



DEPARTMENT OF TRANSPORTATION

NEWS

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In a report sent to Congress today, Secretary of Transportation Claude S. Brinegar recommended continuing Federal support of AMTRAK's efforts to improve intercity rail passenger service.

The report recommends continuing, with some modification, the National Railroad Passenger Corporation's (AMTRAK) route structure and a Federal grant to AMTRAK of \$93 million in Fiscal 1974 to offset anticipated operating losses.

"President Nixon demonstrated his strong support for revitalized intercity rail passenger service by sponsoring the National Rail Passenger Service Act of 1970 -- the genesis of AMTRAK," Secretary Brinegar said. "In its early months of operation, AMTRAK has made encouraging gains toward reaching the President's goal, and we think further progress can be made."

"The first years of AMTRAK's operations are formative ones," the report states. "Therefore, it is not possible at this time to assess with any finality the success of the effort to revitalize intercity rail service. There are some notable gains, which support the general assessment that AMTRAK has made progress toward improving intercity rail service."

Among the "indicators of progress" cited in the report are:

- Ridership in the period May-November 1972 was 11% higher than in the same period of 1971.
- Revenue is estimated to increase to \$179.4 million in the year ending June 30, 1973, as contrasted to \$150.5 million in the previous year.
- The net cash loss for the year ending June 30, 1973 is estimated at \$124 million, down from \$152.7 million in the preceding year. With installation of the recommended revised route structure, the loss for the year ahead is expected to be \$95.6 million.
- AMTRAK has acquired a fleet of 1550 passenger cars and 420 locomotives, and a major refurbishment program is underway.

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--New turbine powered trains from U.S., Canadian and French suppliers have been purchased or ordered.

The report recommends:

"While the Department of Transportation continues to study the long-term role of AMTRAK it recommends that the effort be continued along the present lines and that the Congress enact legislation prior to July 1, 1973, authorizing Federal grants and loan guarantees to carry the program forward on the basis of the system recommended in this report. The President's FY 1974 budget request includes appropriate funding for this purpose."

Three AMTRAK routes would be discontinued and two other modified by implementation of the report's recommendations. The recommendations are based on analysis of each route's actual and projected performance, especially ridership, operating loss and availability of alternate travel service.

Routes recommended for discontinuence are: Chicago-Miami; New York/Washington-Kansas City via St. Louis; and Washington-Parkersburg, W. Virginia -- an experimental route.

The Chicago-Cincinnati-Newport News, Va., route would be continued from Chicago to Richmond where it would connect with New York-Florida trains, thus providing Chicago-Florida service. The Richmond-Newport News segment of the present route would be discontinued.

The Chicago to Kansas segment of the Chicago-Houston route would be combined with the Chicago-Los Angeles service during low travel periods to increase operating efficiency.

"During the 22 months that AMTRAK has been operating intercity trains, progress has been made toward improved rail passenger service and the unified national system intended by Congress in the 1970 Act," the report states. "However, many of the changes are not yet apparent to the traveling public, and will take additional time to implement. Many needed changes are still to be initiated.

"Programs actively underway provide for improving equipment, reservations, schedules, fare structure, food service and other passenger comforts. Administrative changes necessary to the efficient and economic operation of the corporation are also underway," the Department found. "These include improved data collection on revenue expenses and ridership, improved cost control, auditing of contracts with participating carriers and assuming direct control over functions solely related to intercity passenger service.

In addition to its recommendations of continued Federal financial support of AMTRAK and revision of its route structure, the Department's report recommended:

- After July 1, 1973, AMTRAK should be relieved of Interstate Commerce Commission control over the discontinuence of its routes.
- The Federal Government's authority to guarantee loans to AMTRAK be increased to \$500 million.
- Continuation of programs underway to improve equipment, reservations, schedules, fare structures, food service and other passenger comforts, as well as administrative programs to increase efficiency.
- Deferral of any considerations for expanded service until existing routes are accorded the resources sufficient to stabilize service and increase ridership.
- When services are added, decisions should be based on market assessment, ridership, and revenue potential as they relate to costs.

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