination led "many to conclude that I must have committed some punishable offense." He said the major problems Amtrak has are those of any faltering organization, and relate to "organization, management, operations, financial management and performance, and funding."

Laney called the appointment of David

Gunn "a very positive statement by the board." He said "so far, there has been a significant step-up in [Amtrak's] credibility" as a result of Gunn's appointment. However, he said it is "difficult to predict the role Amtrak will play in any revival of passenger rail."

Asked if he felt free to disagree with the Administration on issues like Amtrak funding, Laney said, "I view this as an independent position and I think" the Administration does too. "If I disagree, I'm sure they (the Administration) will hear from me. Oftentimes, I can be quite persuasive." Laney said he soon would "know more about Amtrak than anyone else in the Administration."

Sen. Ron Wyden (D.-Ore.) was concerned about the "revolving door" aspect of former Amtrak President Warrington's move to New Jersey Transit, and the fact that the law does not apply to Amtrak officials the same ethical standards which apply to federal officials. Wyden noted that the Commerce Committee accepted his ethical-standards amendment to S.1991.

Laney said he was neither surprised nor concerned that Northeast officials would move into and out of Amtrak management, given Amtrak's importance to the Northeast, but he agreed that federal ethical standards should apply to Amtrak officials.

Laney said his private sector experience would be helpful at Amtrak,

particularly regarding board-management relations. He said a board, among other things, should be a critical, analytical sounding board for management.

Breaux said one of his staff members recently rode Amtrak coast to coast and noted the heavy use of long-distance trains by seniors. Saying seniors comprise "the fastest growing segment of our population," Breaux suggested that Amtrak marketing should reflect that. ■

AMTRAK EXECUTIVES

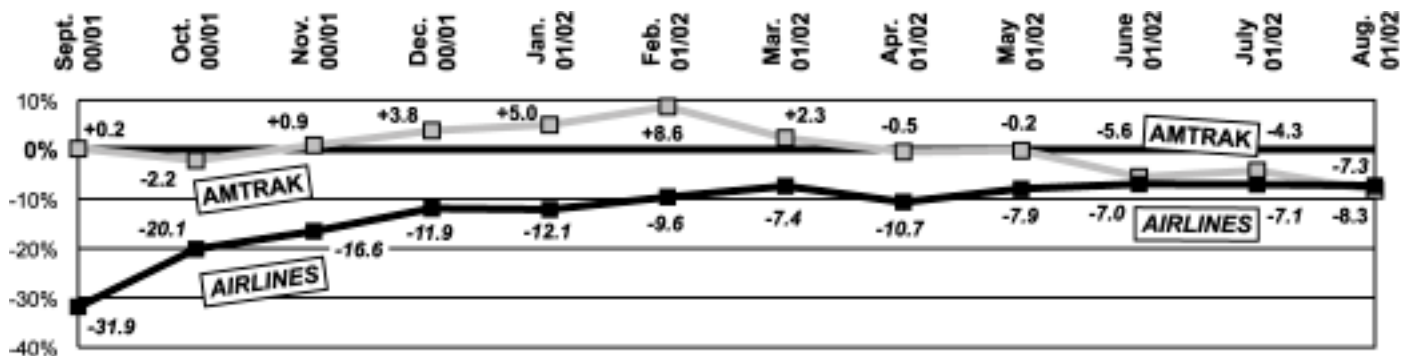
- Amtrak's board dropped "acting" in August from the titles of Chief Financial Officer Deno Bokas and Vice President of Planning and Business Development Gil Mallery (July News).

- Chief Operating Officer E. S. (Stan) Bagley Jr. resigned September 16. President Gunn's letter to employees noted Bagley's "28 years of service," and said "Stan's legacy is that he is leaving us a strong train operations foundation with dedicated people...During the transition period, all of Stan's direct reports will report to me." The 'direct reports' are those listed in July News plus, as of August 26, Chief Engineer David Hughes.

For other recent executive changes, see July News.

CHANGE IN AMTRAK AND AIRLINE USE SINCE TERROR ATTACKS

Sept. 2001-Aug. 2002, percent change in passenger-miles from previous year (airline figures italicized)



—Source: Amtrak, Air Transport Association

In 11 of the last 12 months, Amtrak's change in passenger-miles was better than that for airlines, indicating some air-to-rail market shift. (A passenger-mile—one passenger traveling one mile—is the standard measure for intercity travel. It reflects both traffic volume and the widely varying distances traveled by different passengers.)

But in August, Acela Express/Metroliner ridership fell 28% (after rising 26%

September-July). Elsewhere, bookings were depressed by June's "shutdown crisis" publicity and by reduced sleeper capacity. Continuing, awful Union Pacific on-time performance also hurt. Most other routes where sleeper capacity was unchanged or increased had higher sleeper usage and revenues, despite the continuing travel industry recession.

Amtrak passenger revenues rose 9% for the period shown, with (again) August the only

down month.

Airline revenues were down as volume and "unit revenues" (fare per passenger-mile) both fell. The Air Transport Association said June 18, "Industry revenues are off a solid 20% percent" from a year ago. Unit revenues worsened during 2002 and—for the majors excluding "marginally profitable" Southwest—fell 17.2% in August (*Wall Street Journal*, Sept. 23).

labor and freight railroads.

Amtrak's Plans

The same *Post* story said:

- While Amtrak's 2003 budget, based on a \$1.2 billion federal grant, must "delay many worthy projects, such as major track work on the Northeast Corridor...Gunn said he will insist on continuing with a program to rebuild wreck-damaged passenger cars. More than 100 passenger cars have been sitting around for years...because there was no money to repair them."

- "Money-losing express freight service will end, although Amtrak will continue to haul mail, which is profitable. Express service...was supposed to help Amtrak become operationally self-sufficient. Instead, it has been a financial drag, delayed passenger trains and angered the freight railroads that Amtrak depends on..."

Amtrak may continue to deal—profitably—with certain "non-Postal Service" shippers. For example, USPS on July 1 implemented rates that encourage major customers to insert printed matter into its system closer to ultimate destinations. Thus, Amtrak now handles—under contracts with publishers or middlemen called "intermodal marketing companies"—some magazines that used to be "mail."

FLORIDA PROJECT ON HOLD

The plan to run some New York-Miami trains along Florida's East Coast through St. Augustine, Daytona Beach, and Melbourne, has been sidetracked.

Governor Bush earmarked funds for the first phase of the needed capital investment (Jan. *News*), but Amtrak in July told Florida that Amtrak could not go forward at this time. Cited were the increased net cost of service, and the prohibition against new service in the DOT loan agreement (June *News*). The agreement allows exceptions upon "written approval from DOT," but Amtrak did not seek an exception because its budget is so tight.

Amtrak told Florida it looks forward to future discussions with the state about revising service based on the state's vision plan (Sept. '00 *News*), with increased emphasis on corridor-type trains.

However, Amtrak's efforts to drop *unwanted* express faces uncertainties: multi-year contracts with certain shippers; and Amtrak's big, newly-acquired express car fleet, much of which was financed (with Amtrak still making payments).

- Gunn said, "Over the next two years, states that subsidize certain Amtrak routes must guarantee coverage of all losses...In most cases...Amtrak still loses money."

State payment issue complicated

Vice President of Planning and Development Gil Mallery told NARP that Amtrak is moving towards full payment by states of direct and variable train and route net costs, and possibly a contribution to overhead for all short-distance services. States already at or near this threshold are California, Oklahoma, Oregon and Washington (even though some *Pacific Surfliners* and one Pacific Northwest train are still 'basic system,' i.e., 100% Amtrak-funded, trains).

This would replace the present system under which state contributions to jointly-funded services are based on widely differing calculations, and many short-distance trains are part of the basic system.

Amtrak is treating fiscal 2003 as a transition year, so states that are "underpaying" likely will see billings rise for 2003 and again for 2004.

Getting more money from states, many of which have budget crises, will not be easy. In the Midwest, service quality and on-time performance have not been good. Already, continuation of the second St. Louis-Kansas City service (*Mules*) beyond February 28, 2003, is in doubt (Aug. *News*). Vermont "solved" Amtrak's latest increased funding request by doing a nine-month contract (through March 31).

Amtrak is revamping its accounting for with the goal of giving the states numbers that more precisely identify actual costs of providing the services. October workshops will be held to fully explain accounting issues to states and to get their input. The Amtrak Board could finalize policy as early as its November 7 meeting.

Amtrak hopes that greater transparency will facilitate bigger contributions by most states, and that these contributions will build the case for strong federal capital investment.

That, in turn, could increase ridership substantially and reduce the operating losses states must cover. ■

trains are entitled to tax dollars because the airlines get such. Capon responded that this argument, when stated positively, resonates increasingly with the public. The person quoted recently in our newsletter spoke for many Americans when he said, "The government has no problem funding the airlines, so why not fund Amtrak. Amtrak must be kept solvent."

Capon said this does not mean Amtrak should get a blank check; the same public that wants greater balance in their transportation investments wants assurance that they are getting "value for money."

In 1986, when the Reagan Administration was criticizing Amtrak, one result was a Congressional mandate for Amtrak and its unions to "negotiate changes in existing agreements...that will result in substantial cost savings to Amtrak," reporting to Congress "the results of such negotiations...within six months...of enactment of this Act" (Mar. '86 *News*).

That same year, Amtrak took over most train and engine crews nationwide. In what was praised as one of the industry's most significant, forward-looking agreements, Amtrak paid on an hourly basis. Only this year did a big freight road (Canadian National/Illinois Central) follow suit.

Of the current situation, Capon said few people would argue with the Administration's Amtrak mantra, "we must have change," but speculated that the changes might be a modern version of what happened in the 1980's rather than the franchising of routes. "When both the freight railroads whose tracks you are using, and the unions who represent your workers, strongly oppose something, it might not happen."

Capon also commented on different definitions of subsidy. He said NARP thinks the biggest subsidy other modes enjoy is the federal government's policy of recognizing all air and most gasoline taxes as 'votes' for more air and highway investment, respectively, even where rail could solve the problem better.

However, even using a narrower, more widely accepted subsidy definition, he said next year there will be a sharp rise in general-taxpayer support of Federal Aviation Administration operations and a sharp decline in trust fund ("user tax") contributions.

He concluded with a reminder that where good service is provided, people will ride; with excellent service, people will ride in droves. ■

TRAVELERS' ADVISORY

Amtrak Schedules—*Texas Eagle*, effective September 5, runs 90 minutes later eastbound, due to unreliable connection at San Antonio from the eastbound *Sunset Limited*.

Effective October 27, *Lake Shore Limited* runs earlier westbound, leaving Boston 9:50 am (instead of 1:45 pm), New York 12:45 pm (not 4:35 pm), Erie 10:51 pm, in Cleveland 12:40-12:55 am, arrive Chicago 7:00 am (not 10:45 am). The goal is more reliability, removing conflicting demands for single track in Cleveland (by four closely-spaced Amtrak trains), and allowing more time to turn the equipment in Chicago.

Boston-section passengers and those boarding at Albany will be allowed dinner at a reasonable hour. (Now, dinner can end around 10:00 pm; much later when train is late.)

NARP is urging Amtrak to ensure that sleeping-car passengers are not roused earlier than necessary, and that no one is forced to leave the train in Chicago before 7:00 am no matter how early the train may arrive.

Empire Corridor changes will include shifting New York City's last Niagara Falls departure from 1:45 pm to 3:45 pm, and eliminating the 4:25 pm Friday train to Syracuse.

Three Rivers will depart New York at 1:50 pm (vs. 12:15 pm now).

Transit—New York City Transit restored 1-9 line service to South Ferry, September 15, a year after the terror

attacks. Cortlandt St. station (N-R line) also reopened; Cortlandt St. (1-9 line) remains closed, pending World Trade Center site redevelopment.

New Jersey Transit Boonton Line service (weekdays, diesel) was rerouted to the new Montclair Connection September 23. Montclair Branch service (weekdays, electric) is extended north to Montclair Heights (on Boonton Line) September 30.

New Jersey Transit light-rail service (Hudson-Bergen line) is extended north from Newport to Hoboken (connecting with PATH, commuter rail, ferries), September 29.

Hold Limits—In response to NARP concerns, Amtrak on May 29 slightly relaxed a hold limit so aggressive that if you made a reservation for "same-day travel" after midnight local time but before midnight Pacific Time (e.g., as late as 2:59 am Eastern) the system killed the reservation if it was not purchased by midnight (Pacific)! We still think Amtrak's hold limit policies are too aggressive, and expect Amtrak to consider further changes.

Buying tickets for others—Effective September 10, Amtrak, at NARP's urging, again allows individuals at a ticket window to buy tickets for people who are not present (Aug. News). Such tickets will be stamped in a way that tells conductors to check photo identification.

ID checks—Also September 10, Amtrak withdrew and "postponed" a plan for train crews to conduct on-board, random photo ID checks.

ACELA EXPRESS RECOVERING

After five weeks of irregularity, Amtrak on September 16 began an Acela Express schedule good through late October:

- Weekdays have 41 departures (from Boston, New York, and Washington, both ways), out of 50 normally.
- Saturdays have the normal 17 departures.
- Sundays have 23 of 29 normal departures.

Amtrak said the cracking problem (Aug. News) cost 76,000 riders (August 12-31) and \$9 million in lost ticket revenue.

More service is expected to be restored by October 28.

EDITORIAL CITES NARP REPORT

"As it considers Amtrak's future... Congress ought to develop a long-term, intercity transportation plan that puts passenger rail on par with other mass-transit modes.

"For instance, establishing a rail trust fund, as advocated by the National Association of Railroad Passengers, would mirror similar funds that finance both the capital and operating costs of highway and air systems. It should also transfer title of Amtrak's own rail assets to the federal government, which would then be responsible for improving, maintaining and upgrading tracks."

—"Passenger rail is central to U.S. transit system," Portland (Me.) Press Herald, July 6



News from the
**National Association of
Railroad Passengers**

Vol. 36, No. 9

September 2002

RETURN REQUESTED

Alan M. Yorcker, President; George Chilson, James R. Churchill, Wayne Davis, David Randall, Vice Presidents; 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 St., NE, Suite 308; Washington, DC 20002-3557; 202/408-8362, fax 202/408-8287, e-mail narp@narpmail.org, web www.narpmail.org. ©2002 National Association of Railroad Passengers. All rights reserved. Membership dues are \$28/year (\$15 under 21 or over 65) of which \$5 is for a subscription to NARP News. For the latest passenger rail news, visit our on-line Hotline, changed at least weekly.

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

(This has news through Sept. 24. Vol. 36, No. 8 was mailed Aug. 23.)

Second Class Postage Paid
At Washington, D.C.