



# ProRail Nebraska News

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## Plans Near Completion for ProRail Nebraska Meeting Sept. 22

The fall membership meeting of ProRail Nebraska will be held on Saturday, Sept. 22 at The Knolls Country Club in Lincoln. The meeting will begin at 9:30 a.m. (coffee furnished by PRN); and conclude around 2:30 - 3 p.m. No registration fee. We will go through their excellent buffet line at noon; cost \$9.50 per person. Each attendee will pay the restaurant directly for his or her meal.

The meeting site is located on Old Cheney Rd. between South 14th and South 27th St. Caution: there is a street called The Knolls just west of 27th - don't take it! You will see the Country Club (and golf course clearly on the south side of Old Cheney Road. The simplest way to access Old Cheney at this location, if you travel on I-80 or Cornhusker Highway, is to exit onto 27th St. and continue southbound until you come to Old Cheney Road - past Nebraska Highway 2, and turn right (west).

We have a real treat as our featured speaker - Samy E.G. Elias, Associate Dean for Research, UNL College of Engineering and Technology. He has logged 30 years of experience in transportation design. One of his best-known accomplishments is the \$124 million, sophisticated mass transit system at Morgantown, W. Va., the "People Mover." He conceived the idea and coordinated all phases of planning, design, construction and operation of the world's first fully automated, computer-controlled transit system.

Elias, who coordinates transportation and other multi-disciplinary research in the College of Engineering and Technology, has been at UNL since 1988. Previous experience includes service with FAI Associates of McLean, Va., a management consulting corporation; vice president of Transportation and Distribution Associates, Inc., of Philadelphia, Pa.; director of transit engineering and safety for the Washington, D.C. Metropolitan Area Transit Authority; and director of the Harley O. Staggers National Transportation Center at West Virginia University. He has been a speaker and consultant in Europe, Egypt, Japan, Australia, Taiwan and New Zealand.

Elias currently is working on several projects with other professors. One, a joint effort with the Federal Railroad Administration, is investigating using ground-penetrating radar to detect flaws in railroad beds as a way to prevent derailments. Another, with the Appalachian Transportation Institute, focuses on the use of fly ash to build stronger and more environmentally friendly railway ties.

Our opportunity to hear Elias will bring us up to date on railroad-related research being conducted at Nebraska, with implications for freight and passenger rail operations in the future.

Another speaker will be Duane Eitel, chair of N-TRAC (the Nebraska Transit and Railroad Advisory Council), which is responsible for conducting a feasibility study on the possibility of commuter rail service between Lincoln and Omaha. A grant application for \$350,000 was submitted to the U.S. Dept. of Transportation to fund such a study. At the time of this writing, The Senate Appropriations Committee had approved \$250,000 for the project. No formal action had been taken by the House. The issue will be dealt with by the Senate-House Conference Committee, as part of the overall Transportation appropriations bill. It is likely the outcome of the grant request will be known by the date of our meeting.

## **Midwest Rail Compact Holds Meeting in Lincoln**

The Midwest Interstate Passenger Rail Compact met in Lincoln August 1. ProRail president Dan Lutz and Jeff Poley, PRN member who handles government relations for the organization, sat in on the session at the Cornhusker Hotel.

As of July 17, the following states have joined the Compact through legislative action: Indiana (the first state to join); Minnesota, Missouri, North Dakota and Nebraska. The legislative bill signed by Gov. Mike Johanns designates Sept. 1 as the date Nebraska officially became a member of the Compact. A bill which would have brought Iowa into the Compact was considered by the Hawkeye State's two-house legislature, which adjourned without final action. A bill is being re-drafted for consideration by the Michigan legislature. A bill also is being considered by the Wisconsin legislature. Other states eligible to join the Compact are Kansas, Illinois, Ohio and South Dakota.

Four resident members of each state that has enacted the Compact will be appointed to the Commission. The Nebraska Unicameral appointed Sen. Curt Bromm, chair of the Transportation and Telecommunications Committee; and Sen. DiAnna Schimek. Gov. Johanns will appoint himself or a designee and a member of the private sector. ProRail Nebraska president Dan Lutz has applied to fill the private sector slot.

The Midwestern Office of the Council of State Governments is serving as secretariat to the Compact Commission. The next meeting of the Commission will be held in September in Washington, D.C. Each state is entitled to one vote on issues.

The listed purposes of the Compact are to promote, coordinate and support regional improvements to passenger rail service.

- Promote development and implementation of improvements and long-range plans for intercity passenger rail service in the Midwest.
- Coordinate interaction among Midwestern state officials, and among the public and private sector at all levels (federal, state and local).
- Support current state efforts being conducted through state DOT's.

The Compact emphasizes that "our region is the ideal candidate for high speed passenger rail service, with all major metropolitan cities within the 100-500 mile range of the Chicago Hub. Midwestern states need to come together and declare with one voice that improvements in passenger rail are critical and necessary. The development of a modern passenger rail service is an integral component of the intermodal transportation infrastructure needed to move people and goods quickly, safely and economically in the 21st century. But this essential transportation component has not received the attention currently afforded to air and road development and improvements. The Midwest Interstate Passenger Rail Compact will provide structure and legitimacy to such a voice."

The Midwest High Speed Rail Coalition is a membership-based non-profit promoting the development of a network of fast, frequent trains serving communities throughout the Midwest. An introductory membership is \$10. Informational brochures on the Coalition will be available at the Sept. 22 meeting for your perusal.

## ProRail Nebraska Business Briefs

- **Membership directory:** The directory, published in May, 2000, has been updated through July, 2001. As would be expected, there are a few “glitches” and changes in address, etc. which occurred after the directory was printed. We will produce a supplement after the first of the year to take care of these needed changes. A copy of the directory will be available at the meeting.
- **Membership categories:** The PRN board of directors approved a motion at its March meeting to expand membership categories as follows: corporation level of \$100; family level of \$30; student level, \$10; regular membership (same rate as at present), \$20. The new categories will be effective as of Jan. 1, 2002; dues are paid on a calendar year basis. This will necessitate reprinting our informational brochure.
- **Change in nonprofit organization to 501(C)3.** PRN presently is incorporated as a 501(C)6. Since we are a lobbying organization, dues and contributions do not qualify as tax-deductible under the IRS code. The board approved checking into the procedures, pros and cons and the general process of applying to the IRS for approval as a 501(C)3 organization. More detail on this at the meeting.
- **Long Range Plan and Priority-Setting:** A preliminary draft of a proposed long range plan and goals for PRN was distributed at the May membership meeting. The document would help guide the board in priority-setting relating to the most urgent and timely goals, and also would provide a more complete orientation for new members as to what PRN stands for than the informational brochure offers. Little response has been received regarding this initiative. A decision needs to be made as to whether the process should be shelved or effort made to produce a document agreeable to the general membership.
- **Video Production:** R. Royce Burrell, a PRN member now retired from the Union Pacific Railroad, made a general offer to our organization to produce a video which would explain who we are, what we are about, our goals, concerns and possible action to support and expand intercity rail and urban mass transit service. Eugene Nick, our secretary who is a Nebraska Educational Television staff member, has been discussing with Burrell the feasibility, cost and thrust of a project which Burrell would undertake. Burrell has won a number of major film production awards. Burrell formed his own private company, Royce M3, Inc., in 1988, after serving as director of audio visual services and director of public relations-audio visual for U.P. from 1954 to 1988.
- Another idea relating to both membership recruitment and collaboration/networking with other organizations interested in supporting passenger rail remains to be implemented. The sticker: someone to do the job! It was suggested some months ago that ProRail Nebraska produce a quarterly leaflet/publication which would be distributed to other organizations, for example, Sierra Club, which have indicated in some manner an interest or stake in the rail mode--perhaps relating to more enlightened land use, environmental considerations, etc. Producing these quarterly publications would entail establishing a data base, marketing and publicity, production and distribution of the finished product. If interested, please step forward!

## **Amtrak: Can it Survive?**

Since Amtrak is a creature of Congress, it makes perfectly good sense on Capitol Hill to spend billions of dollars annually on aviation, trucking and barge operations, but demand self sufficiency for Amtrak. For 30 years, Congress has allowed Amtrak to limp along as a poor and underfed transportation cousin, while other modes dined comfortably at the public trough.

Professional engineers and economists state that in 2000, Amtrak's 3 billion in expenses exceeded revenue by almost \$1 billion. While Amtrak points to 150 mph Acela Express trains as the light at the end of the financial tunnel--already a year behind owing to technical glitches--the incremental revenue is projected at only \$180 million annually.

To keep Acela Express trains operating, billions of dollars of deferred maintenance in the Northeast Corridor must be remedied. The deferred maintenance contributed to 46,000 minutes of delay last year, a 21 percent increase since 1998. Amtrak states that its annual capital needs will remain a federal burden and are almost three times what Congress is subsidizing Amtrak with today. Among needed infrastructure improvements are the B&P tunnels into Baltimore from the south--which were dug in 1877--and numerous bridges such as the aging high span over the Susquehanna River at Perryville, Md. (Acela Express trains are capable of reaching 150 mph, compared with 125 of the fastest conventional trains. But under current track conditions, the train reaches that top speed only for an 18-mile stretch in Rhode Island and Massachusetts. Acela Express has trimmed about 30 minutes off the travel time between Boston and New York and only about 15 minutes off the Metroliner run between Washington and New York).

Over the past several weeks, Amtrak has taken heavy hits in national and regional media regarding the failure of Acela Express to deliver on its promises of sustained speed, shorter running times, and some dissatisfaction regarding higher fares.

In an Associated Press article in the *Omaha World-Herald* August 27, headlines said it all: "Amtrak's Fast Train is Behind Schedule...The Acela Express Fails to Meet Hopes." The article pointed out that "In service eight months, Acela Express is falling short of projections in riders and revenue. Reimbursement requests from dissatisfied customers are three times higher than Amtrak's goal. The manufacturer has delivered only 11 of 20 trainsets. And a nonstop Washington-to-New York service--Amtrak's silver bullet in its race with air shuttles--has been suspended because of low ridership.

In a letter to the *Washington Post*, Tim Gillespie of Chevy Chase, Md., who was vice president of government affairs at Amtrak until 1988 and is now a transportation consultant, hurled this salvo: "...A railroad that is \$3 billion in debt, needs more than \$1 billion in subsidies and has to mortgage its assets (referring to the recent mortgage on Penn Station in New York City) to keep the business running clearly needs a fresh policy approach. While the Northeast Corridor may be the jewel in the crown of Amtrak's operations, its infrastructure cost is a drag on the entire system. Despite that, the Northeast Corridor infrastructure is suffering from Amtrak's inability to obtain the resources necessary for critical investments. Cutting routes and furloughing employees, something Amtrak is contemplating, does nothing to deal with a structural financial problem. If Congress expects to maintain a national rail passenger system, it needs to address the capital and employee costs of owning the Northeast Corridor. Only about 10

## **Amtrak Northeast Corridor Solutions - Continued**

percent of the trains that use the Corridor belong to Amtrak. Congress should remove Amtrak from its limbo status by creating an interstate authority made up of all the users of the corridor and providing them with equal representation. This would have an immediate positive effect on Amtrak's cost structure and allow it to continue generating revenues from Northeast corridor services. States already have the ability to issue bonds for rail infrastructure; they have access to flexible and guaranteed funding levels and they may be able to obtain a limited amount of appropriated funds (and possibly even capital contributions from the freight users of the corridor) for the infrastructure needs that are not being addressed. Cutting people and routes is a temporary fix. Finding a way to relieve Amtrak of its biggest cost problem is a more rational approach.

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ProRail Nebraska member David Saunders of Bellevue (moving to Georgia but plans to continue interest in Nebraska rail issues), offers the following comment on Gillespie's analysis: "If such a Northeast Corridor owners' group could be cobbled together, there is no guarantee that it would respond to Amtrak's needs. If high speed rail on the Northeast Corridor is to materialize, Amtrak (or alternative operator) needs to have a predominant influence to assure the necessary infrastructure. A coalition of commuter, freight and other users might not be willing to provide the infrastructure necessary for high speed rail. On the other hand, Amtrak may not be able to do the job as an owner without adequate resources. Updating a structure that is 100-plus years old with multiple users is a challenging business. Everybody involved, especially Congress and the state authorities, needs to have a disciplined approach to reach a reasonable solution. The alternative is more cars, more petroleum crises, overloaded interstates and airways. Trains should rule the medium distances." Well said, David!

### **"The Super Engine That Crawled" - *The Wall Street Journal***

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The Journal, in its August 2 edition, devoted a large portion of the front page of the Marketplace section to a large graphic of the Northeast Corridor, detailing obstacles to high speed operation by the Acela Express for various segments and cities on the 451-mile route from Boston to Washington, D.C. Writer Daniel Machalaba declared that "The Acela Express will never be able to attain top speed for the entire route. Some of the obstacles are insurmountable. But Amtrak does hope to shave a half hour from the run in the next few years and another half hour after that. Even that will require major upgrades, which south of New York are estimated to cost \$12 billion, for new track, stations, overhead wiring, tunnels, bridges and track connections. Amtrak hopes to get half the money from commuter agencies and freight railroads that use the Northeast Corridor and the rest from Congress. Estimated date for completion: 2025." Tom Till, executive director of the Amtrak Reform Council, was quoted as saying that (operating the Acela Express over the present Northeast Corridor infrastructure) "is like trying to run the Daytona 500 on a racetrack full of potholes." Machalaba said "that's in sharp contrast to the dedicated, high speed rail lines abroad that France's TGV and Japan's Bullet Trains cruise over at 186 mph. Sleek, modern tracks run straight with only gentle curves for hundreds of miles, with no freight or commuter trains in the way."

## **National Commitment Required for High Speed Rail - Continued**

Machalaba cited what we all know to be true, and at the heart of the problem: “It’s a matter of priorities. In France and Japan, where passenger trains are an important part of mobility, governments spend lavishly on rail improvements. In the U.S., investment in rails lags far behind highways and airports. Amtrak, a quasi-private company, relies on a patchwork of federal grants, ticket sales, track-use fees, real estate revenue, utility and pipeline easements and capital contributions from the states to maintain its part of the track.”

### **Relating to the above, here is a rundown on Amtrak’s sources of income:**

Amtrak is branching out in pursuit of new income to stay in business, from souvenirs to cell phone service, real estate development to express package delivery. **The system now gets 43 percent of its revenue from non-passenger business, up from 29 percent in 1990. (emphasis added).** Amtrak’s revenue from passenger trains grew by 10 percent last year, to \$1.2 billion, while revenue from other ventures grew by 15 percent, to \$886 million. The outside ventures include operating or maintaining commuter railroads for state or regional authorities. Last year, Amtrak’s mail and express division generated \$122 million--6 percent of the railroad’s total revenue. Amtrak’s ventures generally are offshoots of its passenger train operations. On land near 30th Street Station in Philadelphia, Amtrak turned a former bowling alley into a 100-space parking lot, which sells out each weekday at \$35 a car.

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## **Amtrak, Supporters, Critics Differ on Ways to Avert Crisis**

### **Excerpt from *Washington Post* editorial, “Amtrak in Limbo,” published August 12:**

“Congress must decide whether Amtrak exists to provide a public service or to turn a profit-- because it cannot do both. No large national rail service anywhere is making a profit. Amtrak President George D. Warrington has laid out questions that Congress, beginning with what kind of intercity rail system should exist. Should the national system be limited to profitable routes serving the most highly populated corridors? In subsidizing other transportation--air and auto travel--the federal government doesn’t limit highway or aviation funds to high population states and regions. If Amtrak is to be a public service provider, Mr. Warrington notes, ‘you go where the community need is. If you’re a business, you go where the money is. But if you’re Amtrak, which way do you go?’

“For too long, members of Congress have gotten away with singing the praises of railroad travel while ducking the hard questions about what kind of system they would support. They need to be put on record before Amtrak reaches the financial end of the line.”

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**From *Business Week*:** “It’s time for a radical fix that recognizes reality: split Amtrak in two. First, Congress should spin off a non-profit government-owned corporation to maintain its rails, stations and other infrastructure. Then lawmakers should create a private corporation focused solely on running the rail system profitably. Such a move would help improve Amtrak’s muddled management and clarify how to properly fund the rail system.

### **Amtrak's Double Identity: Public Vs. Private - Contradictory Roles**

As is, the quasi-public carrier is expected to act like a private corporation, but it is beholden to Congress. So its executives are pulled in two directions--trying to make sure the trains run on time while hitting Congress up for funds for capital improvements. Neither job is getting done effectively. "It's ludicrous," says Gilbert Carmichael, chairman of the Amtrak Reform Council. "Management spends half of its time lobbying Congress for more money when it should be worried about running profitable routes."

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### **Federal Bureaucrats Sound Off:**

The Amtrak business plan is "balderdash," say U.S. Dept. of Transportation Inspector General Kenneth Mead and the U.S. General Accounting Office. Transportation Secretary Norman Mineta, referring to Amtrak's "tin cup," agrees, suggesting that the railroad might have to shut down its long distance routes and concentrate on high density corridors on the East and West coasts and a few in the interior. And from Senator Robert Bennett, (R-Utah): "Utah does not need Amtrak service" and he offered Utah's share of funding for the California Zephyr to help finance Amtrak's Northeast Corridor service. Sen. Bennett said he would be happy to support continued service in the Northeast corridor and some other areas, but he saw no reason to keep long-distance trains.

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### **Amtrak's Response: major restructuring and cost-cutting actions.**

It began with a plan to cut management ranks and combine certain operations. Voluntary severance or early retirement has been offered to 2,900 managers. On October 1, Stan Bagley, now president of Amtrak's Northeast Corridor unit, will be named to a new position, executive vice president of operations. Bagley will be in charge of operation for all four Amtrak business units--Northeast Corridor, based in Philadelphia; Intercity in Chicago; West Coast in Oakland, Calif.; and Mail and Express in Washington, D.C. Amtrak is seeking to eliminate overlapping operations, tighten cost controls and improve revenue under an initiative to be headed by Ed Walker, president of the Intercity Unit.

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**And the Irony of it is...**the passenger train has never been more popular since Amtrak was founded on May 1, 1971. State-sponsored service and commuter service, which are not Amtrak's direct responsibility but are often operated by Amtrak under contract, are growing so fast that some operations such as Virginia Railway Express and Maryland Rail Commuter (MARC) have difficulty keeping up with growing ridership. States (with some exceptions!) are spending large amounts on infrastructure as an alternative to congested highways. California, with a 5-year, \$4 billion rail plan, may spend more on rail capital improvements than Amtrak spends for the whole country. Virginia also has pledged to spend almost as much as Amtrak's current \$521 million annual federal appropriation to add a third track from Washington to Richmond to bring high speed rail to the Virginia capital city, which has revitalized its Main Street Station.

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