



Amtrak's Investment Vision—and Warning

"Adequate capital investment in rail can provide a complement to the highway and aviation systems, resulting in a more effective national transportation system. Amtrak's dual mandates—to be the provider of national passenger rail services while achieving operational self-sufficiency—are challenging... Where adding new highway and aviation capacity is now prohibitively expensive, modest but vital improvements in rail capacity can provide a viable alternative for intercity travelers who face rising congestion... The combined Current and Growth Services capital programs require about \$1.5 billion annually in federal investment—only 2.5% of the current federal transportation budget."

—Amtrak 2001 Strategic Business Plan

Amtrak has unveiled its long-awaited 2001 Strategic Business Plan (SBP). Amtrak's vision would significantly expand its ability to offer meaningful alternatives to travelers frustrated by our increasingly overloaded and dysfunctional air and road systems. It also offers alternatives to public officials charged with expanding transportation system capacity. These officials, encouraged by federal funding just to build more roads and runways, face citizen protests and environmental and quality-of-life concerns that worsen the already high investment costs of sole reliance on a "fly-drive" system.

The SBP also warns that an increase over this year's reduced funding level (\$521 million) will be required just to sustain Amtrak's existing system.

The "Current Service Capital Plan" is shown on page 3; "The higher levels in the early years of the program represent reinvestment in deferred capital needs necessary to bring infrastructure up to state of good repair."

(continued on page 3)

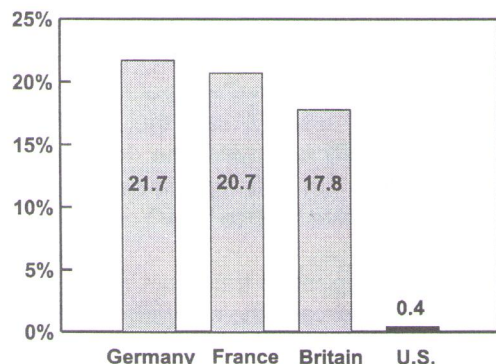
RALEIGH STATION RENOVATED



—Donald M. Stewart, Jr.

The renovation of the Raleigh, NC, Amtrak station was celebrated December 8, 2000. Above, Amtrak Intercity Atlantic Coast General Manager Jay McArthur addresses the crowd. Amtrak President George Warrington praised the pro-passenger rail efforts of Gov. Jim Hunt (then about to leave office). Amtrak spent \$584,000 on the station, which now includes a first-class lounge. The station, built in 1950, is the second-busiest in the state (after Charlotte). It has been used by Amtrak since the 1986 rerouting of the *Silver Star*; now also served by the *Carolinian* and *Piedmont*.

RAIL CAPITAL SPENDING, AS SHARE OF TOTAL TRANSPORTATION CAPITAL SPENDING



—Amtrak SBP Figure E-3; from European Conference of Ministers of Transport (ECMT), 1987-95; and Congressional Budget Office, 1985-95

The proposed 2.5% share of total federal spending quoted earlier is much lower than key European countries spend, as shown in the table above.

Bush's Preliminary Budget: Cautious Optimism for Amtrak

The Bush Administration on February 28 released its "budget blueprint" for fiscal 2002. While the Amtrak figure is only \$521 million, the Administration recommended that the funding be "scored" for budget purposes at 100%—meaning Amtrak would get all \$521 million at the beginning of the fiscal year. By contrast, in recent years, first-year scoring has been just 40%, with 60% of the funding postponed a year.

Amtrak President and CEO George D. Warrington said, in a February 28 statement, "...We are pleased that President Bush today has maintained this federal commitment by announcing a proposed \$521 million appropriation for Amtrak scored at 100% in FY 2002..."

However, since Congress has the last word, legislators—as well as President Bush and DOT Secretary Norman

(continued on page 2)

NARP MEETS AT FORMER NASHVILLE STATION



—Donald M. Stewart, Jr.

NARP Region 5 met January 20 at Nashville Union Station (now a hotel). From left—NARP President Alan Yorker, Amtrak Intercity Eastern Business Group General Manager Bill Lerch, Amtrak Intercity Vice President of Government and Public Affairs Cheryl Jackson, NARP Director and Tennessee Association of Railroad Passengers President Robert J. Stewart, who organized the meeting. Lerch's responsibilities include the Chicago-East Coast trains and *Kentucky Cardinal*. He expressed optimism that the latter would serve downtown Louisville this year (Feb. News).

VUCHIC SLAMS "SELF-SUFFICIENCY," HIGH FARES

Prof. Vukan Vuchic, of the University of Pennsylvania, attacked the federal government's "operational self-sufficiency" mandate for Amtrak, saying it causes exorbitant Amtrak fares: "Often even a single person can rent a car cheaper. Instead of unloading the New Jersey Turnpike, we're pushing people into cars."

He said if Amtrak did meet its target, it would be the only form of transportation in the nation to break even. Air travelers and motorists are not covering their full costs and, in general, "our accounting situation is not clear or adequate for present conditions."

His presentation, "Inconsistent Policies Toward Amtrak and Maglev Program Impede the Progress of High Speed Rail Development," was to a Transportation Research Board subcommittee in Washington, January 8; a similar presentation at MIT is planned March 16. His paper, "The Maglev Transportation Systems and the Baltimore-Washington Proposed Project, An Independent Expert Review, Report to Citizens Planning and Housing Association, Baltimore" also was distributed at the TRB meeting. It is at <<http://www.seas.upenn.edu/sys/homevuchic.html>>.

Bush Budget

(from page 1)

Mineta—need to hear your support for the Administration's budget proposal, as well as for the High Speed Rail Investment Act (which Congress will consider separately; Bush Administration position as yet unknown). The Administration's detailed, line-item budget request is expected in early April.

The rail levels are modest, especially since excess 2002 federal highway spending (increased guaranteed spending due to Highway Trust Fund revenues exceeding TEA-21 revenue projections) is estimated at \$4.5 billion, up from \$3.1 billion this year.

The table below does not reflect scoring questions. ■

2002 TRANSPORTATION FUNDING

Compared with Previous Years
Appropriations (\$ millions)

Administration	1999 Enacted	2000 Enacted	2001 Enacted	2002 Bush Request	Change, Bush vs. 2001
Federal Highway	27,077	28,803	31,421	32,300	+ 3%
Federal Aviation	9,807	9,997	12,009	13,300	+ 11%
Federal Transit	5,389	5,803	6,271	6,700	+ 7%
Federal Railroad	778	735	726	(1)	(1)
*Amtrak	609	571	521	521	0%

*also in Federal Railroad Administration total.

Intercity Passenger Rail Categories

Amtrak Capital	609	571	521	521	0%
Penn Sta./Farley	0	0	20	(1)	(1)
High Speed Rail	21	27	25	(1)	(1)
SUBTOTAL	630	598	566	(1)	(1)
"TRA money" (2)	1,092	—	—	—	—
PASS. RAIL TOTAL	1,722	598	566	(1)	(1)

NOTES:

1) February 28 blueprint budget not detailed enough to provide these figures.

2) Taxpayer Relief Act, non-appropriated capital funds provided to Amtrak, 1998 and 1999.

Parade—Misleading Millions?

A January 30 letter from NARP to Parade Magazine appears below because the popular Sunday newspaper insert is read by millions, and because it doesn't print letters to the editor like most other publications:

"The [January 28] Lyric Wallwork Winik item about Amtrak's 'slowpoke' trains contained a number of items that suffered from inadequate research:

- "A Japanese version, designed in 1964, ran at roughly the equivalent of Acela's 150 mph.' Actually, the first bullet trains in Japan (in 1964) had a top speed of 130 mph. They were in use for many years and were considered extremely successful.

- "'But Japan's newest trains can exceed 300 mph.' Perhaps in theory, but in daily use, the top speed is 186 mph.

- "'Why are they so much faster? Japanese trains have one big advantage over the Acela: Their tracks carry only the fast trains, while some Amtrak lines also must accommodate slow-moving freight trains on the same tracks.' It is true that in most of the US, Amtrak trains share tracks with freight trains. But...where the Acela actually runs, the issue is not freight trains at all. When fully deployed, the Acela will do what it was designed to do—run 150 mph in selected places and provide an air-competitive service New York-Boston and New York-Washington.

"The real reason Japanese trains are faster than Acela is that the Japanese people and their government have planned, supported, funded, and built such service. The US has not made this level of commitment to passenger rail, though we believe it should.

"Despite Winik's comments...the Acela is North America's most advanced passenger train and certainly worthy of a more positive *Parade* feature story." [Also, trip time is more important to travelers than top speed is.] ■

Amtrak Capital Plan

(from page 1)

Among the more specific *annual* capital needs are:

- Rebuilding Superliners (\$83 million in 2001-05),
- Heritage fleet replacement (\$33 million in 2001-05),
- Additional locomotives for long-distance trains (\$36 million in 2001-05),
- Fleet capital overhaul program (\$204 million in 2001-05; \$215 million in 2006-20),
- Washington-New York operational reliability (total \$229 million in 2001-05, Amtrak share \$149 million or 65%; total \$195 million 2006-20, Amtrak share \$124 million),
- Reaching committed Boston-New York trip times (3:00-3:15; \$51 million in 2001-05),

AMTRAK "CURRENT SERVICE" CAPITAL PLAN

Average Annual Need from Federal/Amtrak and Other Sources

(\$ millions, not inflation-adjusted)

Capital Need Category	Fiscal 2001-05	Fiscal 2006-20
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Capital Needs: Federal/Amtrak Share of the Costs

Debt Service*	99	153
Fleet	534	273
Infrastructure	380	233
Stations/Facilities	94	55
Information Technology*	50	50
Program Management*	10	10
Financed Items	(195)	(25)
Average Annual Total	973	750
State/Transit/Freight Cost Responsibility	768	243
Total Annual Capital Needs	1741	993

*Amtrak assumes it must pay 100% of these cost categories.

—Amtrak, SBP Figures IV-19, IV-20

- New York tunnel safety (total \$57 million in 2001-05, Amtrak share \$28 million; total \$23 million 2006-20, Amtrak share \$11 million; Amtrak's shares are just under 50%).

Service-expansion investments ("Growth Service Capital Plan") are categorized below; the bottom line shows total annual capital needs for existing *and* growth services. Amtrak's vision includes development of all federally designated high speed rail corridors, plus those Midwest Regional Rail Initiative lines not yet designated, but recognizes that the extent of

AMTRAK "GROWTH SERVICE" CAPITAL PLAN

Average Annual Need from Federal/Amtrak Sources

(\$ millions, not inflation-adjusted)

Capital Need Category	Fiscal 2001-05	Fiscal 2006-20
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Debt Service	4	9
Fleet	215	287
Infrastructure	495	420
Stations/Facilities	42	43
Information Technology	0	0
Program Management	20	20
Financed Items	(192)	(10)
Average Annual Total	584	770

Current Service Capital Items (from chart on p. 1)

Total Annual Capital Needs 1557 1520

—Amtrak, SBP Figures IV-21, IV-23

"[Amtrak] is looking for a 20-year, \$30 billion federal investment to modernize equipment, establish 11 high-speed rail corridors and improve service—a modest amount considering that the federal government now spends less than 1 percent of all transportation outlays on intercity passenger rail. Given what European countries spend (and gain) from emphasizing long-distance train travel, this is a sound investment..."

"There is no denying Amtrak has had its own problems of waste and incompetence, but it has worked to overcome them and merits more federal aid. For a start, there should be increased federal help with capital investments such as improved track, stations and equipment, including modern cars. Later, if necessary, there might be direct ticket subsidies, but only after it is clearly demonstrated that they are necessary to the goal of a strong passenger rail system. The nation and the economy deserve nothing less."

—Editorial, Berkshire Eagle, Pittsfield, MA, February 3, 2001

development will depend on factors such as a line's estimated return on investment and the amount of public and private matching funds available for it.

Amtrak also proposes unspecified expansion of the long-distance network, and acquisition of new "Superliner III" cars.

Warning

The SBP, written before release of the Bush budget, states: "If Amtrak's federal capital grant does not at least meet the authorized level in FY02, the company will be required to restructure the scope of its capital-intensive business." "Restructure" likely means "reduce." The reference to the FY02 authorization (\$955 million) apparently assumed 40% first-year scoring (see Bush budget article). The Bush budget would avoid such reductions if the Amtrak portion is adopted.

Ever since Acela Express delays became apparent, it has been clear that this year—perhaps the last before Acela Express is fully operational—would be tough for cashflow. Thus, the Plan states, "Due to the lack of sufficient capital funding, Amtrak has incurred long-term debt by financing virtually all of its fleet and selected infrastructure purchases. Total debt outstanding at the start of FY01—excluding borrowings under the short-term credit facility—was \$2.877 billion, with principal and interest payments anticipated to total \$185.4 million for the fiscal year." The financings yield one-time cash gains; more are likely this year.

Amtrak's annual report says long-term debt rose about \$1 billion in FY 2000 (mostly due to sale and leaseback of passenger cars which Amtrak previously owned). The \$2.877 billion in long-term debt included just \$550.6 million in high speed rail borrowings; no trainsets had been accepted yet.

Amtrak uses capital funds to pay off principal. "Capital program impacts are expected to increase from \$65 million today to \$105 million in FY02 and an estimated annual average of \$162 million in the FY06-20 period" (SBP).

The Plan's discussion of this year's challenges notes that new federal regulations increasing the frequency of rolling stock maintenance will improve reliability but also "increase operating costs by approximately \$25 million annually." ■

TRAVELERS' ADVISORY

More Acela service—Northeast Corridor's March 5 timetable includes a new, non-stop (2 hours, 28 minutes), weekday Washington-New York Acela Express round-trip (departs Washington at 6:50 am, New York 3:50 pm). The 7:00 am and 4:00 pm Metroliners continue, making intermediate stops. Another new Acela Express weekday trip leaves Boston at 6:12 am and returns from New York at 6:00 pm, serving Back Bay, Route 128, Providence and New Haven in both directions. Some weekend Metroliners were added. The next service increase is expected late in April.

More quiet cars—Amtrak added more cars designated not for cell-phone conversations on March 1. The total count now is: Metroliners 106, 107, 114, 115; NortheastDirect 151; Acela Regional 170.

Fares—Amtrak is offering its spring "1-2-FREE" fare. It allows one full-fare passenger to be accompanied by a second passenger at half-fare, and a third (if any) for free. Good for travel from March 11 to June 15 (buy tickets by May 12), blocked around Easter and Memorial Day, not good on Auto Train, Acela Express, Metroliner, Friday/Sunday peak NortheastDirect, or in Ontario.

KEVIN GREGOIRE; ROBERT J. CASEY

Long-time NARP Director Kevin Gregoire and Former NARP Executive Director Robert J. Casey died December 18 and 26, respectively. Gregoire was perhaps the leading passenger rail advocate in Pittsfield, MA, where the NARP Board met in October. He regularly met the *Lake Shore Limited* and helped passengers at the tiny shelter there.

Casey ran for Congress in Pittsburgh in 1976 and in 1983 founded the High Speed Rail/Magnetic Levitation Assn. (now HSGTA) in Washington. In the early 1980s, President Reagan named him to the Small Business Administration's national advisory council.

NEW NARP REGIONAL DIRECTORS

The NARP Executive Committee has appointed two new board members. Frederick Breimyer of Wellesley, MA, who holds a doctorate in economics from Northwestern University, is Chief Economist and Senior Vice President for State Street Bank and Trust Co. Among his current affiliations: Bond Market Association's Economic Advisory Committee; Bureau of Labor Statistics' Research Advisory Council; New England Economic Project (president, 1990-1993); Board of Economic Advisors of the Associated Industries of Massachusetts. He has been a member of the state's Energy Task Force.

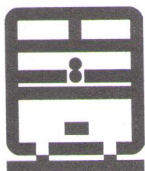
Matthew Dowty of Enid, OK, holds a BBA from Northeastern State University (Tahlequah, OK). He has been a BNSF trainman and yardmaster for five years. He is president of the Oklahoma Passenger Rail Association and a member of the marketing coalition for the *Heartland Flyer*. He has been active since 1992 in state-level passenger rail legislative issues. He succeeds Glenn Jones, who resigned.

MORE NARP REGIONAL MEMBERSHIP MEETINGS

Reg. 3 (DE, NJ, PA); Sat., Mar. 31; Pittsburgh, PA; 9-3:30; Grand Concourse Restaurant (in old Pittsburgh and Lake Erie station); fee \$25 includes lunch; speaker: NARP Assistant Director Scott Leonard; contact: Paul Hart, Keystone Association of Railroad Passengers, P.O. Box 3141, Scranton, PA 18505-2934, <prhrail@epix.net>, 570/347-6117.

Reg. 7 (IL, MN, ND, WI); Sat., Mar. 31; Milwaukee WI; 10-3; Best Western Inn Towne, 710 N. Old World Third St.; fee \$35; speakers: Milwaukee Mayor and Amtrak Reform Council Member John O. Norquist, Bill O'Dea (Amtrak Planning Director); held in conjunction with Midwest High Speed Rail Coalition (optional workshop 8:30-10); contact: Richard Schreiner, 912 E. Pleasant St., #3, Milwaukee, WI 53202

Reg. 10 (CO, IA, NE, SD, UT, WY); Sat., Apr. 7; Grinnell, IA; 11 am; Depot Crossing Restaurant, 1014 Third Ave.; contact: Dick Welch, 319/362-6824, <dick@rfwelch.com>.



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