

Gunn Faces Funding Gap, Reorganization

The current greatest challenge to Amtrak at the beginning of November is the House Appropriations Committee plan that would give the railroad just \$762 million just over half the \$1.2 billion the Senate has approved. The shape of the final federal budget, after a Republican sweep, may be even tougher on Amtrak's network.

Meanwhile, Amtrak is barely holding on, and will endure a rough winter waiting for repairs. President David Gunn says the additional funds are desperately needed to catch up on deferred maintenance, return wrecked Superliners and Northeast Corridor cars to service, and undertake long-overdue fixes of track and signals.

Most observers chalk up Amtrak's brush with bankruptcy to bad judgment by prior management and the general belief in rosy scenarios in 1997, when Congress wrote legislation requiring that Amtrak wean itself from operating subsidies by 2002. As unkind reality would have it, even the most highly capitalized airlines cannot seem to wean themselves of federal operating subsidies. It reminds some of us of that huge sucking noise that Ross Perot used to talk about.

Gunn's predecessors, Thomas Downs and George Warrington, tried to meet that goal of no subsidy by lavishing funds on capital projects they mistakenly believed would lower operating costs. Warrington left in February, when it became clear that Amtrak had no chance of meeting the self-sufficiency mandate, and revelations by the General Accounting Office put the lie to Warrington claims that Acela was helping the situation.

Gunn has been cited as a refreshingly honest and capable executive, a real take-charge and fix things kind of guy, but he only recently managed to take full control of the Amtrak organization, upon the mid-September departure of Executive Vice-President of Operations Stan Bagley. Reform elements were quick to hail the move as a necessary step for President/CEO David Gunn to redirect the company from its mode of operation under its former chief George Warrington. Gunn apparently drafted the acceptance of Bagley's resignation as Bagley stormed out of the building.

Gunn announced that "After 28 years of service to Amtrak, Stan Bagley has chosen to retire. His many years of contributions to the railroad will long be remembered by all of us. In fact, his years of leadership are evident throughout the operations that we run every day. ... Stan's legacy is that he is leaving us a strong train operations foundation with dedicated people who work every day to provide outstanding service. We should all thank Stan for this contribution and the countless others he has made during his career with the railroad."

What wasn't said by Gunn at the time was perhaps more significant. Internet and printed accounts of Bagley's departure differ on the details, but sources close to the Amtrak Reform Council claim Bagley was dragging his feet on reducing managerial staff. After Gunn's return from a Nova Scotia vacation in September, he realized Bagley's reorganization plan didn't involve layoffs, just a reshuffling of staff positions. Gunn is reported to have said, "This is just re-arranging the deck chairs on the Titanic."

Bagley, portrayed as an empire-builder who had not been challenged in years by ineffective or incompetent CEOs, had come to regard Amtrak as a private fiefdom. A recent internet account from Amtrak insiders said that under "Voucher Boy," [a reference to Warrington], "Bagley was, for all practical purposes, the CEO of Amtrak. What hap-

pened was that Bagley simply did not see why Gunn would be any different from his predecessors, and thus saw no reason to change his own style."

Bagley believed he was invincible in his position at Amtrak and didn't have to comply with his superior. Amtrak for years has carried out cuts on line workers, but this only exacerbated its top-heavy staff structure, something Gunn has never tolerated.

Amtrak had sent more than 400 employees letters telling them their jobs may be affected by a coming reorganization. They were told that they would have the option of applying for other jobs in the company, but that there would be 20 to 25 percent fewer jobs after the shakeup was completed.

Gunn's target date for completing the reorganization was September 30, the end of the fiscal year, but this was derailed by Bagley's refusal to comply. Gunn had to start over with a new plan, after informing the Amtrak board that the deadline would not be made.

"Stan Bagley, frankly, was part of the problem," says Paul Weyrich, Vice-Chairman of the Amtrak Reform Council. "I'm one who is not particularly sorry to see him leave." According to Weyrich, Amtrak has "four times the number of managers that other railroads have, for example, and there is no necessity for that."

An apparently knowledgeable source said Bagley "threw one of his final tantrums (he had been throwing them for months when anyone tried to disagree with him on anything or tried to stand in the way of his power consolidation plans), stormed out of the room and ultimately out of the company. After his final outburst to Gunn, in which he quit, he headed down to his car without even stopping by his office. Gunn composed and delivered his e-mail release to employees before Bagley was able to put the key in his ignition."

During the transition period, all staff reports will go directly to Gunn. This gives him the access to information he lacked as long as Bagley was in control of operations.

Gunn is set on an expansion of rail's role in national transportation, but has a financial conservatism that demands results from new expenditures. He thinks that is how to build a coalition for rail. In a recent interview, he put it quite succinctly: "If you have something that is reasonable and that doesn't break the bank, and produces results in our lifetime, a lot of people will come into the fray and take the argument away from the extremes," Gunn said.

This must happen soon, he said. "This place can't muddle through much longer. It has to have some stability or we'll start running out of equipment; bridges and signal systems will begin to fail." Gunn said. The first major funding he gets will go to put the fleet and Amtrak owned lines back in a safe state of repair.

Gunn's visit to California reported on the cover had a strategic and symbolic role. He views state and local governments as the catalysts for giving Amtrak a place in the federal budget along with air and highways.

Gunn says states and cities must share in the cost of the nation's passenger rail system, akin to the way they share the cost of highway construction and transit systems, he said. "If it's all federal," Gunn said, "I'll be like a piece of chum in a tank of barracudas. Everybody wants free service. You've got to have something that disciplines requests." His effusive praise of the Capitol Corridor was because he sees local activism as the best way to a national rail revival.

Coast Observations

IN A CURIOUS UNIVERSE parallel to Sacramento but 600 miles east, the Mayor is savaged by the local Deseret News: "Has Rocky become cozy with U.P.?" Salt Lake City Mayor Rocky Anderson, who campaigned for linking the city's light rail to Amtrak trains is giving up due to U.P. intransigence... SALT LAKE CITY ACTIVIST MICHAEL CLARA wants U.P.'s Gateway Master Plan redone, to remedy untruths in the original plan. "People ask me, 'Why are you giving the Mayor so much hell? I say, I'm not giving him hell, I'm giving him the truth.'" which is that Union Pacific told city officials it wouldn't close its South line. "If the environmental assessment is redone, two things happen: We bring integrity back to the process, and elected officials will think twice, in the future, about covering up information"... AS PREDICTED HERE MONTHS AGO, San Joaquins lost their dining service at the October 28 schedule change. \$40 million spent by the state to construct and maintain unique equipment for dining service led to a decline in dining revenue... WE ARE TOLD THE POSITIVE NEWS IS "Chef Mario" microwaved Salisbury Steaks (which cost Caltrans more than sirloin) are still available. Invasive "Hungry?" stickers have been supplemented with



even bigger and tackier window billboards telling passengers

they can "Eat Easy."

Northern California food is the stalest in memory, reportedly the result of a Caltrans diktat that Gate Gourmet receive food, re-ship it to Chef Mario, and receive it back as finished items... MEANWHILE, VIRGIN TRAINS E-MAIL ADS promote the British carrier's new amenities including cell phone/laptop recharge plugs, as well as Virgin onboard stores where you can buy not just snacks but the latest CDs and DVDs. Why can't California turn over food service to a vendor with entrepreneurial talent?... HISTORIC LOW PRICES hit the little-known Rail Sale at www.amtrak.com last month. Sacramento-Bakersfield internet fares of \$5.40 were available for most days between October 24 and November 10. Coast Starlight coach fares were available for under \$15 for most California points... ON THE SAME DAYS, print ads promoting Stockton travel ran in Contra Costa and Alameda Counties. After 23 years of trying, hasn't anyone at Caltrans learned Yosemite and Los Angeles, not Valley towns, are the destinations that sell in the Bay?... NEW CAPITOL CORRIDOR TIMETABLES are the best presentation of California service in a decade or more. Ridding the timetable of clashing colors and "chart crap" [as Yale graphics guru Edward Tufte terms it] has made it possible for new passengers to easily understand the service offer for the first time in years. Now if the Capitol Corridor could just fix a few week-day/weekend differences in schedules so buses are usable daily... CHECK OUT OUR REBUILT WEB SITE AT www.calrailnews.com and while you're there tell Congress to retain funding for Amtrak, especially long-haul trains serving California. E-mail Congress directly with a single click at: www.calrailnews.com