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Interview: Dukakis Discusses Amtrak's Future

By **DAVID EMER**
Staff Writer

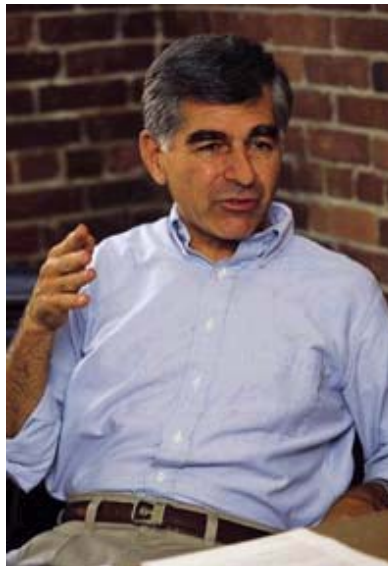
On May 7, 2002, Michael Dukakis explained his views to me regarding Amtrak during these tough times for the company. Michael Dukakis has served on the Amtrak board as vice-chairman since June of 1998. He was the governor of Massachusetts and the 1988 Democratic Presidential Nominee. Currently, he is a distinguished professor at Northeastern University.

Q: What are your roles as vice-chairman of Amtrak?

A: As vice-chair I'm there when the chair either can't make meetings—which doesn't happen very often—and as a strong right arm to the chair. When Governor Thompson was appointed Secretary of Health and Human Services by President Bush and had to leave the Board, I became the acting chair for several months. In addition, because our chairs have been Republicans, I spend a fair amount of time on Capitol Hill working with Democrats who I know well on Amtrak legislation and appropriations.

Q: Amtrak has insisted that it needs \$1.2 billion from congress. If Amtrak receives this money what priorities will it be used for to accomplish first?

A: The 1.2 billion will be used for essential capital investments and some operating



Michael Dukakis
Vice-Chairman of the Amtrak board
assistance for our long distance lines. 160 million of it, regrettably, goes directly to the railroad retirement fund for employees who never worked for us! So the 1.2, along with state capital funds, is really just a little bit over one billion to do the job and develop a dozen already designated high-speed corridors. That's about five percent of what

we spend in federal funds every year for highways and airports.

Q: Do you think Maglev technology has a future in this country? Or should we continue to use conventional trains?

A: Maglev may have a future in this country, but it will be expensive, and it will require exclusive rights of way. What's impressive about the Acela is that it is hitting top speeds of 150 mph on existing rights of way that carry a lot of commuter and freight trains at the same time. Investing in existing rights of way should give us the opportunity to improve both long distance and high-speed corridors. We need both, and they reinforce one another. Balkanizing the system would be a terrible mistake.

Q: Do you agree with former President and CEO George Warrington that Amtrak has a conflicting mission to make money and to provide a service to the country?

A: I don't think there is any conflict between trying to make an operating profit and providing service to underserved communities. On the other hand, unless and until we get the capital funding from Congress invest in money making high speed corridors, we will need continuing subsidies for the long distance trains.

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Amtrak averts a system wide shut down with a \$100 million loan.



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Staff Writer Ian Keyworth takes a look at The Sentinel Project for safety, which has decreased the number of rail deaths.

Railroads In America: A Growth Business?

By **DAVID EMER**
Staff Writer

Usually, old engines, rusty rails, and trees on the track symbolize the decline of railroads. But short lines, running with old equipment on sparsely maintained track are part of a growth sector of the rail industry. There are now 550 short lines compared to 250 in 1980 as a result of Congress' decision to deregulate the rail industry, thus allowing large railroads to dump, what for them, were unprofitable lines.

The short lines have managed to make profits on lines, which the larger rail companies failed to do, by spending less money. Many short line railroads run their trains at lower speeds than the rail giants. At slower speeds, the track condition is less critical. On some segments of track, engineers will have to get off the train and remove a fallen tree. A union employee wouldn't be allowed to move trees but nonunion employees, who are commonly used by the short lines, can. The trains themselves are also in worse shape than those that large companies would use. One short line, the South Kansas and Oklahoma Railroad, uses engines which are nearly a half-century old and don't always work. The Sand Springs Railroad of Oklahoma uses former switcher engines where upgrades like the ability to run multiple units have been made to allow them to serve their

purposes better. The short lines also will rearrange their schedules to better serve their customers. As Bill Macormic, Vice President of Sand Springs Railroad explains, "We live and die by the service we provide." For people like him it is a "can-do" attitude that keeps him in business.

The determined attitudes of railroaders working on short lines have given the larger railroads more business. Gerald Davies, the Vice-President and CEO of Kansas City Southern believes that it is necessary for short lines to help out the big lines in a very competitive market. Short lines are able to serve out of the way places, which it wouldn't be profitable for national railroads to serve. In many cases, the short line will haul the goods from the outside of a city into the city where a larger line can take the goods to their destinations throughout the nation. The Sand Springs Railroad takes loads of corrugated steel into Tulsa, Oklahoma where it then can be taken away by the two large rail lines, BNSF (Burlington Northern and Santa Fe) and Union Pacific. BNSF and Union Pacific along with CSX, Norfolk and Southern and Kansas City Southern are known as Class I rail lines. Officially, Class I rail lines distinguish a rail line that makes a yearly operating revenue exceeding \$250 million. Short lines are referred to as Class III lines, which bring in less than \$20 million and

Class II lines are known as regional lines, which make between \$20 million and \$250 million. The terms "short line" and "regional line" are used fairly loosely and don't always match up with the correct class. Short lines also keep thousands of rural businesses in the black by providing cheaper services than trucks would be able to offer.

Most short lines are opened with an initial investment between \$2 million and \$10 million. David Monte, a railfan, started his rail line, the Genesee Valley Transportation Company by adding real locomotives to his collection of railroad memorabilia. He now operates over 300 miles of track in New York and Pennsylvania and owns 27 locomotives along with hundreds of boxcars. However, short lines are not always led by railfans running "mom-and-pop" businesses. RailAmerica owns 49 short and regional rail lines and operates approximately 12,800 route miles in the United States, Canada, Australia and Chile. The company started being traded on the New York Stock Exchange under the ticker symbol, RRA on January 2, 2002.

As Amtrak struggles to stay above water and the giant freight lines are not what they once were, the short lines remain successful in any way that they can.

Sources: The New York Times, Trains Magazine, and The ASLRRRA.

BNSF Settles Genetic Tests Case; Denies Wrongdoing

By **DAVID EMER**
Staff Writer

On May 8 2002, in a landmark settlement for controversial genetic testing, Burlington Northern and Santa Fe paid \$2.2 million to 36 workers who the rail giant wanted to test in secret, the Associated Press reported. Approval of the settlement is still needed by federal courts.

The tests were allegedly done to determine whether the employees had a high risk of developing carpal-tunnel syndrome, an injury to the wrist caused by repetitive motion. The railroad intended to deny compensation benefits to the workers

who had a high likelihood of developing the syndrome.

The tests were conducted without the consent of the employees and according to one testifying employee, refusal led to the threat of being fired. The Equal Employment Opportunity Commission (EEOC) said that BNSF may have violated the Americans with Disabilities Act by conducting DNA testing but the Commission stated that it couldn't find any evidence showing the railroad used the testing to screen workers.

The disputes began when a maintenance worker, Gary Avary, was told

that an unusually large amount of blood had to be taken from him during a medical exam after he filed a work-related injury complaint. His wife, a nurse, was surprised that several vials of blood were needed and questioned the company. Reluctantly, BNSF told her that genetic testing might be done. Avary refused and contacted his union, a lawyer, and the EEOC. The EEOC sued to end the DNA testing.

The railroad stopped conducting the testing in April 2000. Matt Rose, chairman, president and CEO of the company denied any wrongdoing.

Source: Associated Press

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Emer Notes: A Check On New Amtrak President Gunn

Only months into his tenure as the new president of Amtrak, David L. Gunn is the savior of Amtrak. He engineered a deal to keep Amtrak in business with a \$100 million loan from the Bush administration. He says that he isn't a politician but his ability to deal with the anti-Amtrak Bush administration suggests that he is a great one. A classic example of Amtrak bashing from the Bush administration came when Secretary of Transportation Norman Mineta said that he doesn't want Amtrak to receive operating subsidies. Bush's selection of Mineta, as Transportation Secretary is evidence of his disdain for Amtrak because Mineta has little interest in Amtrak. Mineta sent his deputy to make the arrangements to keep Amtrak trains rolling and when Mineta was asked questions about the bailout deal the New York Times reported that he didn't even seem to know the details of the deal. Tommy Thompson, the former chairman of Amtrak wanted to be the Secretary of Transportation because he believed that he could improve passenger rail in America. Bush gave him the position of Secretary of Health and Human Services. Dealing with the administration, Gunn managed to work out the deal by doing exactly what former Amtrak President George Warrington didn't do, "stick to his convictions," as I wrote in last issue's Emer Notes. Gunn insisted that Amtrak and all the commuter lines it operated would be shut down if Amtrak didn't get money. By threatening the service, he got the support of the public and politicians behind him. The public understood that the economy would be hurt without the Northeast Corridor trains, which take a considerable portion of the air-rail market and commuter rail which thousands of Americans ride to work daily. A CNN/USA Today/Gallup poll found that 70 percent of Americans believed the federal government should continue to subsidize Amtrak in order to keep Amtrak running. On the political side, Sen. Patty Murray quickly jumped to Amtrak's defense attacking the Bush administration for wanting to see Amtrak die. By threatening what was important to many Americans, Gunn insured that Amtrak would get immediate funding to stay alive into August and nearly secured funding until the end of Amtrak's fiscal year in November. The form of funding is still being disputed. Amtrak wants the funding in the form of an appropriation but the administration wants Amtrak to receive another loan. Warrington tried a technique to threaten the cut of service but didn't choose to cut the right trains. On February 2, he threatened to cut as many as 18 long distance trains by October. His statement is much less powerful than Gunn's threat to cut all Amtrak service by "next week." A threat to cut 18 long distance trains will stir the hearts mostly of the small group of people who ride them. Warrington didn't stick to his convictions because he retracted his threat when he saw "signs" that congress would give Amtrak money. Gunn waited until he heard a promise and the loan negotiations were under way before beginning to shy away from his ominous threat.

While I make Gunn out to be a hero, his work is far from done. He is the leader of a company that had a \$3.85 billion estimated debt in March and has a \$5.8 billion backlog in work needed on trains, track, rail yards and stations. However, if he sticks to his convictions he will remain successful not only in getting money when Amtrak is in dire conditions but getting Amtrak a permanent funding source, which it needs and deserves.

Exclusive Interview: Michael Dukakis

Continued from front page

Q: When traveling in Europe, on two occasions I took advantage of their convenient overnight service, which allows you to get on the train at night and arrive in your destination in the morning. This is very cost-effective because it serves as a means of transportation and a hotel. Is it possible for such a system to be setup in America?

A: We already have overnight service in many parts of the country. I myself regularly take the Twilight Shoreliner from Boston to Washington overnight to Amtrak board meetings. It leaves here at a little after 9 PM and arrives in D.C. at 6 AM The Auto Train provides similar overnight service for our guests heading for Florida.

Q: Critics such as, John McCain (R-Az.) and former Amtrak spokesman Joseph Vranich complain that Amtrak's failure is due to management problems. How do you respond to such criticism?

A: I am familiar with Senator McCain's and Vranich's criticism of our management, but I am still trying to get some idea from them as to what in a management sense they would do differently. In fact, there is nothing fat and happy about Amtrak these days. What they are really criticizing is the basic policy decision Congress has made requiring us to run a national rail passenger system. They think a lot of the long distance trains should be discontinued. That's not a management issue; it's a fundamental policy decision.

Q: William Rennie, vice president of Mercer Management Consulting testified in congress that at least a dozen companies are interested in running parts of Amtrak. Do you believe that passenger rail in America should be privatized?

A: We had a privatized rail passenger system in this country, and it went bankrupt. That's why we created Amtrak. I know Britain went the privatization route, and we all know what happened there. The so-called privatized lines are heavily subsidized, and the government is now pouring billions of public dollars into the infrastructure.

Q: This year, Amtrak signed a contract with Continental Airlines allowing for train and air travel to be paid for at the same time on one ticket. Do you believe there will be more partnerships like this in the future? Do you believe that this sets a precedent that Amtrak is less interested in the long-distance market?

A: I am a strong supporter of out partnership with continental and with United, and I hope we can do more of these. But there are thousands of people every year who want to ride our long distance trains, and many of them are sold out from April to October. So we need both.

Q: How do you propose solving the current problem of trains being forced to stop for prolonged periods of time at the Canadian border?

A: There are a lot of ways to speed up the process at the Canadian Border, and I hope we can work with both U.S. and Canadian customs officials to do so.

It was my pleasure to have the chance to interview Michael Dukakis. Many thanks go out to him.