

Statement of
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to the
House Transportation and Infrastructure Committee
Subcommittee on Railroads, Pipelines, and Hazardous Materials

Submitted September 8, 2020 for the record of the September 9, 2020 hearing:
Amtrak's Response to COVID-19

I am an independent consultant and president emeritus of the Rail Passengers Association (RPA, formerly National Association of Railroad Passengers) which I led as executive director and then president and CEO from 1976 to 2014. I do not represent RPA but I am in frequent touch with my successor, Jim Mathews, and generally support his testimony. From 1971-75, I worked for the Massachusetts Secretary of Transportation & Construction and was responsible for one of Amtrak's earliest state-supported trains.

Massive reductions in long-distance service are ill-advised and may well be irreversible. The "restoration metrics" Amtrak has presented are a trap; Amtrak's statement that "the service reductions are temporary" is not credible, nor is the notion that Amtrak can drop so much service and restore it by June 30, 2021, while meaningfully reducing taxpayer costs.

The long-distance trains are more resistant to COVID-19 than are Amtrak's short-distance trains. Starting in April, **long-distance train revenues have exceeded revenues of NEC and State-supported trains combined.** Also, Amtrak's plan worsens the nation's economic inequality, since long-distance coach travelers are Amtrak's lowest income market segment.

Intercity travel now is dominated by three factors – concern about health, ability to telecommute and availability of alternatives.

Amtrak deserves praise for good work in creating the healthiest possible environment for staff and passengers, and in promoting that fact. For some travelers, this likely has tipped the balance from air to rail. It is ironic that Amtrak now plans to remove so much of this service.

Telecommuting has challenged commuter rail and Amtrak's short corridors. Many former riders, if they can work from home, see no (or much less) need to travel.

A key reason long-distance travel has returned more strongly than shorter rail trips is that many longer trips were not work-related before the pandemic, and for many people the alternatives are less attractive or—for the car-less—non-existent. Indeed, the transcontinental trains serve regions where Greyhound has over the last decade done its heaviest route reductions. Coach demand for short round-trips is likely to increase and would be hit hard by planned service reductions.

Amtrak paints long-distance service reductions as leveling the playing field with its short corridors where the number of trains per day has been reduced. This is wrongheaded.

First, ridership on the short-distance trains has declined more sharply than has the number of short-distance departures.

Second, “less-than-daily” weakens the network far beyond the impact of “three trips versus seven.” There is an existential difference between providing daily service vs. telling people they must wait two to five days for the next train, or that their trip newly requires one or more overnights at an intermediate point. (Tables on pages 6-8 show days and times of arrivals and departures at Portland, Sacramento, Los Angeles, New Orleans, Chicago, and Washington.)

For example, anyone wishing to travel from the East to Arkansas or Texas is out of luck because the *Texas Eagle* departs Chicago on the days *after* the three East Coast trains arrive there. This is good for private car owners since Amtrak no longer offers same-day switches in Chicago for an extra fee, but it is not good for the general public. As well, Wednesday’s *California Zephyr* departure from Chicago will have no connections from the East or South.

Amtrak often quotes systemwide figures and polls which hide the stronger performance of long-distance routes.

- Mr. Flynn’s May 25 letter to Congress: “We know from recent polls that approximately half of those surveyed expressed reluctance to ride a train in the next six months.”
- Stephen Gardner’s August 4 letter to me: “Amtrak has never faced a situation of losing 95% of its riders and revenues in the space of two weeks...Although there were early signs of a small recovery in the Long Distance sector, the pandemic in the United States shows no signs of slowing.” This invites the incorrect assumption that ridership on routes serving COVID-challenged states significantly weakened.

In attempting to convince political leaders and the public that the service reductions will be temporary *and* will yield significant financial savings, Amtrak asks us to ignore the huge costs of making and reversing these changes. Here are just the sales and marketing “front end” costs:

- The immediate “negative marketing” effect of the May 25 announcement, which led some people to think service reductions were immediate.
- Sales are open out 11 months and were not closed until mid-August, after which the reservation bureau had to contact any passenger whose itinerary completely *or partly* involved canceled trains, attempt to rebook, or issue refunds.

Then there are the ongoing costs:

- Long talk times for reservation agents attempting to match days desired with days on offer. Some connecting passengers would find their trip impossible or requiring costly overnight layovers.

- Skyrocketing hotel and meal costs of missed connections, anxiety for passengers, and “brand risk” for Amtrak. Today, if a late train misconnects, the passenger is accommodated for one night. Under the October plan, the layover would be two or three nights (four or five in some Florida-train cases). Misconnects result from big delays due to freight train incidents or weather, and Amtrak mechanical problems – not from the handful of minutes associated with adding or removing private cars.
- Amtrak continues health insurance for workers for a year after they are furloughed.
- Will surplus rolling stock be maintained or cannibalized? Will the cost of restoring it become part of an unacceptably high level of “adequate funding” [Flynn’s May 25 letter] Amtrak will request to restart service?

Finally, the restart costs:

- Significant marketing expenses, almost like a new service, will be incurred to convince travelers that daily service has returned. How far in advance will service restoration be announced? The further in advance, the better the load factors once service begins, but also the more publicity is wasted because it will reach people who see the promotion but want to travel before service resumes.
- Rehiring and requalifying/retraining skilled personnel – if they are available.

Amtrak (in the above-referenced August 4 letter) quoted \$945 subsidy per long-distance passenger for *April and May*. Outside Zoom, home delivery companies and the like, few economic activities in those months were sustainable. Ridership has grown significantly since the spring and should continue to grow if the service is not dramatically reduced. Also, how much of that \$945 is allocated fixed costs that will not disappear when service is reduced – certainly not before June 30, 2021?

Tri-Weekly History: Amtrak began the *Coast Starlight* and the *California Zephyr’s* Denver-west segment in 1971 as tri-weekly trains. In 1973, they were converted to daily as summer experiments which proved so successful they became permanent.

Amtrak [President George Warrington testified](#) to the Senate Commerce Committee on September 26, 2000, that less-than-daily service on select routes in 1995-96 “ended up costing [Amtrak] more in lost revenue than we were able to take out in the way of expenses, given the fixed cost nature of the operation” p. 99 (computer p. 103).

Short Distance, Long Distance: The September 1 *New York Times* Amtrak report ends with Stephen Gardner saying long-distance rail is “a small part of our business. We need to be where the people are.” Right now, as noted on page one, Amtrak long-distance *is* where the money is, reflecting the devastating impact of COVID-19 on shorter runs. There is some concern about long-distance ridership suppression, including cases where sales have been blocked even though seats were available (after taking into account Amtrak’s COVID-related restrictions on sales). Cases brought to my attention include *California Zephyr* eastbound trips that originated August 10 and 24 and September 5.

Gardner's quote recalls the June 26, 2019, Senate Commerce testimony of then Amtrak President and CEO Richard Anderson: "We should be looking at breaking up some of those long-distance trains and figuring out how we serve the American consumer to provide high-quality service in short-haul markets where they're using that service today." This implies new short-distance corridors where neither state DOT or host railroad circumstances are supportive. For segments like Charlotte-Atlanta or Jackson-New Orleans to thrive, speeds and frequencies would need to be increased, at huge costs. Prospects for such investments are limited and include the Colorado Front Range and New Orleans-Mobile which face challenges; neither are segments of existing long-distance routes.

Certainly, there is a strong case for Amtrak's short-haul markets. That is reflected in at least thirty years of organic growth in those markets; now 14 states fund such service. California's June 5, 1990, election was pivotal. California voters approved Propositions 116, 108 and 111, forcing Caltrans to move towards genuinely balanced transportation. Props 116 and 108 produced almost \$3 billion for rail; Prop 111 generated major additional funding for transportation, including transit.

Today, as noted, short corridors are more vulnerable to telecommuting – and to the negative impacts of Amtrak's long-distance reductions. Amtrak's May 25 request said "the elimination of any of the state services would result in increased costs to the remaining services, as common network costs are reallocated, further increasing the financial pressure on the states that wish to continue their rail service." Similarly, reduction of long-distance service would harm state services on the cost side and also eliminate revenue from connecting passengers. The latter effect would be particularly harsh for the Oklahoma City-Fort Worth *Heartland Flyer*, about 30% of whose passengers connect to/from the *Texas Eagle*.

Private cars and charter trains: This statement is pro bono except for this paragraph. My major client is American Association of Private Railroad Car Owners (AAPRCO). The Association appreciates Section 9219 of HR 2—and indeed most of the bill's passenger rail provisions. AAPRCO believes that the more positive approach to private cars and charter trains envisioned in that provision would yield valuable revenue for Amtrak -- revenue that is more important now than ever. In particular, the elimination of key access points such as Tucson, Arizona; Jacksonville, Florida; Whitefish, Montana, and Huntington, West Virginia, seem counterproductive, as does the restriction of charter trains to Amtrak's existing network.

Suspension of Amtrak Package Express: Here again, Amtrak is turning away revenues. "Effective October 1, 2020, Express shipping service on Amtrak's regularly scheduled passenger trains will be suspended until further notice. The last date for accepting these shipments will be September 15, 2020, which will ensure all shipments will reach their final destinations before October 1st...In addition, human remains will not be accepted."

<https://www.amtrak.com/express-shipping>

Perhaps this was yet another casualty of "universal tri-weekly" service. It also appears that management neglected the business and was overcharging for it. When something is carried on a train that is operating anyway, rates charged should cover direct costs plus a reasonable profit margin. In contrast, the Amtrak Inspector General said "Management stated that [Amtrak] will

use the results of its costing analysis to confirm that the pricing for each private railcar activity **exceeds both the direct and fully allocated costs of performing that activity**” [Report OIG-A-2019-003, February 6, 2019, page 14]. **This is pricing to drive away business** and also appears to have been applied to Express shipping. By contrast, Robert Menzies, owner and board chair of the freight shortline Aberdeen, Carolina & Western Railway, says, “We carry sand even though it might not cover full cost like chemicals and plastics, but sand does cover variable cost and contribute to our fixed costs.”

Amtrak has a fleet of new baggage cars ideal for handling express.

RAILnet-21 <https://www.railnet-21.com/> is a legislative proposal leveraging private funds against a federal loan, fully secured by a third-party, *investment-grade* repayment guarantee, to bring Amtrak-owned infrastructure to a state-of-good-repair. This proposal recognizes that Amtrak-owned infrastructure, primarily the Northeast Corridor, constitutes a huge financial drain that threatens Amtrak’s entire network. Under RAILnet-21, Amtrak-owned infrastructure would be leased to an infrastructure management organization (IMO) selected by the Surface Transportation Board. The IMO would be a railroad subject to FRA, STB, and DOT IG oversight, and required to comply with the Railway Labor Act, the Federal Employers Liability Act, the Railroad Unemployment Insurance Act, etc. The IMO would be required to hire all current Amtrak infrastructure employees; assume their collective bargaining agreements where-is, as-is; honor their seniority; and recognize their labor representation. The IMO -- in order to make the substantial infrastructure investments required to achieve its business goals and satisfy its statutory mandates -- would hire additional unionized personnel in the field and in its offices, both from which Amtrak has been laying off employees. Amtrak would remain the nation’s rail passenger carrier, and the IMO would be statutorily proscribed from offering any form of revenue train service on the NEC or elsewhere.

Not surprisingly, Amtrak leadership is skeptical, having written: “We don’t believe that the RAILnet concept offers value to the company or to the NEC at this time and we believe that most, if not all, of the central tenets underlying the proposal have deep flaws or are practically unworkable” [Stephen Gardner, August 4 letter]. However, given the unfortunate direction Amtrak is now taking, and Amtrak’s funding requirement (per the Northeast Corridor Commission) of at least \$45 billion to achieve state-of-good-repair, Congress should (a) get Amtrak to explain the “central tenets underlying [RAILnet’s] deep flaws” and why RAILnet is “practically unworkable,” and (b) grill Robert Serlin and his colleagues on RAILnet-21. Both conversations should include discussion of the impact of COVID-19 on NEC passenger revenues.

Thank you for the Committee’s hard work on intercity rail passenger issues, and for considering my views.

APPENDIX – Arrival & Departure Days at Key Connection Points Under Amtrak’s Forthcoming “Tri-Weekly Everywhere” Scheme

The number in parentheses after the time is the Monday of the October 2020 week when reduced service begins on that route. (This will be a challenge for some October travelers using two or more routes with different tri-weekly implementation dates.)

Connections at Chicago

Train	From	At Chicago	To
29 Cap Ltd	Wash/Martinsburg/PGH CLE/TOL/South Bend	8:45 (5) MThSa	
58 City of N.O.	NOL/Jackson/Mem/Carb	9:15 (5) MThSa	
49 Lake Shore Ltd	BOS/NYP/Alb/Buf/CLE/TOL South Bend	9:50 (12) MThSa	
51 Cardinal	NYP/WAS/WSS/CIN/INDY	10:00 MThSa	
21 Texas Eagle		13:45 (12) TuFSu	StL/Little Rock/Texas Tucson/Maricopa/[LAX]
22 Texas Eagle	[LAX]/Maricopa/Tucson Texas/Little Rock/StL	13:52 (12) MWSa	
5 Cal Zep		14:00 (5) MWSa	Omaha/Denver/SLC/Reno/Sac Bay Area
7 Emp Bldr		14:15 (19) MThSa	StPaul/Fargo/Havre/Whitefish Spokane/Portland/Seattle
3 SW Chief		14:50 (12) MThSa	KC/Garden City/La Junta Flagstaff/SanBernardino/LAX
4 SW Chief	KC/Garden City/La Junta Flagstaff/SanBernardino/LAX	14:50 (12) MThSa	
6 Cal Zep	BayArea/Sac/Reno/SLC/Denver Omaha	14:50 (5) MThSa	
8 Emp Bldr	Seattle/Portland/Spokane Whitefish/Havre/Fargo/StPaul	15:55 (19) MThSa	
50 Cardinal		17:45 TuThSa	INDY/CIN/WV/WSS//WAS NYP
30 Cap Ltd		18:40 (5) MThSa	South Bend/TOL/CLE/PGH/ Martinsburg/Wash
59 City of N.O.		20:05 (5) MThSa	NOL/Jackson/Mem/Carb
48 Lake Shore Ltd		21:30 (12) MThSa	South Bend/TOL/CLE/Buf/ Alb/NYP/BOS

Connections at Portland OR

Train	From	At Portland	To
7 Builder	Chicago/WI MN/ND/Whitefish/Spokane	10:10 (19) MWSa	
11 Starlight		14:25 (12) MWSa	Sacramento/Oakland/LAX
14 Starlight	LAX/Oakland/Sacramento	15:32 (12) TuThSa	
28 Builder		16:45 (19) TuThSa	Spokane/Whitefish/ND/MN WI/Chicago

Connections at New Orleans (currently single-overnight for every *Sunset* and *City of New Orleans* trip; the *Sunset* has been tri-weekly since before Amtrak's creation)

Train	From	At New Orleans	To
20 Crescent		7:00 (5) SuTuTh	Meridian Birmingham/ATL/Charlotte Charlottesville/WAS/NYP
1 Sunset		9:00 MWSa	Houston/San Antonio NM/Tucson/Maricopa
58 City of New Orleans		13:45 (5) SuWFr	Jackson/Memphis Carb./Champaign/Chicago
59 City of New Orleans	Chicago/Champaign/Carb. Memphis/Jackson	15:47 (5) SuTuF	
19 Crescent	NYP/WAS/Charlottesville Charlotte/ATL/Birmingham Meridian	19:32 (5) MWSa	
2 Sunset	LAX/Maricopa/Tucson/NM San Antonio/Houston	21:40 TuFrSu	

Crescent to Sunset – Monday & **Saturday** arrivals require 2 nights in New Orleans; **Wednesday** arrival 3 nights

Sunset to Crescent – all trips require 2 nights

City of New Orleans to Sunset – all trips 1 night

Sunset to City of New Orleans – Sunday arrival requires three nights; Tuesday one, and Friday two. (Arriving Sunday connects to the same 58 [Wednesday] as arriving Tuesday.)

Connections at Sacramento

Train	From	At New Orleans	To
11 Coast Starlight	Seattle/Portland Eugene/Klamath Falls	6:35 (12) SuTuTh	
6 California Zephyr		11:09 (5) TuThSa	Reno/SLC/Glenwood Springs Denver/Omaha/Chicago
5 California Zephyr	Chicago/Omaha/Denver Glenwood Springs SLC/Reno	14:13 (5) SuWF	
14 Coast Starlight		23:59 (12) MWF	Klamath Falls/Eugene Portland/Seattle

Connections at Los Angeles

Train	From	At Los Angeles	To
1 Sunset	NOL/Houston/San Antonio/El Paso/NM/Tucson/Maricopa	5:35 MWF	
3 Chief	Chicago/IA/KS/CO/Albuquerque Flagstaff/San Bernardino	8:15 (12) MWSa	
14 Starlight		10:10(12) MWF	Bay Area/Sacramento Portland/Seattle
4 Chief		18:00 (12) TuThSa	San Bernardino/Flagstaff Albuquerque/CO/KS/IA/Chicago
11 Starlight	Seattle/Portland Sacramento/Bay Area	21:00 (12) SuTuTh	
2 Sunset		22:00 SuWF	Maricopa/Tucson/NM/El Paso San Antonio/Houston/NOL

Starlight arrivals:

Sunday – 3 nights to Sunset; 2 nights to Chief

Tuesday – 1 night to Sunset; 2 nights to Chief

Thursday – 1 night to Sunset; 2 nights to Chief

Starlight departures:

Monday and Wednesday same-day connections from *Chief*; effectively no connection on Friday.

All three *Sunset* arrivals have same-day connections.

Connections at Washington DC (Silver Service reductions took effect July 6, 2020)

Train	From	At DC	To
98Silver Meteor	Miami/Orlando/Jacksonville Savannah/Charleston/Richmond	7:07 MTuWTh	
20 Crescent	NOL/Meridian/Birmingham Atlanta/Charlotte/Charlottesville	9:53 (5) MWF	
51 Cardinal		11:00 SuWF	Charlottesville/CharlestonWV/ Cincinnati/IND/CHI
30Capitol Ltd	Chicago/South Bend/Toledo Cleveland/Pittsburgh	13:05 (5) SuTuF	
92Silver Star	Miami/Tampa/Orlando/JAX Savannah/Columbia/Raleigh/RVR	14:38 SuMSa	
91Silver Star		15:05 SuFSa	RVR/Raleigh/Columbia/SAV JAX/Orlando/Tampa/Miami
29Capitol Ltd		16:05 (5) SuWF	Pittsburgh/Cleveland Toledo/South Bend/Chicago
50 Cardinal	[CHI]/Indianapolis/Cincinnati CharlestonWV/Charlottesville	18:19 SuWFr	
19 Crescent		18:30 (5) SuTuFr	Charlottesville/Charlotte/Atlanta Birmingham/Meridian/NOL
97Silver Meteor		19:25 MTuWTh	San Bernardino/Flagstaff Albuquerque/CO/KS/IA/Chicago

Same-day connections from eastbound Cardinal to southbound Meteor not sold.