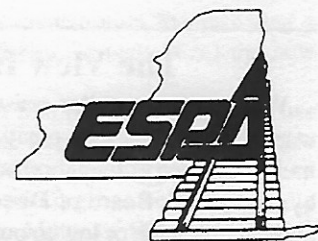


The ESPA EXPRESS

NEWS FROM THE EMPIRE STATE PASSENGERS ASSOCIATION

<http://www.esparail.org>



WORKING FOR A MORE BALANCED TRANSPORTATION SYSTEM

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November/December 2005

Amtrak Battle Gets Nasty

The battle over Amtrak's future has become so intense and fast paced in recent days that it's hard to write anything that won't be outdated by the time it reaches our readers. Here is an attempt to simply provide a chronology of events since our last issue: **9/21-AM:** Railroads Subcommittee of House Transportation and Infrastructure (T&I) holds hearing to discuss Amtrak reform. Several speakers, including former Amtrak President Paul Reistrup (who now represents the Railway Service Corporation), propose various ways to break up the system and/or privatize portions of it, including the Northeast Corridor. But DOT Inspector General Kenneth Mead says splitting off the NEC should not be done until it is brought to a (Cont'd on page 4)

Metro Areas Push Bond Issue Over Top

The \$ 2.9 billion New York State Transportation Bond Act passed statewide with 55% "For" and 45% "Against". The bond act had overwhelming support in New York City and the MTA Region, but actually had more "Against" votes than "For" votes in the non-MTA (upstate) regions of the state. For example, it had 56% "Against" in Erie County and 54% "Against" in Niagara County. Rensselaer County and Albany County were both 57% "Against" and Onondaga County (Syracuse) was 62% "Against". New York City was an incredible 75% "For" and Westchester County was 63% "For". Nassau County was 59% "For" and Suffolk was 56% "For". With hundreds of millions of dollars for New York City and Metro-North and LIRR projects, voters in these areas were for the transportation bond act, whereas most of upstate was against, as they would receive very few public transit and rail oriented projects, but plenty of highway projects. It was anticipated that with the New York City campaign for mayor and the millions spent by Bloomberg, it would result in a large New York City voter turnout, compared to most off-year (non-presidential) elections. Several heavily advertised races in Westchester County also likely boosted the number of voters in the MTA region. Voters in the MTA region use and love their transit, why wasn't passenger rail included for upstate voters as part of the bond act?

Gary Prophet

Amtrak Ridership Up

Amtrak's ridership for FY2005 was the highest ever, topping 25 million for the second year in a row. The 25.4 million trips in FY2005 (which ended Sept. 30) represent a 1.3% increase over 2004—despite Acela trains being out of service for several months, and two hurricanes that knocked out service. Northeast Corridor ridership was up by 1% even with Acela's troubles.

While ridership on the *Lake Shore Limited* grew by nearly 12%, Empire Corridor ridership fell by .5%, presumably as a result of serious delays due to CSX trackwork. *Adirondack* ridership fell by 5.7% while *Ethan Allen* patronage grew by 3.2%.



State High Speed Rail Task Force Visits Syracuse

State Senate Majority Leader Joseph Bruno attended an information session in Syracuse on November 17, as part of the public awareness and outreach efforts in support of the NYS State Senate High Speed Rail Task Force's study of short and long term improvements for the Empire Corridor. The speakers at the event included Senator Bruno, Senator Michael Nozzolio, Onondaga County Executive Nicholas Pirro, Task Force Chair John Egan and ESPA President Bruce Becker. In his remarks Senator Bruno stressed the economic importance of increased train reliability, reduced travel times and incremental infrastructure improvements. He stated that his support for improvements will focus on both Hudson Valley services and trains across upstate New York. The Task Force plans to deliver the results of the completed study to Senator Bruno on December 28, 2005.

Empire Corridor Travel Tips

- All Empire Corridor trains **NOW** require reservations. While advance reservations are encouraged, last minute passengers will always be accommodated if space is available on a particular train.
- Booking as early as possible will provide the best possible fare. Amtrak accepts reservations up to 11 months in advance of your travel date!
- Travel during off-peak periods (mid-week, early morning or late evening) will generally be the least expensive.
- Amtrak continues to offer its 'New York By Rail 50% Off Companion Fare' discount, valid through March 2006. Using discount code V707, New York State travelers can save 50% off a second adult fare when traveling in pairs. Specific advance purchase requirements, blackout dates and other restrictions apply. Contact Amtrak for full details...
- AAA and NARP members receive 10% off most regular fares, with a three day advance purchase requirement.
- Join the Amtrak Guest Rewards program and earn points towards free travel and more.

The View from the Cab

Wow...What a roller coaster ride it's been in the last few weeks! From the very positive Senate vote in support of a multi-year Amtrak re-authorization to David Gunn's recent firing by the Amtrak Board of Directors, every day seems to bring either a new high or low to our efforts in support of passenger rail. With so much happening so quickly, the need for timely news and communications has never been greater.

With this in mind, I am very pleased to announce that our new web site, www.esparail.org is now on-line and ready for use!

Among the features of the completely redesigned and enhanced web site, you will find...

- Up To Date News Bulletins, Action Alerts and Press Releases
- On-Line Membership Registration and Payment Capability
- Improved On-Line Versions Of The 'ESPA Express' Newsletter
- A Statewide Rail and Tourism Event Calendar
- Expanded Empire Corridor Rail Travel Information
- And much, much more...

I urge you to visit our new site soon, bookmark it in your 'favorites' and then make it a regular part of your time on the web!

While we are disappointed that the recently approved "Rebuild and Renew New York Transportation Bond Act of 2005" did not contain more funds for intercity passenger rail improvements, please be assured that we will be diligently working to ensure that the few projects that were funded are started as quickly as possible. In addition, we will continue to push for bond dollars not currently earmarked, to be used for future rail related improvements.

Thanks for your continued support. As always, I welcome your comments, critiques and suggestions, on how ESPA can better attain our goals. Don't hesitate to contact me at anytime.

Bruce B. Becker, President

Hudson Valley Food Service Returns

In a surprise move, Amtrak announced that starting November 17 it is contracting with the huge Subway restaurant chain to provide food service on Hudson Valley trains, as part of a four month trial of the feasibility of vendor-operated on-board catering. The trial Subway service will initially be offered on only one round trip per day, but should be expanded to cover all of the trains currently running without food. All other Empire Corridor trains operating north and west of Albany will continue to offer Amtrak's usual Café Car fare, served by Amtrak employees.

Reportedly, Subway will be paying Amtrak a portion of its gross sales for the opportunity to offer its line of fresh sandwiches, soft drinks, hot beverages and other items from the currently unused Café cars on the Albany to New York trains. In addition, Subway plans to staff each train with up to three employees, whose pay will be based in part on the volume of items sold. At seat service is to be featured, as well the traditional walk-up service in the Café Car. However, at least initially (based on licensing requirements), alcoholic beverages will not be offered, though these may be added as the trial progresses.

ESPA applauds Amtrak's willingness to explore non-traditional, cost effective, methods for providing customer services and hopes that the trial period proves successful.

Bruce Becker

Yield Management Cuts and Raises Fares

After Amtrak decided to make every seat on every Empire Corridor train reserved, they have now implemented yield management pricing on all Empire Corridor trains. This has resulted in the most common fare from Albany to NYP of \$45, a couple of dollars more than it had been. And during off-peak days, such as Tuesdays through Thursdays, a low fare of \$34 exists on some trains between Albany and NY. In the past, the Albany to NY fare after 11am on Fridays and Sundays was \$50, the highest fare between these two stations. Now, both a \$53 and \$60 one way fare exists. For example, on many Fridays and Sundays, the 8:10am and 10:00am trains from Albany have a \$53 fare, instead of the off-peak (\$43) fare that used to be available. And the \$53 fare seems to usually apply on all Friday and Sunday evening trains, even the 11:45pm train from New York which usually has few passengers. As a train approaches sold out, the \$60 fare is then in effect, which is 20% higher than any fare ever charged on the Albany/NY rail corridor. Even looking ahead to April 2006, every NY to Albany train has a \$53 one-way fare on Fridays, even the 11:45pm NY departure that likely has not one reservation at this point in time. Likewise, on Fridays/Sundays, a one way fare of \$79 has been programmed into every Empire Corridor train from NYP to Buffalo. And when a train to or from Western New York approaches sellout, the fare goes to an incredible \$91 each way NY to/from Buffalo. And the fares are just \$1-2 less each way between NY and Utica, Rome, Syracuse, or Rochester. A usual fare of \$66 is often available except Fridays/Sundays between NY and Western and Central New York. On some non-Fridays/Sundays, when a Western NY train does not have very many passenger reserved, a \$50 fare between NY and Buffalo exists, which is lower than any Amtrak fare offered in recent memory. This fare is usually only available several weeks in advance and never on Fridays nor Sundays. From Albany to Buffalo, the usual fare is \$53 non-Fridays/Sundays, but the fare can range from \$39 to \$72.

On the *Adirondack* route, the NY to Montreal fare ranges from \$60-68 each way and often is just \$7-8 greater than the NY to Albany fare. The NY to Saratoga fare is also yield-priced and usually the same of the NY to/from Albany fare.

For the trip from NY to Toronto, the fare ranges from \$82 (non-Fridays/Sundays) to \$104 each way (Fridays/Sundays). That is right, over \$200 for a weekend roundtrip to Toronto from New York City per person. The *Lake Shore Limited* is priced separately from the Empire Corridor, often \$ 10-30 less.

While this implementation will increase revenue, the exorbitant prices charged on Fridays/Sundays regardless of actual passenger demand, will discourage travel, especially to/from Western New York and with the small leisure market in the Hudson Valley for which Amtrak has not already priced itself out of the market. The largest winner is Metro-North which has experienced both increased ridership and increased demand for parking at Poughkeepsie and Beacon stations as Amtrak has begun implementing its yield management system.

Gary Prophet

Amtrak Seeks ESPA's Input

As Amtrak strives to provide the best possible service on the Empire Corridor, your written trip reports and comments, including specific dates, train numbers and employee names as appropriate are encouraged. Please send to: James Turngren, District Superintendent, Empire District Amtrak 525 East Street, Rensselaer, NY 12144

MTA Offers Holiday Discounts

The MTA is playing Santa Claus this year with a \$50 million discounting plan, which includes the following:

Metro-North and LIRR passengers who purchase a monthly pass for December will receive 10 off-peak tickets for free. People who buy a weekly monthly pass in December will receive 2 off-peak tickets. The free tickets are valid for travel between the same stations as the weekly or monthly pass. The free tickets are valid for use through January and if used on a peak train, an additional charge will be incurred on-board.

On the New York City subways and buses, the following are the holiday discounts:

On weekends from Thanksgiving to January 1, subways and buses will be just \$1 a person, instead of \$2.

Passengers who activate a MetroCard for use on New York City subways and buses, between Thanksgiving Day and December 31, will receive the following extra days that their MetroCard will be valid:

30-day MetroCard (\$76) will be valid for 34 days from the first day of use (4 bonus days).

7-day MetroCard (\$24) will be valid for 8 days from the first day of use (1 bonus day).

7-day Express Bus Metrocard (\$41) will be valid for 8 days (1 bonus day).

A special \$76 Holiday MetroCard will be valid from November 23 through January 1 and will be sold for cash only at subway ticket booths.

Gary Prophet

Metro-North Adds Trains

Metro-North added service on its three busiest rail lines with its October timetable. This includes two more express trains from the upper Hudson and upper Harlem lines, as well as later service into the night. On the Hudson line, a new 3:27pm weekday express was added from Grand Central to the upper Hudson line stations, as well as an additional weekday train at 5:00pm from Poughkeepsie to Grand Central, making just 5 stops before Manhattan. For the additional late evening service, instead of the last train departing Grand Central each day at 1:20am on the Hudson, Harlem, and New Haven lines, the last train each day will depart at 1:50am (1:53am on the Harlem line). Also, additional inbound service to Grand Central was added at 12:50am from Croton-Harmon. Several additional trains were also added, including from Southeast (12:12am), White Plains (1:00am) and from New Haven (12:01am), Stamford (12:56am) to Grand Central.

Gary Prophet

New Ferry Serving Newburgh

Orange County travelers destined for the Metro-North rail station across the Hudson River at Beacon have a new travel option. Dedicated ferry service from Newburgh to the Beacon station has started as of October 17, 2005. The ferry has enclosed seating and is heated/air conditioned and takes about 10 minutes to cross the river. Six ferry trips operate in the morning and eight run during the afternoon and evening, each scheduled to connect with a Metro-North train.

Parking is free at the Newburgh ferry dock, located at Washington and Front Streets where there are 250 parking spaces. The incredibly low monthly cost of \$10 for those with Metro-North passes is made possible by Metro North being a one-ticket provider. The commuter railroad has contracted with New York Waterways to provide the nautical portion of the daily commute. However those without a Metro-North pass must pay \$1 each way

for the ferry. The Federal Transit Administration has provided a \$1.1 million grant to help NYSDOT pay for (subsidize) the new service.

Metro North estimates that about 650 riders per day who use Metro North service at Beacon come from Orange County. Six hundred people are on the waiting list for a monthly parking permit at the Beacon station even though parking has been repeatedly expanded over the past few years. Many of these passengers travel across the Newburgh-Beacon Bridge and are part of the market to be served by the ferry. Metro-North ridership from Beacon has been soaring in recent years. Ridership on the ferry has been about 150 passengers per day, with a peak of 350 passengers on one day during the first week when the ferry was free. The ferry operates Monday-Friday and is planned to run throughout the winter. If the Hudson River becomes completely frozen a bus will be used instead.

Find out complete schedule and fare information along with directions to the Newburgh ferry terminal on the Metro North website.

Metro North also operates a similar service between Haverstraw and their Ossining station, which began in September 2000.

Metro North Spokesperson Marjorie Anders noted to ESPA that "the new service is a boon to Orange and Rockland Counties, making them more attractive places to live". Indeed, convenient rail service adds significantly to the livability of any community fortunate enough to have the option. It seems apparent that political leaders and transportation providers are becoming aware of this basic community impact in their endorsement of projects such as this.

Ben Gottfried and Gary Prophet

Pascack Valley Improvements Begin

The New Jersey Transit (NJT) and Metro North (MN) "west of Hudson" improvement project on the Pascack Valley Line is in the construction phase. Four new passing sidings are being added to the line according to NJT spokesperson Daniel Stessel. The project is a bi-state effort as New York and New Jersey are providing funds even though the improvements are mostly in the Garden State.

The sleepy commuter service (operated by the Erie Railroad) once characteristic of this line through affluent communities in North East New Jersey and lower Rockland County is no longer adequate to serve the growing needs of the communities today. New York and New Jersey passengers will benefit with more express services and reverse peak running capabilities, for the first time in the history of the route! The Pascack Valley Line serves passenger stations in Spring Valley, Nanuet and Pearl River in New York State.

Ben Gottfried

Ohio Hub Study Funded

The Ohio Rail Development Commission (an independent agency operating within the Ohio Department of Transportation) will fund a Detailed Economic Impact Study of the Ohio Hub regional rail plan. The plan includes fast, frequent daylight and evening passenger trains in up to six corridors, including Cleveland-Buffalo-Toronto.

The Economic Impact Study, along with a future environmental impact study, will enable the Ohio Hub Plan to become an officially recognized federal transportation project that is ready for funding.

Save the Date...2006 ESPA Annual Meeting

Saturday, March 11, 2006 • Holiday Inn – Schenectady
Full Details in the next ESPA Express or at www.esparail.org

Amtrak Battle (Cont'd from page 1)

state of good repair. Rep. Jerry Nadler (D., NY) says "No one in the U.S. in the last 50 years has been able to...run passenger trains profitably."

9/21-PM: Reps. John Mica (R., Fla.) and Lynn Westmoreland (R., Ga.) introduce HR-3851 which would turn the Northeast Corridor over to the Secretary of Transportation. He would have two years to decide whether to turn it over to an interstate compact, a private operator, a new quasi government organization, or retain title and franchise its operation through competitive bidding.

9/22: Amtrak Board secretly passes a resolution directing staff to take all appropriate action to create a subsidiary to own and operate the Northeast Corridor. This is not made public until October 12 when the New York Times reports it. It comes as a surprise, contradicting Board Chairman David Laney's Senate testimony in April when he said "the complexities and risks associated with such a split outweigh any benefits." All four boardmembers were appointed by President Bush, two as temporary recess appointments without Senate confirmation, and the Bush administration has repeatedly demanded "reform" of Amtrak which includes separating out the Northeast Corridor. Sen. Frank Lautenberg (D, NJ) and the National Association of Railroad Passengers (NARP) challenge the Board's action; both suspect it is intended to weaken Amtrak's support so as to be able to do away with Amtrak's national system, including long distance trains which Transportation Secretary Norman Mineta has frequently criticized.

10/20: Full Senate approves the \$1.45 billion FY 2006 appropriation for Amtrak recommended by its Appropriations Committee, and by unanimous vote deletes committee language which had barred use of federal funds for sleeping and dining cars. The \$1.45 figure represents significant improvement over the House \$1.176 billion figure and the 2005 \$1.208 bil. amount. Although lower than Amtrak's \$1.8 bil. request, it falls within the \$1.4-1.5 billion range Mead has said Amtrak really needs.

11/2: Reps. Pete Sessions (R, Tex.), Joe Wilson (R, S.C.), and Marsha Blackburn (R, Tenn.) introduce the "Reforming Amtrak's Inefficient Lines Act (HR-4214). This would require Amtrak to discontinue the Southwest Chief, Coast Starlight, California Zephyr, Empire Builder and both New York-Florida trains within one year of the bill's passage. All dining cars, sleeping cars, lounge seating, checked baggage service and on board entertainment would be eliminated on remaining trains.

Senate Approves Authorization

11/3: Senate approves Lott-Lautenberg Amtrak authorization bill by a 93-6 vote. This bill, formerly S-1516, (described in our last issue), is added to the Deficit Reduction Omnibus Reconciliation Act, a "must pass" bill that cuts various programs ostensibly to provide funding for Katrina but also for tax cuts later. Senator Trent Lott (R., Miss.) who chairs the Surface Transportation and Merchant Marine Subcommittee, says "I know it is highly unusual to add an authorization bill to reconciliation, but time is running out." This is an astute move because the S-1516 provisions could be included in the final Reconciliation bill in negotiations with the House even if the House doesn't pass its own Amtrak authorization, which has not yet reached its floor. Surprisingly, the "Yes" votes include long time Amtrak opponents such as John McCain (R., Ariz), and Richard Shelby, (R., Ala.).

One of the reasons the bill gets so much support may be that it includes provisions designed to make Amtrak more accountable—

all funds must go through DOT which must set conditions for Amtrak to meet in order to receive them. The version added to the Reconciliation bill excludes an initial provision for up to \$1.3 billion per year in bonds for upgrading service. (This may be addressed later). All in all, approval of S-1516 is a major milestone, coming after 3 years of failure to even bring an Amtrak authorization to the floor despite multiple attempts.

Key features of S-1516

- *Requires development of criteria to determine whether a new route should be started or an existing route continued, expanded or cut back.
- *Allows routes to be shifted to other operators under contract with a state (no more than 2 per year).
- *Provides 80% federal share capital grants to states for upgrading service.
- *Repeals self sufficiency requirement
- *Authorizes average of \$1.9 bil. annually for six years.
- *Operating funds decline after 2008, capital improvement funds increase.
- *30% of capital funds channeled through states by end of period.
- *Expands Amtrak Board to 9 members, including president.

GAO Report Lambasts Amtrak Management

11/3 House Transportation and Infrastructure Committee Chairman Don Young (R., Alaska) releases a highly critical Government Accounting Office report on Amtrak management. It criticizes failure to develop a company-wide mission statement and strategic plan, lax management in purchasing and cost control, performance bonuses for Amtrak managers (including President David Gunn) without fulfillment of measurable performance goals. Young asked GAO to investigate Amtrak's managerial performance two years ago to help inform Congress on what to do about Amtrak. But some of the issues it raises are already outdated, according to NARP, which notes that the report predicts Amtrak losses will increase 40% by 2009 even though revenues increased twice as much as expenses in FY2005.

The report does praise Gunn, noting many improvements during his tenure—but says much more is needed. It says that while his chief preoccupation has been getting the system to a state of good repair, it is now necessary to address serious administrative issues. (When he took office in 2002, Gunn quickly reorganized the administration, eliminated many layers of managers and made bookkeeping more transparent.) GAO believes Amtrak should establish measurable goals for improvement, such as reducing costs per passenger mile or number of passenger miles produced per employee. The report alleges that Amtrak lacks incentive to economize because it is neither a private corporation subject to market forces and accountable to stockholders nor a government agency subject to federal accountability requirements.

Secretary Mineta seizes on this report to attack Amtrak yet again, saying "The Amtrak Board must stop and take a fresh look at how to proceed in the face of this non-partisan, objective, report of systemic failure." (Jay Etta Hecker, author of the report, has been a persistent Amtrak critic for many years).

11/3 Chairman Young immediately appoints a bi-partisan working group "to determine whether there is sufficient information to warrant the establishment of a formal Congressional task force to address this issue." This action is promptly criticized by lead Democrats on the committee: "I don't understand why we need a special working group to study this report when we already have a Subcommittee on Railroads," said (Cont'd on page 5)

(Cont'd from page 4) James Oberstar, (D., Minn) the Ranking T&I Democrat; "Committee Task Forces are best used in cases that do not easily fit...an existing subcommittee, or cross subcommittee jurisdictional lines. That clearly is not the case here." Ranking Railroad Subcommittee Democrat Corrine Brown (D, Fla.), called Young's action an attempt "to circumvent the (Rail) subcommittee and its leadership, and shows just how far some members are willing to go to bow to the wishes of the White House and derail Amtrak." (Brown and Subcommittee Chair Stephen LaTourette, R., Ohio, have strongly supported Amtrak).

The working group is headed by Richard Baker, (R., La.) who also chairs the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, which uncovered numerous financial irregularities within Fannie Mae and Freddie Mac, according to Young. However Baker made inaccurate statements regarding Amtrak food service in an earlier T&I hearing, according to NARP. The workgroup must finish in February.

11/8 By a unanimous vote the House instructs its conferees to accept the Senate \$1.45 billion figure for Amtrak's 2006 appropriation rather than pushing its own lower figure of \$1.176 billion. The motion is supported by House Appropriations transportation subcommittee chairman Joe Knollenberg (R., Mich.) who earlier in the year severely criticized Amtrak and provided only \$550 million in his subcommittee's version of the bill.

Gunn Gets Fired

11/9 Amtrak Board of Directors fires President David Gunn. "The Board members came in this morning and asked me to resign. I refused, so they fired me," Gunn said in an interview with Railway Age Editor William C. Vantuono. "I feel at least that I did the right, honorable thing. I wasn't going to abandon our people. The Bush Administration's people wanted to implement their plan, which is destroying Amtrak. I stood in their way," he said. Gunn predicted that "during the next few months there will be a lot of train offs and other service cutbacks," according to an 11/9 Railway Age bulletin.

"Amtrak's future now requires a different type of leader who will aggressively tackle the company's financial, management and operational challenges," Amtrak Board Chairman David Laney said in a prepared statement. "The board approved a strategic plan in April that provides a blueprint for a stronger and more sustainable Amtrak. Now we need a leader with vision and experience to get the job done."

Laney's statement is a major switch from his views just two months earlier when he told a Senate subcommittee that "Mr. Gunn has done, as far as I am concerned, a splendid job." He has "righted a ship that was listing and about to spill over."

Many in Congress react swiftly, including New York's two Senators. Sen. Clinton calls the firing "baffling and questionable," and says the Board's actions "warrant a closer look at their overall stewardship of Amtrak." Senator Schumer says Gunn was fired over policy, according to Matthew Wald in a November 9 New York Times article: "The policy difference is that the Board wants to kill Amtrak and Gunn wants it to prosper. It's that simple." Schumer also questions the Board's legitimacy since only one board member has been confirmed by the Senate. "Gunn is more legitimate than the Board is," he told the Times. Republican Senator Lott calls it "a step backward."

A three page letter to Laney, signed by 27 Democratic members of the House T&I committee blasts the Board's action, demanding to know the reasons for it and asking the Board to reconsider. "Amtrak is not a government agency," the letter asserts; "The Board and Mr. Gunn have a fiduciary responsibility...to pursue policies that are in the best interests of the corporation, and to oppose Administration proposals which are not."

However New York's John Sweeney (R., Clifton Park), welcomes the action according to an article in the Albany Times Union which quoted the following statement: "I am hopeful that new leadership can open the door for Amtrak to work closely with Congress to achieve meaningful reform that will enable Amtrak to achieve the autonomy and viability desperately needed for a strong national passenger rail system."

11/9 Amtrak Board appoints Chief Engineer David Huges as Acting President, saying it will conduct a nationwide search for a permanent replacement. NARP criticizes the Board's action in firing Gunn but expresses strong confidence in Huges, a former President of the Bangor & Aroostook Railroad, recruited by Gunn, with extensive rail experience.

11/10 New York Times editorial calls Gunn's firing a "Disgraceful signal at Amtrak—a body blow to anybody who cares about long range passenger trains."

11/11 Ignoring resolutions and votes of both their chambers, congressional budget conferees cut Amtrak's 2006 appropriation from the \$1.45 billion both agreed upon to \$1.31 billion. While still a significant increase over the current amount (\$1.21 bil.) this falls below the \$1.4-1.5 billion Inspector General Mead says is needed.

11/15 Congressman Mike Castle, (R., Del.), a long time Amtrak supporter, tells C-Span he has "had it" with the failure of both the Clinton and Bush administrations to appoint strong, competent members to Amtrak's Board. He says he will introduce legislation to expand the Board to 9 members and make it function independently of both Congress and the President.

House Sub-Committee Investigates

11/15 House Railroad Subcommittee conducts hearing on "Current Governance Issues at Amtrak" to address firing of David Gunn, and legitimacy of Amtrak's Board. In a pre-hearing C-Span interview Chairman LaTourette notes that the terms of the two temporary recess appointment members will end when Congress adjourns next month. After that the two remaining members expect to function as an executive committee that will report to the full board later. But if there is no longer a quorum of members legally appointed, it is not clear that such an "executive committee" would have legal standing. LaTourette also questions whether the President even has the power to make recess appointments to a non-government entity.

During the hearing DOT General Counsel Jeffrey Rosen says the Administration "wants to save and improve intercity passenger rail," and refers to the GAO report as an urgent demonstration of the need for reform. He praises the Board's "business oriented" approach and submits a legal opinion stating the the Board is "validly constituted, has a legal quorum and is fully empowered" to conduct business.

Laney said in a prepared statement that the Board's goal "is to fix Amtrak, to make it better... not to destroy dismantle or privatize it as some have falsely claimed." But he said that despite the improvements Gunn had made there are still major problems. Labor costs alone exceed ticket revenues; and "quite honestly there is little progress to report" in food and beverages, long distance service and on time performance.

The Board's plan presented in April attempted to address these issues by advancing four objectives, Development of corridors with an 80-20 match, with states becoming purchasers of competitively bid corridor service. Return of NEC to state of good repair and reliability. Preserve long distance system with gradually restructured routes that over time will have to meet minimal financial performance requirements. (Cont'd on page 6)

Amtrak Battle (Cont'd from page 5)

Open intercity service to competition and private commercial participation.

Gunn was "released," he says, because he "participated reluctantly and often not constructively in development of this plan. When it came to its implementation he became at best an unwilling bystander." Firing him "was a decision of last resort."

Laney says no decision has been made to create a subsidiary to own the NEC. If we do create a subsidiary it will be "to more clearly separate financial management and accounting for train operation from the infrastructure. Separating these two functions "is not a prelude to an asset sale or the privatization of Amtrak; the Board supports neither at this time. The Board was very clear...that Amtrak should continue to control...(actual) train operations and infrastructure on the NEC." Under intense questioning Laney admits to meeting with several parties interested in buying into the route—but says he can't remember who they were. (He promises to provide this information later).

Robert Menendez (D., NJ) tells Laney and Rosen "I'll be very blunt here: I don't trust you. And I don't think this Congress can trust you."

Gunn says the indications are that the Board is heading toward a breakup of the corporation, turning the NEC over to a committee of governors, and privatization or perhaps elimination of long distance trains. It's nonsense to separate NEC infrastructure out to prevent bleeding of capital funds for operations, he says. Setting up a subsidiary would be complicated, and probably subject the Board to lawsuits.

Acting President David Hughes says he participated actively in developing the Board's reform initiatives and will work "to look for creative ideas to foster more competition, improve operational efficiencies and return the railroad to a state of good repair."

11/16 John Mica, (R., Fla.) who heads the House Subcommittee on Aviation, tells C-Span there is a strong need for more and better rail service in the U.S., both for high speed corridor and long distance service. But he says Congress will not pay the costs alone—the solution is to involve the private sector in financing and operation. This has been very successful in Britain, he says "after some initial problems."

As we go to press, several questions linger: Will the new Amtrak president be appointed based on genuine expertise or the cronyism that has characterized many Bush appointments so far? What happens if Amtrak's board turns out to be invalid? What does it mean when Administration and Amtrak Board representatives say they want to fix Amtrak and make it better while Sec. Mineta advocates eliminating cross country trains?

Would private sector involvement in the U.S. bring Halliburton type results or British Virgin Rail results, which have greatly increased ridership? (The British government subsidizes private rail operators, including Virgin Rail.)

If private corporations were more involved with Amtrak, would they lobby to increase their federal subsidies as successfully as air and highway interests have done?

Our final question: What next?

Frank Barry

Contact President Bush and your House and Senate members.

White House Comment Line: 202-456-1111, fax 202-456-2461
House and Senate Switchboard: 202-224-3121

2005-2006 ESPA Meeting Dates

Saturday, January 21, 2006 Schenectady – The Parker Inn
Saturday, March 11, 2006 Annual Meeting - Schenectady
ESPA members are welcome and encouraged to attend. Please contact President Bruce Becker, 716-741-6384 or bbecker@westwoodcc.cc, for more information or if you are planning on attending a meeting.

ESPA MEMBERSHIP - NEW OR RENEWAL

The Empire State Passengers Association is a volunteer network of people working to improve intercity rail, mass transit and bus service in New York State.

- Introductory membership (\$10.00 for one year)
- Renewal membership (\$24.00 per year)
- Renewal - Student or Senior Citizen (\$12.50 per year)
- Family membership (\$30.00)
- Sustaining membership (\$50.00)
- Patron membership (\$75.00)
- Corporate membership (\$100.00)
- Lifetime membership (\$300.00)

Please make checks/money orders payable to ESPA and mail to ESPA c/o Andrew Cabal, P.O. Box 434, Syracuse, NY 13209.

Send news items and "Letters to the Editor" to: Robert Lenz, Editor, 10531 Main Street, Clarence, NY 14031, Tel: 716-759-2315. e-mail: RWLenz@aol.com. Deadline for material for January/February issue is December 31st, 2005. Material may be reproduced if credit is given ESPA and to the writer.

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