



## Senate Commerce Votes 20-3 Pro-Amtrak

The Senate Committee on Commerce, Science and Transportation on April 18 approved S.1991, the National Defense Rail Act, in the form of a substitute amendment offered by Chairman Ernest Hollings (D.-S.C.), with several changes from the original bill (introduced March 6):

- Increasing funds for Amtrak security needs (excluding tunnels) from \$360 million to \$515 million;
- Applying Buy America requirements to high-speed projects (as is now the case for Amtrak);
- Specifying that the bill will not affect rail labor protections now in place;
- Stating that any profit from Amtrak

non-passenger activities must go to improving Amtrak's working capital (to help prevent service disruptions due to financial problems), or to "high priority capital projects."

Ranking Republican John McCain's (Ariz.) amendment to make the bidding process on high-speed rail access competitive was agreed to, with the condition that existing labor protections be preserved. His amendment requiring an 80-20 federal-state split on investment was modified to make state funding voluntary.

Gordon Smith (R.-Ore.) had some amendments that passed, including adding Portland, Ore., to the list of proposed

high-speed rail hubs.

Ron Wyden (D.-Ore.) offered an amendment, that passed, requiring the Inspector General of the Department of Transportation to develop "objective" standards and criteria which Amtrak would use for route decisions. This was the topic of a report he commissioned from the General Accounting Office, which was released earlier that week.

Two McCain amendments were rejected. One would have created an "Amtrak Control Board" (from McCain's S.1958; see page 2). The other would have prohibited Amtrak from entering into any new debt without the approval of the Secretary of Transportation.

The three 'nay' votes were cast by McCain, Sam Brownback (R.-Kans.) and John Ensign (R.-Nev.).

Since the last *NARP News*, four more sponsors have signed onto S.1991, bringing the total to 33—Collins (R.-Me.), Nelson (D.-Neb.), Dodd (D.-Conn.), Chafee (R.-R.I.).

See page two for other passenger-rail authorization bills. n

## NARP Urges Supplemental Funding

Support appears to be growing for funding Amtrak at its requested level in fiscal year 2003, which begins October 1. However, Amtrak's chances to survive *until* fiscal 2003 are not 100%, and its condition by then absent supplemental funding is of great concern.

That is reflected, for example, in DOT Inspector General Ken Mead's statement to the Senate Appropriations subcommittee, March 7, that he didn't like to see Amtrak's belt-tightening actions. But, he added, they didn't have much choice (Mar. News, p. 4).

NARP wrote to Senate Appropriations Chairman Robert Byrd March 22 urging that Amtrak be included in the emergency defense appropriations supplemental Congress is considering.

The letter said, in part, "While Amtrak has said it has enough cash to last through September 30, we think the company may be so 'close to the edge' that an incident or two (for example, terrorist event or derailment) could push it over the edge and force a permanent, nationwide shutdown...when most people think Congress has complete authority to decide what will

happen in Fiscal 2003.

"Indeed, a non-fatal derailment played a key role in the series of events that led to the private sector Auto-Train Corporation's 1981 end of service...

"Some of Amtrak's recent cutbacks are disturbing. Amtrak on March 1 eliminated checked baggage service and reduced staffing hours at significant cities including Austin, Detroit, El Paso, Fargo, Houston, Lamy (which serves nearby Santa Fe), Little Rock and Tucson. Since Maricopa, the new station serving Phoenix, never had checked baggage service, there now is no such service at any intermediate station on the 1,423-mile San Antonio-Los Angeles segment. Effective April 1, Amtrak will eliminate checked baggage at Cincinnati.

"These are not the actions of a company with confidence in its future, or a company that gives customer service proper importance..."

The April 18, 2002, Auto Train wreck is notable, of course, for the tragic loss of three lives and for injuries, but also for the urgency it adds to the case for supplemental 2002 funding for Amtrak. n

### AMTRAK IN THE 2003 SENATE BUDGET RESOLUTION

**The Senate Budget Resolution includes the full \$1.2 billion Amtrak says it needs. Earlier, 51 Senators had signed a letter to Budget Chairman Kent Conrad (D.-N.Dak.) requesting just that.**

**The House followed the more usual custom of not providing specific numbers for "small" programs like Amtrak. The House transportation number seems to assume the Bush Administration's inadequate, \$521-million "placeholder" amount.**

**Many observers doubt Congress will agree on a budget resolution this year. There is even doubt that the Senate will pass a resolution.**

## Amtrak's "Service-Cut Possibility" Letter

*"While Amtrak could not be more committed to a national passenger rail system, if funding falls below Amtrak's budget, it is likely that certain trains will be discontinued. Of course some trains require more direct subsidy than others. Eighteen of these already have been identified as being at high risk and, depending on the level of appropriation, other routes, services or programs also are at risk."*

This is from the April 5 letter that Amtrak President and CEO George D. Warrington sent to the governors of the 46 states Amtrak serves, state DOT's, the U.S. Conference of Mayors, and Congress. The letter also informed them of Amtrak's funding needs for 2003—\$1.2 billion.

Warrington had announced on February 1 that, absent an appropriation of \$1.2 billion, Amtrak would discontinue its 18 long-distance trains (but not Auto Train). Amtrak also had said that 180-day discontinuance notices would be posted around March 29, giving Amtrak the flexibility to discontinue the trains depending on what funding Amtrak gets for Fiscal 2003.

NARP expressed concern to Amtrak

that a formal 180-day notice would harm Amtrak's cash flow by depressing advance bookings, and so could become a self-fulfilling prophecy. Intense media coverage since February 1 seems to have brought much of the "educational" value of the formal notice, and Amtrak's funding needs.

The final funding amount for 2003 still cannot be known, because an appropriations bill typically isn't introduced until May. Therefore, the fact that discontinuation notices were not posted doesn't put the long-distance trains out of danger. Amtrak can, under certain circumstances, discontinue trains without giving the standard 180-day notice.

### Exceptions to the 180-day rule

Title 49 of the U.S. Code, Section 24706, deals with discontinuances on Amtrak's route system, including the requirement that 180 days' notice be given to "a State, a regional or local authority, or another person" so they may have an "opportunity to agree to share or assume the cost of any part of the train, route, or service to be discontinued."

However, Amtrak may also seek discontinuance in time frames less than 180 days for "lack of appropriations." This can happen during "the first month of a fiscal year if the authorization of appropriations and the appropriations for Amtrak are not enacted at least 90 days before the beginning of the fiscal year," and during "the 30 days following enactment of an appropriation for Amtrak or a rescission of an appropriation."

In other words, Amtrak could get around the 180-day rule during October 2002 (the start of fiscal 2003) if reauthorization and 2003 appropriations bills are not enacted by July 3 (they probably will not be), or within 30 days after President Bush signs the 2003 appropriations bill (probably late September at the earliest). n

**"I am Amish and ride Amtrak long-distance passenger trains often. We Amish cannot fly airlines, our religion only allows ground transportation."**

**—NARP member from Western Pennsylvania, in April 5 letter to Chairman Hollings thanking him for his pro-Amtrak efforts**

## Additional Passenger-Rail Authorization Bills

Senator Hollings' pro-nationwide-network passenger rail bill, S.1991 (p. 1) isn't the only one in circulation. Other approaches have been proposed in the House and Senate.

### Senate—S.1958

Sen. John McCain (R.-Ariz.), ranking member of the Senate Commerce Committee, introduced on February 15 (Congressional Record, pages S898-900) a bill, S.1958, the Rail Passenger Service Improvement Act, "to provide a restructured and rationalized system that provides efficient service on viable routes; to eliminate budget deficits and management inefficiencies at Amtrak through the establishment of an Amtrak Control Board modeled after the DC Control Board; to allow for the privatization of Amtrak; to increase the role of State and private entities in rail passenger service; and, to promote competition and improve rail passenger service opportunities."

The bill, among other things, directs the Transportation Secretary "to establish a Rail Passenger Development and Franchising Office within the Federal Railroad Administration." The bill also directs

Amtrak "to restructure into three separate subsidiaries," covering operations, maintenance and reservations, with each to "be privatized no later than four years after enactment." As of April 23, the bill had no co-sponsors.

### House—H.R.4545

The House Transportation and Infrastructure Committee on April 24 was set to consider an Amtrak authorization bill, H.R.4545, introduced just a day before. But 10 minutes before the session, the bill was pulled for lack of agreement among Republican and Democratic leaders.

A key feature of H.R.4545, according to a release from its sponsor, Transportation and Infrastructure Chairman Don Young (R.-Alaska), is increased "accountability." The bill requires Amtrak capital funding to go through the Department of Transportation; the Secretary of Transportation must approve all capital projects. This might give veto power to the Office of Management and Budget, forcing Amtrak endlessly to "jump through hoops."

Indeed, Democrats, noting that Amtrak had not yet received the \$105 million in safety/security funds appropriated last

December, feared Amtrak might never see any of the bills funds. That would be in sharp contrast with prompt tax refunds given to airlines (see page 4).

H.R.4545 is a one-year bill (2003 only), authorizing \$1.2 billion for Amtrak, plus \$375 million "for a grant program for rail security projects on Amtrak [and] \$400 million for a grant program to make life-safety improvements in Amtrak tunnels."

Committee leaders were continuing to work to find common ground.

### House High-Speed Bonds

The Transportation and Infrastructure Committee, also on April 24, planned to consider a revamped H.R.2950 (RIDE-21, Oct. '01 News). Like the Amtrak bill, it was pulled just before the meeting.

The new, ten-year, \$59-billion version of H.R.2950 appears to combine elements of the old bill and of another bill, H.R.2329 (the Oberstar-Houghton High Speed Rail Investment Act, July '01 News).

It includes \$1.2 billion a year in federal tax-credit bonds (like H.R.2329) and \$1.2 billion a year in state bonds that are federally tax-exempt (like H.R.2950). n

## **“Cut Consultants,” and Other Advice from Amtrak’s IG**

“Reduce reliance on outside consultants and make more effective use of only those remaining consulting firms that demonstrate true added value.”

This is one of the “Recommendations for Amtrak Decision Makers” in the April-September, 2001, *Semiannual Report to Congress* by Amtrak Inspector General Fred E. Weiderhold, Jr.

He reports directly to Amtrak’s board chairman, not to the president/CEO. The Amtrak Office of Inspector General (OIG) operates under the same statute as the better known DOT OIG. DOT IG Ken Mead examines policy and larger funding issues; Weiderhold is tasked with more detailed oversight for internal controls, procurement, waste, fraud and abuse.

His other recommendations to Amtrak:

- “Press for legislation which will provide Amtrak with both the maximum protection for federal funds invested and maximum flexibility for seeking new business and entrepreneurship.”

- “Continue and expand efforts to cut costs...and...ensure the initiatives are practical, enforceable, and are maintained [long enough] to become effective.

- “Implement more effective internal controls for major capital projects, including better pre-contract review...and demand accountability from contractors.

- “Develop more creative marketing strategies and fare flexibility, particularly for mid-day and historically under-utilized trains and services.

- “Immediately improve financial and management information support systems, providing greater distribution of information on success and failures to management and all employees.

- “Re-balance [Amtrak,...centralizing] functions that require quality, consistency, economies of scale, and shared resources. Decentralize only those functions that meet time-to-market objectives, or use non-shared resources.”

He also offers these “recommendations for Congressional Decision Makers”:

- “Move immediately away from the operating self-sufficiency criterion in the glide path to a set of betterment metrics over time that will account for both financial and non-financial performance at system, region, and route levels.

- “Do not lose sight of traditional financial statement results, but do not let financial statement results alone, in the

aggregate, or on a route-by-route basis, be the sole determinant or driver of the value and benefit of any service.

- “Require betterment measures which are appropriate for the circumstances and avoid aggregating routes and services that have dissimilar operating and demographic characteristics.

- “Consult with and involve states and regions to build specifically on their successful transportation experiences, more clearly identifying their short and long term needs from the bottom up, emphasizing and rewarding intermodalism and partnerships wherever possible. Weave these inputs into a set of better integrated national transportation network needs that involve all modes.

- “Avoid undocumented claims that privatization or an unspecified ‘free

### **The Latest Quinn Hearing**

## **Long-Distance Trains: The GAO and NARP**

Less than 24 hours before the scheduled appearance of Federal Railroad Administrator Allan Rutter at the April 11 Amtrak hearing of the House Subcommittee on Railroads, he notified the Committee that he would not be able to appear.

This presumably reflects a lack of consensus within the Administration on what its Amtrak policy should be, and whether there are any conditions under which the Administration would approve more for Amtrak in fiscal 2003 than the \$521 million so-called placeholder shown in President Bush’s budget.

Therefore, the featured witness at the hearing was JayEtta Hecker, of the [Congressional] General Accounting Office. She had a PowerPoint demonstration that included a state-by-state passengers-per-day map. The several geographically large states with relatively small boardings created the appearance of a lightly used system.

The map, however, is *not* an indicator of near-empty trains, but of well-filled trains that do a limited business in particular states. In many cases, those limits result from a high proportion of space being already occupied by passengers transiting the state.

Hecker did not explain any of this, so Rep. Robert R. Simmons (R.-Conn.) understandably reacted this way: “I find it extraordinary that we’re maintaining routes

market’ fix is a panacea for passenger rail.

- “Insist on updating Amtrak’s financial and management information systems, more complete expense and cost-benefit analyses for major investments and projects, yield management, and asset utilization...”

- “Acknowledge that the Congressional authorization and appropriation processes sometimes and unintentionally drive short term thinking. Require accountability, return on federal investment, and finally, determine an adequate and stable long term capital funding source.”

Weiderhold’s semiannual reports deal primarily with his office’s main activities: audits, investigations and inspections/evaluations.

Reports going back to 1995 are at <[www.amtrakoig.com](http://www.amtrakoig.com)>. n

perhaps in many cases with under 100 riders a day.”

For the record, in fiscal 2001, which included a recession, the transcontinental trains had “passenger-miles-per-train-mile” measures ranging from 153 to 185.

NARP Executive Director Ross B. Capon—in an April 17 letter to Ms. Hecker with copies to the committee leaders—emphasized that the statistics she cited simply mean “that well-used trains are largely filled with very-long-distance riders who transit several states.

“To cite an extreme example, more than one-quarter of *Southwest Chief* ticket revenues are from two city-pairs: Chicago-Los Angeles and Chicago-Fullerton. In other words, a big chunk of ridership on this route is credited on your map to Illinois and California, even though those riders are not making trips local to those two states, or even to the region in which they are located.

“As a by-product of long-distance service between major markets like Chicago and Southern California, this and other transcontinental trains provide service to small, en-route communities. The relatively small cost of intermediate station stops makes this possible.”

NARP’s full letter is available at NARP’s web site, <[www.narprail.org](http://www.narprail.org)>, or by sending \$3 and a self-addressed, stamped envelope to NARP. n

## TRAVELERS' ADVISORY

**Major equipment shuffling**—Amtrak will remove the *Silver Palm's* Viewliner sleeper and Heritage diner effective May 1—the first time in modern history that Florida's West Coast (Tampa) has not had sleeping-car service. The train's name will revert to its former name, *Palmetto*.

Amtrak wanted to cut costs by removing the diner, and did not want another diner-less sleeper service.

NARP's Ross Capon wrote (again) to Amtrak April 18, emphasizing the strong demand for West Coast sleeper service and stating, "I am told that the renovation of the single-level diners was stopped midstream. The result is that, because certain carts were not purchased, Amtrak cannot take advantage of a lot of the capital investments already put into these cars, and cannot" serve box meals in-room as *Empire Builder* Portland sleeping-car passengers get. "If a small amount of capital would make the difference, maybe it should be part of the \$1.2 billion."

Amtrak was offering displaced sleeper passengers same-day space in coach or Business Class, or same-day sleeper space on the other two Florida trains (if available), or sleeper space on the other two trains the day before or after the original travel date.

The *Cardinal* and *Kentucky Cardinal* convert from bi-level to single-level equipment in early May. It was already planned that the *Kentucky Cardinal* would get a Viewliner

sleeper. The *Cardinal* was converted to make more Superliners available to Auto Train, after that train's derailment in Florida on April 18. Unfortunately, the *Cardinal's* carriage of unboxed bikes likely will end.

NARP has urged Amtrak to restore through operation of the *Cardinal* to New York City. NARP noted that this would boost revenues. It also would improve equipment utilization by consolidating Viewliners at New York and avoid establishment of Washington as an oddball Viewliner terminal with a single, tri-weekly train. Amtrak has agreed to review the costs and benefits of the New York extension.

**Piedmont**—At state request, Amtrak removed the baggage car from this Raleigh-Charlotte train, but still offers checked baggage service (in one of the coaches). Bicycle carriage is no longer allowed, whether checked or brought aboard.

**Downeaster**—Plans for a summer stop at Old Orchard Beach, Me., are on hold as Guilford and the Northern New England Passenger Rail Authority so far have been unable to reach a lease agreement. The state hopes for a shuttle from Saco.

**Amtrak Guest Rewards**—The frequent-user program now has a "Select" membership category. To qualify, Guest Rewards members must accrue at least 5000 Guest Rewards points on Amtrak travel during a calendar year. Early in April, Amtrak sent a letter outlining the benefits to the category.

"The last time I took a trip by plane I ended up in the hospital for eight days with pneumonia and a touch of Legionnaire's disease. Of course, my doctor said I should not fly. Since I am 86 years old I am not comfortable driving on extended trips and around unfamiliar, traffic congested cities. Where does that leave me without Amtrak services? Only the bus.

"People should be able to choose how they wish to travel. If the U.S. Government can fund highways and bail out airlines, there certainly should be some consideration for keeping the trains running."

—Letter from NARP member John M. Abts, Scottsdale, Ariz., April 2002

## AIRLINE TAX REFUNDS

The stimulus bill President Bush signed March 9 let companies "carry back" 2001-02 net operating losses five years (instead of just two). Example: United Airlines got \$169 million in tax refunds under the old law plus \$464 million under the new. United got the money rather promptly [Reuters, March 25].

**FORMER NARP DIRECTOR** Alan Wimmergren passed away December 15, 2001, at the age of 42, at Costa Mesa, Cal., after a long illness. He was a NARP Region 12 board member 1987-98. A memorial will be held May 25, 12:00 noon, at the Santa Ana rail station; call 714/543-1200 for details.



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

Vol. 36, No. 4

April 2002

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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@narprail.org](mailto:narp@narprail.org), web [www.narprail.org](http://www.narprail.org). ©2001 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 Apr. 24. Vol. 36, No. 3 was mailed Apr. 9.)

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