

HELP KEEP RAIL NEWS COMING

by James R. Mills

TRAC, as a citizen lobby, is in constant need of funds to cover its ongoing expenses, including the production of this publication, but is not a tax deductible organization. However, you can help shoulder some of the load by contributing to our partner tax-deductible educational foundation, the California Rail Foundation (CRF), which helps fund annual conferences and the *California Rail News*.

When we as individuals pay our federal taxes we support needed governmental services as well as a myriad of programs we many not choose to support if it were up to us. However the federal law gives us the choice of paying less in taxes if we want some of our money to support a deductible nonprofit organization like CRF.

For example, a person may wish to contribute \$2500 to CRF and make the gift from mutual funds that have appreciated over the course of years. If he is in the 30 percent federal income tax bracket, he might bypass \$300 in capital gains taxes, and he will save \$750 on his income tax on the charitable deduction to CRF. So the contribution of \$2500 to keep the California Rail News going will cost the taxpayer only \$1450.

New Voices on the TRAC Board

JAMES R. MILLS
San Diego County

TRAC members voted to add former California State Senator Jim Mills to the TRAC Board of Directors at the last annual conference.

Mr. Mills is a former member of the California State Senate, serving for ten years served as President Pro-Tempore of the Senate. He authored legislation which initiated the California state rail program and provided funds for the first California Amtrak 403(b) service. He also co-authored the Transportation Development Act of 1971, creating the largest public transportation funding source in any state, as well as Proposition 5 of 1974, which made highway funds available for construction of rail projects subject to a vote by county. More recently, he served as Chair of the LOS-SAN Committee. and as a member of the High Speed Rail Authority. He left the Authority after becoming disillusioned with its leadership and direction.

TRAC is pleased and honored to have Mr. Mills as a member of our Board.



Sunset & Chief Endangered

by Don Bing

The battle in Washington over precious dollars to fund Amtrak operations directly threatens the continued operation of the *Sunset Limited* and the *Southwest Chief*, two of the three long distance trains serving Los Angeles. This is the result of the Bush administration's plan to cut the Amtrak's budget by some \$300 million to \$900 million for the next fiscal year.

The long-distance trains, now known as "national network" or "inter-regional" trains, are the most contentious issue in this battle. Various accounting methodologies either attribute tremendous operating losses to these trains or else demonstrate that these trains are a low-cost component of the system. The *Sunset Limited* and the *Southwest Chief* are among the six inter-regional services "suggested" for elimination because the per-passenger subsidy for these trains has been calculated to exceed \$200. The *Sunset Limited* (L.A.–Orlando) was reported to be sustaining a \$347 per-passenger subsidy, and the *Southwest Chief*, a \$237 subsidy.

The funding cuts proposed by the administration and supported by their anti-Amtrak allies in Congress are a direct assault on Amtrak president David Gunn's five-year capital and operating plan to rebuild the passenger line. The goal of the Gunn plan is to restore Amtrak infrastructure and equipment to "good repair," while maintaining service at current or improved levels.

What are the issues here? The view held by fiscal conservatives is that Amtrak needs

to be pared down to its core function, which they see as "corridor" operations, mainly in the Northeast, the Northwest, and in California. Their thinking is that the inter-regional trains and generous labor agreements place an undue cost burden on the core operations. Eliminating these routes and renegotiating the labor agreements would, they say, mitigate Amtrak's operating losses.

On the other hand, Gunn and others see Amtrak as an interdependent and cohesive unit, with the various trains relying upon one another for passenger connections, and optimizing equipment usage. Dismantling the national network would result in a collection of unconnected regional corridors and a fire sale on sleeper cars.

But those who have closely examined the economics of rail travel have arrived at some surprising conclusions. Based on a load factor analysis, the national network trains may be seen as stronger revenue producers by far than the corridor trains. This is due first of all to the efficiency of a much longer average passenger ride on the inter-regional services than on corridor routes. In addition, the corridor trains have attracted enormous government capital investment. California has invested hundreds of millions in track and signaling upgrades and rolling stock. But California's outlay is dwarfed by the cost to maintain and upgrade the Northeast Corridor (NEC), to operate NEC stations, and for NEC novelties such as Acela whose economic value remains to be proven.

The federally funded portion of Amtrak's budget heavily favors NEC. It is expensive to operate and maintain, although it receives some income from the various commuter operations that serve major cities on the NEC. But on the East Coast, politics rules the day. The NEC runs through some nine states, all heavily populated. That means 18 senators (18% of the Senate) and 92 representatives (21% of the House) staunchly support federal funding of NEC service. Since Amtrak's inception NEC operations are funded entirely at the federal level. The most glaring example is New York, which has received intrastate "Empire Service" without having to share in costs.

By contrast, California pays more for its corridor trains than the next ten states combined. Most of California's corridor operations and stations are supported at the state or local level, with some federal dollars.

National network trains like the *Sunset Limited* and the *Southwest Chief* are routed to run through as many states and congressional districts as possible in order to attract congressional support. However this support is offset by the lobbying prowess of the host railroads that would prefer not to dispatch Amtrak trains. Additionally Amtrak accounting requires that inter-regional trains be assessed a "NEC tax," which drives up the per-passenger cost, creating the false impression that these trains are unreasonably expensive to operate. In reality, the actual costs to run national network trains are limited to equipment maintenance and amortization, on-board labor, administration and marketing. They run on freight railroad tracks, so these trains incur only minor maintenance-of-way expense.

But more importantly, the *Sunset* and the *Chief* are the only viable means of transportation serving far-flung towns in Arizona, New Mexico, and Texas, as well as Gulf Coast and southern Plains regions. They need to be retained and adequately funded. The *Sunset Limited* needs to be upgraded to a daily schedule. With more convenient scheduling and improved on-time performance secured with the cooperation of the host railroads, the *Sunset Limited* and *Southwest Chief* will prove themselves to be a valuable and cost-effective transportation service.

ESTELLE SHIROMA
Yolo County

Estelle Shiroma has been a regular rider on the Capitol Corridor trains since 1997. Her three-hour commute takes her from Davis to Emeryville where she works as an environmental consultant. After listening to complaints from other passengers when things went wrong, Estelle decided that she could not afford to be an uninvolved passenger. After a few months as a daily commuter, she was transformed from a rail passenger into a rail passenger advocate. In 1998, she and another rider launched a website www.trainweb.org/capitolcorridorcommuters for Capitol Corridor riders. The website provides a forum for disseminating and exchanging information about train service and pre-dates the official Capitol Corridor website. She found the website's sponsor — trainweb — at a TRAC meeting.

Since then, Estelle has served as a liaison between passengers and the Capitol Corridor Joint Powers Authority and Amtrak when passenger- or service-related issues arise. She provided necessary feedback to the cities of Davis and Sacramento regarding parking issues at the stations and participated as a member of the Sacramento Intermodal Station Area Working Group, representing the passengers as a stakeholder. "Through all of these experiences," Estelle says, "I learned the value of having a voice to effect positive change."

Many members of our Board of Directors are rail advocates first and riders second. TRAC is pleased to have a rail rider on our board who was inspired by her commute to become a rail advocate.

