COMMONWEALTH OF PENNSYLVANIA

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HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE

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In re: Public Hearing on Rail Passenger Transportation

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Stenographic report of hearing held in the Capitol Annex, Harrisburg, Pennsylvania

Thursday,
May 22, 1986
at 10:00 a.m.

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HON. AMOS K. HUTCHINSON, CHAIRMAN

MEMBERS OF TRANSPORTATION COMMITTEE

HON. JOSEPH BATTISTO	HON. THEODORE STUBAN
HON. RICHARD GEIST	HON. JOHN WOZNIAK
HON. GORDON LINTON	HON. MICHAEL VEON
HON. GREGORY SNYDER	

REPORTED BY: Eugene W. Holbert, Registered Professional Reporter

ALSO PRESENT: Paul Landis
Scott Casper

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THE CHAIRMAN: The public hearing for rail passenger transportation will now start.

MR. CASPER: The public hearing is coming about due to the concern that several members of the Transportation Committee had have with regard to rail passenger service in the state and at their behest, the chairman has called this public hearing today. We have an agenda and at this time we'll lead off.

THE CHAIRMAN: Mr. Wick Leatherwood from Amtrak.

MR. LEATHERWOOD: Where would you like for me to locate?

Thank you, Mr. Chairman. I want to thank you gentlemen for the opportunity to appear before you to present a status of Amtrak rail passenger service. I am Wilfred M. Leatherwood, Jr., State and Community Affairs Officer at Amtrak's corporate headquarters in Washington.

Since I understand you have heard your Department of Transportation give an overview of Amtrak service at an earlier hearing, I'll present a status report of Amtrak's legislative process as we view it today and speak of some of the prospects that Amtrak may have for the future in service in January of last year and again this year, the administration proposed a zero budget for Amtrak.

The elimination of Amtrak would have a

devastating effect on Pennsylvania, greater than any other single state that we serve. Pennsylvania would lose almost $100 million in annual income to Amtrak's 3,600 employees who reside in the state.

Over $72 million for goods and services purchased in Pennsylvania by Amtrak last year, with approximately $48 million of that alone in Philadelphia, would not be available. And service for the 5 million riders who used Amtrak in Pennsylvania last year would not be available either.

As you know, Amtrak owns, maintains and operates the Northeast Corridor which includes the Philadelphia-Harrisburg line. An Amtrak shutdown would close the Northeast Corridor unless other uses pick up the costs to operate it.

For example, without Amtrak the cost to SEPTA alone for the use of the Northeast Corridor would jump from an estimated $18 million in 1987 to $42 million, an increase of 24 million. Given these major increases in SEPTA's costs and the fact that SEPTA faces reduced Federal support, themselves, it is utterly implausible to suggest that they could pick up any portion of Amtrak's operation.

The speculation also has been bandied about that private investors or individual states may be interested in operating remnants of Amtrak's intercity system. That we

consider to be a remote prospect, at best. The need for continued rail passenger service in the New York-Philadelphia-Washington corridor is overwhelming, and long term costs of substitute transportation far exceed Amtrak subsidy costs.

As an extension to the Northeast Corridor Spine, Amtrak still provides substantial services to Harrisburg, and we operate the two daily trains, the Broadway Limited, to and from Chicago and New York and the state supported Pennsylvanian service also from Pittsburgh, Philadelphia and New York and return.

The Philadelphia-Harrisburg line still has a higher level of frequency than any other non-Northeast Corridor route except for the New York-Albany Corridor. As travel in the Northeast corridor grows, Amtrak would be the only mode capable of comfortably expanding to handle that travel using the existing transportation infrastructure.

To expand the capacity of other modes such as highway or air, to handle comparable volume growth would require enormously expensive new infrastructure construction and impose major social and environmental costs. Fortunately, the future of Amtrak is now more assured than it was a few months ago.

In fiscal year 1986, Amtrak appropriation was seven one hundredths of one percent of the Federal budget

and the lowest since fiscal year 1977. I am pleased to advise you as I sit here now that President Reagan signed the Consolidated Omnibus Budget Reconciliation Act of 1985 into law on April 7, 1986. Amtrak's authorization for three years through fiscal year '88 was incorporated in that Act and Amtrak will continue all existing services for the balance of the current fiscal year.

Our new authorization includes budget ceilings of 606.1 million in fiscal '87 and 630.3 million in fiscal year 1988. The Senate and House of Representatives have adopted a budget resolution for fiscal year '87 which includes continued Amtrak funding at a freeze level which is $591 million for the next three years.

Both of our appropriations hearings were positive and we expect favorable appropriation action from both Houses of Congress and while these actions do not guarantee a full appropriation level for Amtrak, we are in a much better position legislatively now than we were last year.

Because of budget reductions made as a result of the Gramm-Rudman-Hollings legislation, numerous service adjustments had to be made earlier this year in order to continue to operate a national rail passenger service with the resources available to us, and Amtrak will have virtually no capital for 1986.

Although service adjustments did include frequency adjustments, the current and increasing ridership demands upon Amtrak's limited equipment resources in the Northeast have reached the point that we have some difficulty in achieving our established maintenance goals.

Without the immediate prospects of capital funds, in order to order new equipment, Amtrak has begun to replace the Capitoliner equipment in Philadelphia and Harrisburg service with the more cost efficient Amfleet equipment. We were also obliged to replace the maintenance intensive SPV-2000 fleet in Connecticut with Amfleet equipment.

Unfortunately, these steps have brought our equipment resources to the point where we do not see more equipment becoming available for any time in the foreseeable future and as a consequence, Amtrak has not been able to commit to operate a second cross-state train that has been requested by the Commonwealth.

We will continue to examine the prospects for this proposed second cross-state service and will certainly advise your Department of Transportation if Amtrak's available resources can meet the equipment requirements as soon as our fiscal '87 budget is finalized.

Amtrak looks to the states and communities to help us improve and expand upon rail passenger service in

their respective areas. We are deeply appreciative of the close and cordial relationship we have enjoyed in working with the Commonwealth of Pennsylvania since the early '70's and we certainly look forward to continuing our mutual efforts to improve rail passenger service for its citizens. Thank you very much for your interest and support.

THE CHAIRMAN: Any questions?

REPRESENTATIVE BATTISTO: I have a couple.

THE CHAIRMAN: Go ahead.

REPRESENTATIVE BATTISTO: With respect to the purchase through the '80's up to 1990, what level of funding would you need to maintain per year to maintain the present level of passenger service? You talk about the president's suggested appropriations and Congress' of course, 590 million and so forth.

What would you need per year up until 1990? Do you foresee, considering present rate of inflation and at least the present rate of ridership -- what kind of -- in other words, is this kind of funding consistent with what you would need to maintain the present level of service, at least.

MR. LEATHERWOOD: Yes, sir, it is consistent with maintaining the present level of service and this is also assuming no major cutbacks or reductions from that level. We have had to tighten our belts and effect service

all over the country, even for an immediate short time savings in January which did affect some services in Pennsylvania as well as in the midwest, west coast and in the south.

Our prospects, of course, for funding, counting on our increase in ridership that we are experiencing now, we are reducing the need for Federal funding year by year. A little percentage at a time. Right now we are in the range close to 60 percent of meeting our operating costs by our revenues. And if we continue in that pattern, the level of service that I spoke of as provided by the legislation would ensure a continuation of service.

REPRESENTATIVE VEON: Another question. What is the ridership picture with respect to the one cross-state train you do operate now?

MR. LEATHERWOOD: As far as its healthy ridership.

REPRESENTATIVE VEON: Its viability.

MR. LEATHERWOOD: We have seen an ever increasing ridership for that state train. It's been one of our best performing 403(b) services in our entire system, 403(b) being the state subsidies. It's a good, healthy train.

REPRESENTATIVE VEON: I have heard some good comments about it. I am interested in seeing another

addition that you alluded to.

MR. LEATHERWOOD: I know and I know that the Department of Transportation has certainly been anxious to get a commitment from us and I, as a former resident of Pennsylvania, as the man at Amtrak who has been coordinating activities with Pennsylvania for about six years, I am anxious also to see us in a position where we might be able to help out in that way, and I hope that that will be a positive thing in the fall.

Again, it's going to depend on our final budget and hopefully we are not going to get blasted. We feel a little more confident this year than we did last year.

REPRESENTATIVE VEON: Thank you, Mr. Chairman.

THE CHAIRMAN: Anybody else have any questions?

MR. CASPER: Mr. Leatherwood, does Amtrak have an in-house philosophy on longer hauls versus your, say, cross state hauls or within a shorter corridor from Philadelphia to Harrisburg?

MR. LEATHERWOOD: Well, I think if you want to look at it as a philosophy, many people would think that the intensive ridership that's enjoyed in the northeast corridor, for example, with I would also include Philadelphia-Harrisburg service, will be able to stand alone, even if the rest of the system were dissolved.

But the long distance trains do, indeed,

contribute by the revenue of the higher priced ticket to the overall Amtrak ticket price of that particular area, those corridors. We do view the long haul trains to be a positive contribution to the national system and feel that it should be an integral part of the whole service.

Philosophy wise, there's no particular weight that's given otherwise, except to remind people that we do have to count on our long haul trains to provide the revenue which offset some of the fixed cost of our short corridors and even intensive ones like the Northeast.

MR. CASPER: On this short corridor, does Amtrak view the Harrisburg, Philadelphia to Harrisburg corridor basically a commuter run instead of an intercity run?

MR. LEATHERWOOD: It certainly has a preponderance of commuter train. As you get close to the major metro area of Philadelphia, it also has commuter traffic coming into Harrisburg. Our charter is for intercity, so we have to try to look at an intercity operation to be a continuing thing even though quite honestly, I would have to say we are not really in the commuter business, as such.

There are commuter markets that are being accommodated close in by SEPTA, for example, but there is going to be always a commuter ridership. I think that the distance is such that there probably will be, but by virtue

of the fact that it has been constituted an intercity, it is an intercity service as well. Sort of an overlap.

MR. CASPER: However, American work habits and traveling habits to work are changing. We can talk about people coming in from Paoli to Philadelphia as commuters or listen to Harrisburg as commuters. But when people go back and forth from Philadelphia to Harrisburg or significant points in between, at that point they may be commuters but they also might be intercity travelers.

There are some around that view that people should live where they work. That's a nice view in the general world but, if you drive Pennsylvania Route 283, it seems as though Lancaster is moving to Harrisburg and Harrisburg is moving to Lancaster every morning and every evening. People just don't live where they work anymore to the degree they once did, in which case we can still have true intercity travelers, even though they may be done every day by commuter. Aren't they really intercity travelers?

MR. LEATHERWOOD: I imagine you can call them intercity travelers. I think when you get into the discussion of what constitutes a commuter train or commuter service, we have to look at it through the peak travel periods normally where people are moving to go to and from their work site on a daily basis type of thing.

It is an evolution that we just at Amtrak are

going to have to take into consideration as it becomes a situation of flexibility where the market is going from Lancaster to Harrisburg and not -- and back in Paoli over to Lancaster and maybe to points west. We are just going to have to look at it as this evolves.

THE CHAIRMAN: Also from Harrisburg to Philadelphia Suburban or to Philadelphia, as long a haul as that if they tend to use that service. The point is even though they may be commuting back and forth to work, if you have a run that's 90 miles long, it's still an intercity run?

MR. LEATHERWOOD: Exactly. I understand and because that happens in the corridor particularly where people who commute from Philadelphia to Wilmington --

THE CHAIRMAN: To New Jersey.

MR. LEATHERWOOD: And to Washington also.

THE CHAIARMAN: Do you want to ask any questions?

(No response.)

THE CHAIRMAN: Thank you very much, Wick.

MR. LEATHERWOOD: Thank you, Mr. Chairman.

THE CHAIRMAN: Mr. John Pawson? Bill Polk, do you want to do it now? Mr. Pawson is not here.

MR. POLK: Yes, Mr. Chairman. If I could have one or two minutes to set up a map on these.

THE CHAIRMAN: Okay, Mr. Polk.

MR. POLK: Good morning, Mr. Chairman and members of the committee. Thank you very much for inviting me to appear to testify at this important hearing. As a former employee of State Government, I felt that I might be able to contribute something by reason of years since I perhaps am one of those who has been involved with intercity rail passenger service and public transportation generally longer than perhaps most anyone in the room.

So background is what I would like to spend the first part of my testimony on. Secondly, I would like to give you my assessment of what some of the most recent developments have been and their implication and impact on Pennsylvania and thirdly, some suggestions on future directions that I feel are important for Pennsylvania to take.

First the background. Intercity rail passenger service, as operated by the nation's private railroads -- and I am sure most of you know, certainly Rick Geist knows and Amos Hutchinson knows -- is operated by these private railroads back in the 1960's began to show very serious decline.

The number of routes, number of miles operated, number of trains operated over them and quality of service all suffered. This period of time led some viewers to say

at that time, mid 1960's, that the United States would no longer have any intercity rail passenger service by a decade later, by 1975.

This led to Congress developing the idea, helped by others in the industry and others concerned about a total transportation system for the United States, the development of what has become and is known today as the concept first called Railpaks. This idea was first born in the late 1960's.

Concurrent with that development at the Federal level, several other somewhat related developments were also occurring in that period. Here in Pennsylvania, we were one of the first, the state had seen the need to assist in the preservation and improvement of intercity rail passenger service in the corridor between Harrisburg and Philadelphia and through the Department of Community Affairs, there was state funding provided beginning in late 1965 that kept the Pennsylvania Railroad and subsequently the Penn Central operation going and somewhat improved over what it otherwise would have been under totally private operation.

Likewise, the state Department of Commerce became involved, recognizing the need for equipment because commuter type cars were being used on a somewhat intercity type service; cars leased from the Philadelphia area that were normally suited for commuter service, although they had

been equipped for intercity operation to the extent of having toilet facilities on board.

The State Department of Commerce was then responsible for developing a program that provided a $2 million share of a $4.5 million capital project jointly with the Penn Central, originally with the Pennsylvania Railroad, subsequently Penn Central, to purchase 11 Metroliner cars out of the total of 61 cars that were billed by the Budd Company for the northeast corridor, 11 of these cars to be used in the Philadelphia-Harrisburg service.

Indicative of the problems of the nation's railroads at that time that they were not just passenger service related. Several railroads were confronted with some serious financial problems about this time. And a few had gone into receivership.

Some major mergers were being studied to avert further disaster. Another example that all of us are familiar with, at least those who live in Pennsylvania, was the merger to be a solution for the financial problems for the Pennsylvania Railroad and the New York Central, the creation in 1970 of the Penn Central Railroad Company.

Meanwhile, here in Pennsylvania, studies were underway in 1968 recognizing that no longer a Department of Highways and a Department of Community Affairs and Department of Commerce and other scattered functions in

State Government were going to solve the needs for the future for this state.

The idea of creating the Department of Transportation began to develop; to be centered around the old Department of Highways and with existing transportation programs that were to be shifted to it from the Department of Community Affairs and Commerce and other state agencies and the adding of new emphasis which were not already State Government functions.

This new department, PennDOT as we call it today, took over on July 1, 1970 and among other things, it was given by law, specific responsibilities for expanding and improving intercity rail passenger service in the equipment.

Adding to the difficulties and challenges given to this new department, incidentally was the fact that just a week or two before PennDOT came into existence on July 1, 1970, the Penn Central railroad declared bankruptcy.

Pennsylvania played several important roles other than that in dealing with the nation's railroad problems in the late 1960's and into the '70's. As the Congress, as I mentioned earlier was considering the creation of an Amtrak, Pennsylvania contributed to that planning for Amtrak.

Amtrak, we all know now, was a system severely

trimmed down from even the trimmed down system that was still being operated in late 1969 and early 1970 and into early '71. But it was the idea that a trimmed down system would be a more efficient system, a more viable system.

In August of 1970, Pennsylvania played another rather unique role that some of you may have forgotten. It had passed both the House and the Senate in Washington. The Bill -- and it was lying on President Nixon's desk in San Clemente when he went on vacation and he was not inclined to move on it.

There was need for action. Governor Sheaffer was contacted here, he contacted Senator Hugh Scott. Scott got hold and I heard one source say that he actually flew to San Clemente and he got Nixon to sign the Bill creating Amtrak with an effective date of May, 1971.

The Amtrak plan called for the creation of some 20 end points around the country. And these end points were to be lit by routes that were to be selected by the United States Secretary of Transportation. Unless a state really went after it, you didn't have much input on that.

We decided we wanted to get in on that act and so we made certain that Pennsylvania didn't suffer from the selection of some routes that weren't going to benefit. Two of the most important end points were, of course, New York and Chicago. And it was important, as we saw it, that we

linked New York and Chicago through Pennsylvania, not just through New York State and with Erie.

On the other hand, we also wanted Erie in on this plan. There was a great deal of lobbying by New York and Ohio on the one hand and Pennsylvania on the other. Finally, under the pressures, the major route was picked to be New York, Philadelphia, Harrisburg, Pittsburgh, Fort Wayne and Chicago, the old Pennsylvania Railroad main line.

As a given to New York and Ohio also on May 1, 1971, the water level rose on the old New York Central route through Ithaca, New York, Buffalo, Erie, Cleveland and finally Chicago was also put into operation. There were other end points, of course; Boston to New York, to Washington, the main Northeast Corridor and on south to points of Philadelphia and Harrisburg were identified and of course, around the country, other end points. From the east cost to the midwest, Washington was to be linked with St. Louis and Kansas City. Washington was to be linked with Chicago. New York was to be linked to St. Louis and Kansas City and New York was to be linked, as I said earlier, to Chicago.

We had the advantage here in Pennsylvania that by the fact that we could link both New York and Washington to both Chicago and St. Louis and Kansas City by an existing system then known as the Penn Central, we got the four

routes. The fifth route, New York to Chicago through Erie was fortunately added as well.

REPRESENTATIVE GEIST: Bill, you must have told them the same rational thought hasn't changed. They still call it the same way he's calling it.

MR. POLK: As a result, the service began in 1971. Unfortunately, the New York Central route through Erie didn't last a whole year and it was dropped. The other end points which I mentioned were operated. We did lose some minor service that had been operated and Al, if you would point to the dotted lines, there was service up to the beginning of Amtrak between Harrisburg and Buffalo on the dotted line going north out of Harrisburg, and service south from Harrisburg down through York toward Baltimore.

Also, the B & O service between Washington and Chicago, then operated in Pittsburgh from Washington, the Red Line there, that was not operated initially in the first several years under Amtrak. What you are looking at there on the map, colored in orange is what is operating today.

The dashed routes in orange from Harrisburg south to Baltimore and Washington and from Pittsburgh west to St. Louis and Kansas City were later dropped, unfortunately. Through the early days of Amtrak, PennDOT continued to try to beef up what it had and to get additional routes.

Mr. Leatherwood has referred to the 403(b) section of the Amtrak law, Philadelphia-Harrisburg service, which had already been subsidized before Amtrak by some state funding, was of course, continued under Section 403(b). Thus, Pennsylvania became if not the first, one of the first states in the nation to utilize that function of the Amtrak legislation allowing a state to add service that was not in the basic Amtrak system but a service that the state felt was important to its needs and the needs of its citizens.

The next area that we looked at because of the loss of the service through Erie was a Lake Shore route through Erie. We knew that we could not accomplish this by calling it another New York to Chicago route, so we conceived the idea that we were going to call it the new thing, Boston to Chicago.

Boston to Albany to Buffalo through Erie, Cleveland, Toledo and Chicago. Incidentally, of course, we knew in the backs of our minds that we were also going to have a very good connection which later became the main service between New York and Albany so that this became a New York slash Boston train known as it went into service in October, 1975, as the Lake Shore Limited.

That, as long distance trains goes, has become or is one of Amtrak's better, more better performing long

distance trains in this whole national system.

In 1978, in the Philadelphia area, we saw a need for a local service between Philadelphia, Wilmington, Baltimore and Washington going down the northeast corridor. Service at Amtrak was not operating and so we convinced the State of Maryland that this was needed and they and Pennsylvania joined together on what we called a 403 X service beginning in 1978 which ran for five years approximately, known as the Chesapeake.

In 1979, Congress began to put the screws on Amtrak in looking for economies; made Amtrak cut out several long distance trains such as the North Post Hiawatha between Chicago and Seattle, through Southern Montana, and the National Limited which was the name that was given to the service between New York, Philadelphia, Pittsburgh and St. Louis and Kansas City.

The National Limited dropped in 1979 so that as was said here earlier, we had one cross-state train in the State of Pennsylvania beginning in the fall of 1979. That gave Pennsylvania the chance to try its 403(b) tools another time. We went to work and created the Pennsylvanian which Mr. Leatherwood has already spoken to you about and which I am glad to say continues to be a successful 403(b) operation which was begun April 12, 1980 and continues to run today and I think provides a very useful service for our western

third or two thirds rather of the state west of Harrisburg as well as of course, the district between Harrisburg and Philadelphia and now connected within a couple of years, the last couple of years, connected to New York, so that it does provide a through train between Pittsburgh and New York or any other point in between.

In 1981, the spring in 1981 a year after Pennsylvanian was initiated we, PennDOT initiated the Fort Pitt between Pittsburgh and Altoona providing a late afternoon departure from Pittsburgh back to Altoona and an early morning run from Altoona and Johnstown and threw in Greensburg, into downtown Pittsburgh.

This train ran for two years. I happened to think that with more patience and time and more promotion, perhaps because the economy was suffering to some extent at that time, that that train might well have been saved to Altoona. I do say in retrospect that some of the criticism that we at PennDOT got at that time was that we didn't run it all the way across the state.

We should have had a train that didn't just run from Pittsburgh-Altoona but should have continued across to serve other communities at least as far as Harrisburg, and made a connection in Harrisburg to get you on to Philadelphia. But schedule and equipment problems did not permit that.

Nevertheless, Pennsylvania did try a number of things, and several of them were successful and I think that we need not take any back seat to any other state in the years in the 1970's and the early 1980's in terms of what this state has done in the field of intercity rail passenger service.

Beyond the tangibles that I have just referred to, PennDOT also was actively involved in a number of studies. We looked at the northeastern part of the state where service had not operated even at the onset or beginnings of Amtrak, north from Philadelphia through Allentown and through Scranton and north. There was no rail service north of Allentown, actually north of Bethlehem, in 1971.

So one of the studies that was made was to see if there was a market potential for initiating an Amtrak 403(b) service over that route. Similarly, going east and southeast out of Scranton toward the New York market, toward Hoboken, a study was made of that route and many meetings and test runs of Amtrak cooperation were operated over that route. Finally, we have lost on that one because some of that line owned by Conrail, formerly Erie-Lackawanna, no longer is on the ground.

Down in the Allentown-Bethlehem-Easton area, another study was made of linking that Lehigh Valley

metropolitan area east across New Jersey into the New York market and with a later concept of extending it west to Reading, Lebanon, Hershey into Harrisburg.

Those studies, although no actual service was actually ever implemented, I think should be kept on an agenda for this state and at some time in the future, I firmly believe the former manager of intercity rail service as former Deputy Secretary of PennDOT, that there are going to be needs in the future for expanded intercity rail passenger service.

We certainly do not want to overlook some of the other studies that were made. A route which ended its service in 1971 between Harrisburg and Buffalo, was looked at and, in fact, a line connecting it from Montour up to Erie was also looked at. Studies were made of re-activating service in the northwestern part of the state in that way. Also, over the Northern Central, south from Harrisburg through New York and Baltimore, we see the feasibility of re-activating service there.

We also looked at additional frequencies. Erie was getting unfortunately, as best we could work out with New York and Ohio, we still had a lousy schedule in Erie; something like 1:00 a.m. in one direction and 5:00 a.m. at the other. Even at those hours, however, residents would make good use of that service.

We looked at the possibility of a second train for a relatively local haul, knowing there is a community of interest east and west from Erie east to Buffalo and west to Cleveland and we looked at that possibility. Again, there is a, I think, a possible future potential of a service there.

Then lastly, I cannot overlook what I have always felt was a major omission from the original Amtrak basic system that should have been in it; never was, which has been studied by PennDOT and by Ohio with the linking of Pittsburgh and Cleveland.

I have shown the dotted line because although Amtrak and PennDOT and Ohio officials have run test runs over several routes linking those cities, no final decision has ever been made. But there again is, I think, a very important potential and if I can call it a forerunner to the high speed link that we are all most interested in not only across Pennsylvania, but across the nation from the east coast to the midwest.

A reference has been made already to the third frequency in addition to the Broadway Limited which is not subsidized by PennDOT and in addition to that and Pennsylvanian, there is a third -- a second state subsidized train which would create a third frequency between Philadelphia and Pittsburgh. Studies on that began before I

retired, and I am interested to know what the present status of that is.

I would hope that if the financial problems that confront Amtrak and Pennsylvania can be resolved, that a third frequency, I feel, it is necessary to create a sufficiently attractive frequency of service in the 1980's to open up the market that does exist there.

I have taken a great deal of time for background. My assessment of what has been happening leads me to unfortunately be somewhat negative. Although I have seen these physical developments and these studies that have been made, I have also been seeing what's been happening in some of our neighbors; Maryland, New Jersey, New York, and I believe I understand that you gentlemen are going to be hearing from representatives from those states. I may be wrong about that.

MR. CASPER: A little later.

MR. POLK: Later, not today.

MR. CASPER: Today.

MR. POLK: Thank you. I always hate to see us fall behind. I saw Pennsylvania in the 1960's and 1970's and early 1980's in a leadership role in this what I think is a very important mode of our total nation's transportation system, our total state transportation system, and I would be hopeful, I am hopeful that Pennsylvania can regain

that leadership role.

It certainly has a lot to learn from what has happened in those states and there are others, incidentally, not just our immediate neighbors, but some other states in the nation have also done some interesting and innovative things as far as intercity rail passenger service.

The things that have been done are both organizationally and financially, they are in the area of marketing. They are in areas that I would call the degree of commitment, the degree of attitude and initiative to be taken by a State Government toward this and I feel there's been some slippage in that regard here in Pennsylvania in recent years and I would hope that it can be regained.

I have seen the 403(b) program which has been referred to several times this morning, as a kind of R&D program. I mentioned that once to Mr. Clater and he liked the idea that that role of a State Government seeing a more local need and seeing it more precisely because we are right here on the scene, can do things, can test and do market research, can experiment and run demonstration projects, find out if market research has predicted a particular market to test it.

If it actually is there, fine, continue to run it. If it turns out it isn't there, stop it. That's the kind of flexibility that the 403(b) program I call it, or

research and development program can do. We must look upon intercity rail passenger service as any progressive business upon its products or its service. We must look at it from the total marketing concept.

First we must plan, then we must produce what those plans tell us, but before we do any of that, we have got to find out what the market's needs and wants are and we have got the price of property and we have got to promote it and then we have got to keep an eye on it because it may not always do as well as we initially expected to do it and some changes may well be required. We have got to continue to experiment with the service and fares.

The Philadelphia-Harrisburg service is one of my principal concerns, and I am going to end on that. In the 1970's ridership, even operated with commuter type cars, was approaching one million passengers a year. An unknown, almost, in public transportation circles and certainly in rail passenger service, literally, it was beginning to approach the break even point. Certainly some trains were actually making a profit, with the accounting figures that we were given. But then reversals began to take place.

One of the main problems with that service has always been, in my judgment, the equipment. There's never the right kind of service for those Metroliner cars. They fortunately were never used initially. It wasn't really the

right service for the Silverliner 3's that were bought specifically equipped for that service. Mainly, they were a commuter type car.

Then when those began to go bad, the service, Amtrak leased Jersey Arrow 2 which is another commuter type car. That, too, was not really suited for this service. Finally, old type non-refurbished Metroliners were used and then the Metroliner 2's then became Capitoliners.

Now we are in a fifth or sixth area of equipment for the Philadelphia-Harrisburg scaled down substantially as it is back on January 12 and again now in the end of April, using, as Mr. Leatherwood has indicated, some empty equipment.

The missed opportunities, including a lack of facing up to the equipment needs of this corridor, are tremendous. PennDOT made many efforts to sit down with Amtrak, to try to work out a joint capital project. For a time we even had the $2 million fund that was set aside initially for the Metroliner share back in the 1960's. We had that as an offer to Amtrak. But at no time were we ever able to get the real leadership people, both State Government and Amtrak, I fear, together sufficiently concerned to face up to the needs.

The state must take, as I look now for future directions, the state must take I think a much more active

role in determining the future of intercity rail passenger service. It should be leading with ideas and proposals rather than following.

It should be taking on research and demonstration projects, not sitting back passively and reacting weakly when, and I would say w-e-a-k, weakly, when events or developments that are caused by others or other circumstances have suddenly affected the future of the service or of the route or of the state. It must anticipate those needs and those events and must be taking steps to do something about them.

Cutbacks on the Philadelphia-Harrisburg service are I think, handwriting on the wall, that and I would like to offer as my closing remark something for the record, Mr. Chairman, which I will not take the time to read, a letter I wrote to the Philadelphia Inquirer in which I called to the state's attention the need to be prepared possibly for not just capital investment in the equipment for this line, to save it, to keep it electrified, to keep it multiple track, but also a need, perhaps even to own the property, if necessary.

I see this as I said earlier, as a forerunner to the main route of the core of the eastern third of a cross state, high speed route and I don't see how we can sit back idly and let it deteriorate and perhaps service end

entirely. I thank you very much for the opportunity to testify. May I hand this to you, sir and I would also be pleased to answer any questions that any of you may have.

THE CHAIRMAN: Thank you, Mr. Polk. Are there any questions? Go ahead.

REPRESENTATIVE SNYDER: Mr. Polk, can you hear me?

MR. POLK: Yes.

BY REPRESENTATIVE SNYDER:

Q. The black dotted line from I assume Harrisburg down through York?

A. The black dots.

Q. Down through York, and I would assume it ends in Baltimore.

A. Yes.

Q. Just reiterate for me what is the status of that? Is that simply a line that was looked at one time, was looked at, it's still there?

A. It is the route of the former Penn Central that was operated right up until the beginning of Amtrak, one train a day operated between Harrisburg and Baltimore over that route and made connections with the then Broadway Limited and Spirit of St. Louis at Harrisburg. It served York in Pennsylvania.

It suffered in 1972, serious flood damage.

Parts of the line were totally washed out, bridges. Seven years went by. The Commonwealth has been involved not from a passenger point of view, so much but rather as a possible service to some shipper down in the very southern part of the state there to expend funds to rehabilitate a portion of that line.

Unfortunately, portions of the line also damaged by that flood, however, are across the line in Maryland. To my knowledge, that line is not operable today and I am not sure about its potential for the future. Perhaps someone from PennDOT is better able to answer that detailed a question.

Q. Forgetting the physical state of the line, do you think passenger service along that line would be feasible or warranted?

A. Quite honestly, when I was in charge of this facet of the PennDOT program, I did not place a high priority on that line and the study that was made. I mentioned it in my presentation because it was looked at.

In proximity to Interstate 83, excellent bus service, the air service between Harrisburg and the Baltimore-Washington area, it seemed to me made the investment -- it would be a large investment to make a really good line out of it, if it was a line over which freight could also be operated, and it could pick up a part

of the cost of the rehabilitation and part of the cost of the maintenance might have been a different story, but you look on to the right of that line and the dashed line is the Conrail line called the Pork Load which parallels the Susquehanna River along its east bank down to Safe Harbor.

That line has a considerable amount of freight traffic on it and it is the line through which Amtrak from 1970, '71, into the later '70's operated the connection from Washington for the Washington-Chicago service or the Washington to St. Louis-Kansas City service.

Q. Is it then correct to say that as far as passenger service, you still consider that a low priority and risky endeavor?

A. Yes.

Q. One more question, and that is having to do with I think you were talking about the type of cars that were being used between Philadelphia and Harrisburg as perhaps being the improper ones.

You know, I have ridden that a couple times. I don't ride it regularly. I am curious. What kinds of cars do you think should be used on that line?

A. The cars that they used must be self propelled by electricity or pulled by electric locomotive. The line is electrified. The line connects with the main Northeast Corridor which is electrified to New Haven and Washington,

to New York and Philadelphia, and so on.

The line also presently connects into the SEPTA system at Suburban Station at upper level 30th Street Station, so that the potential exists if it's operated electrically, to operate Amtrak trains electrically propelled through Suburban Station and on through Market East and on to the former Reading electrified systems.

Although I didn't mention it as a future opportunity, I see an opportunity for Amtrak to operate via the SEPTA system north after Market East right on through Jenkintown to Woodburn, use the Trenton cutoff.

That's to be electrified again. It's been ripped off recently there, into Trenton. That way, Amtrak can pick up all of the northern suburban markets that are now relatively missed because there is no easy access to them.

REPRESENTATIVE SNYDER: No further questions.

REPRESENTATIVE GEIST: I have got lots of questions. Let's start -- I thought the history lesson you gave us was great; the briefing.

BY REPRESENTATIVE GEIST:

Q. Let's go back a little bit before the Thornburgh administration. How many employees were in PennDOT? In rail, purely centered in rail.

A. There were fewer employees in rail, if my memory,

if we are talking about including rail freight.

Q. Right.

A. I think I would have to answer that by saying that the rail staff prior to the Thornburgh administration, we are speaking, of course, the Shapp administration and before that the Sheaffer administration, we are speaking of a Deputy Secretary and an assistant to that Deputy Secretary and one female assistant.

Q. In reality, there never has been a conscious effort by any administration to really promote rail in this state. I think it's unconscionable that a department with 10,000 employees only has four people over there that are really dedicated to rail, and we have made our feelings known with the transition team and for the last eight years, but they haven't been followed up that much. Bill, why, in your opinion, was there never an evening train added out of Pittsburgh?

A. Across the state?

Q. When you look at frequency of service as you look at building of ridership and you realize you can't go to Pittsburgh early in the morning but you have to stay over 24 hours almost to get out of town. We don't have any west to east service in the evening out of Pittsburgh and there are those of us who believe for a long time, who have promoted an evening train that we feel we could jack ridership quite

a bit. Why wasn't that effort ever made?

A. The effort was made. At the time that the Fort Pitt was beginning to raise some eyebrows as to whether or not it should be kept on, we made then the effort to consider the third cross state train using, in effect, the Fort Pitt as the I'll call it the western third of the schedule, and we developed a plan showing that actually this could be done with no additional equipment.

There were two train sets allocated as it was, per day and it was possible, as we showed it, to run across the state, doing Pittsburgh in the 5:00 o'clock p.m. hour and across the state, make a connection at Philadelphia 30th Street at around midnight or a little after and immediately turn the equipment, the night train back across the state which would then become the morning train in from Altoona to Pittsburgh for -- we'll call it the commuter traffic.

We have acknowledged that we are certainly -- there would be serious questions who is going to want to ride a coach train across the state that's going to leave Philadelphia at I'll say 1:00 a.m. and therefore, be going through Harrisburg at 2:45 a.m. and across Altoona at -- I suggested that we try to get some additional revenue, perhaps mail or express or something like that to help augment the revenue.

To answer your question, Mr. Geist, the decision

finding was one that is made or was made and continues to be made by Amtrak's marketing department. They, as you know, are partners in any 403(b) funding and the state share is a lower amount in the original years. It may still be the state share increases as Amtrak's share decreases.

Amtrak could not see that initial or, in fact, any portion of that subsidy being borne by them. They did acknowledge that there may well be a market for a cross state train, but they did not like this overnight idea which would have been -- which would have made it possible for the late afternoon eastbound departures that you are talking about.

That problem, I think, is still one that might well be opened up to them at Amtrak if, for example, they have given PennDOT as a reason for not being able to implement a third train. It might be pointed out to them that it literally is physically possible that to put on a third train without any additional equipment.

Q. If we could do a little Monday morning quarter-backing, as a consultant, do you feel that if the work role changes could be accommodated on a trial basis in Pennsylvania, if we ran motorized coaches, diesels across state, say, seven times a day rather than just one 403(b) in that, we would jack ridership up with frequency of service?

A. First of all, I would like to have a better

handle on the market potentials for that frequency of service. Certainly I am right with you when you talk about the value of increased frequency, and I am convinced that two frequencies a day across the state are insufficient to attract any significant market. It gives people too few choices. The third one will add 50 percent more opportunity.

Whether seven is justified, operated with lower cost, you call it, motorized equipment. That I am not in a position, really to answer. I haven't given it any serious thought. Certainly that's a challenge, though, that might well be handled by giving it to someone as a study.

Q. We know it would actually increase employment by the brotherhoods, but it would need a significant change in rules to run two main crews across the state. We just have a driver and conductor. I am concerned with the cuts in service we have had out of Philadelphia to Harrisburg. I look at the total ridership picture and we know frequency of service is so important.

What should we be doing as members of the General Assembly to prop up PennDOT with a funding vehicle. They come to us each year for their operating budgets, but we actually see no commitment to rail out of PennDOT and a secretary who has never been accommodating to railroads anyhow. What do we have to do as members of the General

Assembly to teach PennDOT how to spell railroad?

A. I am somewhat hopeful, Mr. Geist, that come November, there may be some different attitudes beginning to play here in Pennsylvania. I am hopeful, and I don't think much is going to happen until then.

Q. Well, we have one more shot at it here before July 1st. If you were recommending recommendations to this committee, and we were to have a somewhat input into the budget at PennDOT this year, what would you suggest to us to do to make PennDOT receptive to railroading, commuter rail, light freight and other forms of passenger movement?

A. One thing that occurs to me right off the top of my head is that I think that convening a, I'll call it a seminar here in Pennsylvania in which we bring in the experts from other states and have them tell us and make certain that the governor and the prospective governor or governors and their staffs are present to hear this, see how Pennsylvania is not keeping up with what is happening elsewhere, and have someone also to remind the present and future administrations of what is happening with other modes.

I am speaking of the air mode with deregulation and the problems that are occurring there. Speaking of what's happening in the intercity bus industry, certainly we see in Philadelphia a tremendous problem with our highway

system. I am sure that this is true in Pittsburgh and every other metropolitan area.

Q. With the Turnpike Bill we voted in PennDOT's budget, which I think it's a little over $6 billion a year was committed this year to the highway program in Pennsylvania while an insignificant, absolutely small percentile of numbers were committed to rail in the state and without much howling, of course, from our brothers in the administration, we allowed all those trains to be cut.

Yet there are those of us who are advocates of rail on this panel that weren't even informed of these cuts. We thought maybe we should give them 22 cents for a stamp over there sometime.

MR. CASPER: And keep a penny.

REPRESENTATIVE GEIST: That concludes my questions. I would like to say we have one of the most knowledgeable railroad men in the United States testifying here. Bill is held in the highest esteem by railroad professionals literally all over the country, and I think he is to Pennsylanians and Pennsylvanians that know railroading.

THE CHAIRMAN: Any other questions?

(No response.)

THE CHAIRMAN: Thank you, Mr. Polk.

MR. POLK: Thank you very much.

THE CHAIRMAN: Next, Bob Casey.

REPRESENTATIVE BATTISTO: Which Bob Casey is this?

THE CHAIRMAN: This is the real one.

MR. CASEY: Thank you Mr. Chairman. Before you step out, I want to thank you for having these hearings because too often we ignore rail. Things are bigger and cost more money and it's very seldom we get a hearing on railroad matters, which we badly need.

I am Bob Casey, the real Bob Casey, to distinguish myself from the eminent nominee for governor. And I am very pleased to be here today to give you an update on the study for high speed rail in Pennsylvania because well, first, in a sense, the commission, the High Speed Rail Commission is an offspring of the Legislature.

The thrust came from the Legislature and the caucuses in both houses, both caucuses in both houses, all four caucuses have supported unanimously except for one aberration, and one time there were three people that got mixed up and voted negatively.

Seven votes in different matters concerning high speed rail, it's unanimous, which is incredible, and having come over here from Ohio to the executive director of the commission over there, you had two parties. They weren't Democrat and Republican parties, but the high speed rail and

anti high speed rail. And they cut across both parties and so I am very pleased with the situation in Pennsylvania.

Pennsylvania's foresight has paid off handsomely because we are now considered one of the two states which are advanced beyond most of the others in the studies of high speed rail.

With me today is Jack Hargrove from Gannett Fleming who is doing our ridership studies, head of our ridership studies, and Dan Cupper who is executive editor of the Commission. The high speed rail situation in the world is interesting because America has lagged behind completely in this respect. In most other countries of Europe and Japan and so forth, there are high speed rail systems in existence and making money; making lots of money.

You hear about the Japanese rail system as being a money loser. That's true. But the high speed Bullet Train is a money maker, and it helps pay the deficits for the slow and the freight trains. The France -- Japan, the high speed Bullet Train has been going about 130 miles since 1964; 130 miles an hour. In France the TGV has been racing from Paris to Lyon about 170 miles an hour every day, every hour, every half hour since 1983.

And all we have in this country which approaches high speed rail is New York-Washington east Amtrak service which goes about 120 miles an hour in certain locations.

However, elsewhere, our Amtrak trains are averaging about 50 miles an hour and frankly, to be competitive, I think we have to go faster than that.

Meanwhile, in many other countries, Great Britain, Spain, Italy and even Australia even have high speed trains or are building them. They have been building complete new system. Eight countries are going to be represented at the High Speed Rail Convention in Florida next week and so that's a very interesting development because it's not an unknown phenomena and it's not just occurring in certain countries like Japan and France, but in many countries.

The feasibility studies are underway in about a dozen states, and there is a realization in this country that high speed rail can achieve a number of very important results simultaneously. Thousands of construction jobs, thousands of operating jobs after the system's in operation, higher tax revenues for the state; the economic multiplier which begins bringing increased business and the wholesale and retail spending parts.

Dramatic enhancement of business and real estate development opportunities. For example, if you were to fly over Washington, D.C. today you could see tall buildings and a lot of new buildings in various spots which seem to be at random. They are actually the sites of the Washington

Metro, where it stops. Around each metro stop there has been a great deal of development, and this is true for any kind of a new transit system.

Continuing, what high speed rail can achieve, a development of a new industry in Pennsylvania, Pennsylvania has always been a railroad state. We have more railroad producing companies here starting with, of course, General Electric up in Erie and the Budd Company down in Philadelphia, Red Lion, but of course, we still have some in Pittsburgh, my home city, and there are many, many others. There's just literally hundreds of small railroad producing firms.

These firms can contract out, but they will become part of a new technology, a new system, a new industry. Finally, the dramatic reduction in travel time between Pittsburgh and Philadelphia which today takes approximately seven hours on an Amtrak train, six hours approximately in a car, if you don't stop to go to the bathroom or have some lunch.

Air, of course, is about an hour, but you have a considerable amount of time getting to the airport and checking through security and being there an hour ahead of time, so it would add up to four to six hours.

We are talking about a train which would leave central downtown Pittsburgh and be in 30th Street

Philadelphia in two hours. And we are going to need this train, in addition to everything we now have, by the year 2000 because the National Transportation Policy Study Commission, which existed for a number of years recently in Federal Government, has stated that by the year 2000, we are going to have a 97 percent increase in our passenger ridership actually, and freight increase is going to be about 120 percent, but that's not an increase in population. That's an increase in ridership.

High speed rail is not a warmed over conventional rail service, but it's an entirely new mode of transportation. That's because it's a system -- instead of having passenger trains and freight trains on the same tracks and therefore passenger trains subject to all the problems which can be inherited from the freight railroads such as broken down track and everything, which can cause accidents, a tracking which, with the geometry, is configured for freight trains rather than passenger trains, and therefore demands slower passenger trains, when we should have faster ones.

All these problems disappear when you build a high speed rail system because it's only got one subject, that is the high speed trains that are on. Those trains will be devoted directly to the track and the track devoted to the trains or what have you. In the case of magnetic

levitation, it's a guideway.

The system includes technology such as, you know, the signal control systems, and it has a number of other things that it's completely fenced the entire way, no grade crossings of any kinds. In other words, a complete system, all in itself.

When in operation, a salesman, say, in Pittsburgh could get the 8:00 a.m. train to Philadelphia, be there by 10:00 a.m. if he misses the a.m. train, he could get one at 8:00 p.m. Frequency is a very important factor. There was a discussion of this when Bill Polk was sitting here and we are going the hear more about that from Jack Hargrove later, the frequency.

Any city or anything that we have experienced in other states or countries has a very distinct relationship to ridership as does speed. As frequency and speed increase, so does ridership. Our salesman could go down to Philadelphia, make a business call or maybe two and then have a lunch date for a business session there and get back on one of the trains, go up to State College, stop off for a half hour, hour and visit his son or daughter going to school there, make the sales call in the high tech community there and still be back in Pittsburgh to work an hour or so in his office before quitting time.

Well, let's come back from the future. Today we

have great difficulty connecting our two great cities, Pittsburgh and Philadelphia, and our State Capitol and the growing high tech area in State College and of course, because of Rick Geist, we have got to connect up Greensburg and Altoona, too, and many other places on the system.

Actually, what the situation invokes now is that Pittsburgh commerce tends to go towards Cleveland, and Philadelphia toward New York. And businessmen, in particular, almost avoid having the trip to Philadelphia from Pittsburgh or vice versa.

The system is the secret of success for high speed trains. After World War II, improvement in air travel and the creation of the interstate highways took away the then booming rail passenger service, much of it. The railroads for a time tried to respond. They had streamlined trains and put diesels on instead of steam trains and so forth. But there were no fundamental changes.

No fundamental changes such as you have in other modes. Passenger trains continue to use the same track as the freight train. As I mentioned before, that's not the best policy to continue or to make a fundamental change in. You have to change that.

They continue to have grade crossings and they continue to have all the other problems that were inherent in the system. High speed trains require a dedicated

track. Imagine, if you will, a brand new interstate highway. Then in your imagination install an all new, all continuous railroad track on top of it, then in addition to that, you put high performance trains, a lot of them, on there such as the TGV, the German Ice Train and the Bullet Train, the greater communications and controls, which only recently has only been possible because of the development of transistors and microchips and so forth.

Put all these things together and control them by a huge computer or rather a small computer which has great capacity. That's a high speed rail system, and nothing like it has ever existed in America.

In our study, we are investigating the opportunities, the benefits and the obstacles to bring such a world class system to Pennsylvania. You mentioned world class. By this we mean trains going 120 miles an hour or better, although we are talking about 175 to 250 miles an hour.

There's been nothing like it in America and there is a train in France. There's the Bullet Train in Japan, the German Ice Train, intercontinental express trains. Spanish have their Tilt Train. The technology exists. We just have to do it. It's not just a dream.

Pennsylvania needs this project as one of the major tools of reindustrialization. This is the idea for

the 1980's. Just as the canal railroad was the idea of the 1820's, and the Pennsylvania Railroad in the 1840's and the Turnpike in the 1930's. Our state has always been a leader in transportation.

But as I said before, in addition, transportation can achieve many other goals, like a boost to our economy. Just as when you build an interstate highway, you have the earth moving industry, bridge building people. There are tunneling contractors involved. There are hundreds of industries that come into play.

Most of them are in existence because they are located near the interstate highway system. We estimate there could be 25,000 construction jobs to build the system. That's over a period of years, we estimate that Pennsylvania firms and individuals could get at least 70 percent of those jobs.

Just as the interstate can create development, high speed rail can create new commerce and industry, but if we are first in the industry, we have a chance. A couple other states are coming along pretty good. If we are first in the industry our first problems, first experiences of the technology to other states. After our train is in service, we estimate about 12,000 directly and indirectly, jobs will return. There is the ripple effect which is created when you have this new system in place. Other jobs creating

service, food and lodging.

Commerce will increase between our major cities as access becomes easier. I mentioned other states, States of Florida, Texas, and Las Vegas to Los Angeles, New York City to Montreal, Chicago to Detroit. Ohio, directly Cleveland, Cincinnati and others. And others are involved in feasibility studies. I might mention that there was a system or a program to connect up Los Angeles and San Diego in 1984. It was abandoned and Charles Geistburg, of the High Speed Rail Committee predicted that failure.

On the day it was announced, I was working in Ohio. And I asked him if he heard about it. He said yep, and it won't work. We found out why. It was the wrong corridor. It was too short. High speed rail is ideal between 200 and 500 miles. This was only 127 miles.

Also, the way they did it in their approach. They tried to run the route with secrecy and heavy handedness. The promotors sought and gained a legislative exemption from all environmental reviews. Ridership projections were unbelievably high. In other words, they didn't have a chance to succeed with those conditions.

They cited the distance, and that projections were 10 times the estimates of any other corridor study. I've been quoted as saying I think God made Pennsylvania for high speed rail because we have two major cities about 300

miles apart. Very large clumps of population.

REPRESENTATIVE LINTON: God made Pennsylvania for high speed rail. That's a new one.

MR. CASEY: We tap into the Boston-New York-Washington corridor at Philadelphia. We have Atlantic City out there. Even today we have hundreds of buses from Western Pennsylvania heading down to Atlantic City right now this moment. I am sure we can capture many, many of those riders.

We have the Allegheny Mountains. You say that's a strange thing to list as an advantage; the mountains. But you'll find out in bad weather, it's going to be an advantage to have the train there because the train will go through anything.

Additionally, both Philadelphia and Pittsburgh airports are on the FAA list of heavy traffic centers. Landing slots are restricted in both places. It is our aim, as I mentioned before, to connect up our metropolitan cities in about two hours; Paoli, Lancaster, Harrisburg, State College, Altoona, Johnstown and Greensburg.

The study so far has been about two and a half million dollars and we are in the middle of our second phase. We have firms such as Parsons Brinckerhoff Quade & Douglas in Philadelphia, and Gannett Fleming Transportation Engineers of Camp Hill are conducting the study.

Among the expert firms consulting with them on magnetic levitation are the Budd Company of Red Lion. Power systems and communications, we have Gibbs & Hill, Inc., which is a subsidiary of the DeVoe Corporation. We have Dechert Price & Rhoads of Philadelphia on legal. We have economic impact, investment policy and financing with Ernst & Whinney. Financing options, Prudential-Bache Securities, and right-of-way, Westmoreland Engineering.

And we have an oversight team of consultants who look at the work of the first team and criticize it and make sure it's up to snuff and up to standards and can stand out in the market themselves; STV Engineers, Inc., of Pottstown and New York City. R. L. Banks & Associates is a railroad name; Daniel, Mann, Johnson & Mendenhall, and Rackoff Engineers.

We have three phases to this study. Phase 1, we took a general look at everything; stations, route alignment, technology, all the different things that are available throughout the world, the situation here in Pennsylvania, our topography, and we decided and discovered that there were many things quaint or different about Pennsylvania which did not apply elsewhere.

We had to adapt everything to Pennsylvania stations. But what we did discuss is a fast, frequent, safe and comfortable, attractive system that will operate in

Pennsylvania over an extended period of time. The turnpike is a good example of a transportation project.

It's financed through bonds which are desirable bonds. They continue to make money from the turnpike in which they used supplements to pay for their bonds. They have widened it, improved it. It's the best road -- I drive it every week. You don't find very many potholes on the turnpike. They have made tunnels, they have made extensions through the northeast. So this is a good model to keep in mind for the future of our high speed rail program.

I mentioned some of the economic benefits of the high speed rail including jobs and business created and will expand the state tax base and contribute to the overall gross product of the state. It will stimulate travel between the cities on the line and nearby cities, as you'll see from Jack's map later on. Business travel, personal travel, tourist travel particularly.

Environmental impact. There's a significant advantage, a number of significant advantages. In the first place, the course of the train is only about 75 to 100 feet wide. Compare to that to the minimum of 300 feet wide for a new interstate highway.

It has no pollution in its wake. Its noise factor is far less than other, especially far less than the airport, jet airport. Safety, in 21 years the Japanese have

never had on their Bullet Train, one person injured or killed. Four years, the TGV has the same kind of record.

We have a lot of institutional matters that have to be addressed. We believe a private-public partnership will work well but we don't yet know who would own such a system or operate it.

In February of 1985, the consultants completed research on Phase 1. Some of our conclusions traveled 3,060 miles of European trains in ten days. Then they voted to restrict our studies to magnetic levitation. We were offered a grant from the German government, $25,000.00 plus about $80,000.00 in technology to help study the magnetic, Maglev without using our funds.

Magnetic levitation, a Maglev train flies on a wave of magnetic force as propelled by linear induction motors and we'll be glad to have our resident expert explain to anyone who needs more explanation later on. Phase 2, which is now underway, the most important part of it is the investment quality ridership studies, which is headed by Jack Hargrove of Gannett Fleming, and he's going to tell you about that in a few minutes.

In Phase 3 we are going to hone in on very detailed costs, ridership versus fares, economic impact specifics, financing plan, and a project implementation plan. In the kits which we'll give you you'll find a couple

of, a lot of items, but two articles of great importance. On is an article on magnetic levitation which explains the significant in the world today in that field and an article on Railway Age which is an overview of all railroad projects in the world today.

Finally, I'd like to point out that the commission has undertaken a study here which initially was authorized about five years by the legislature. However, it took a while to get the commission organized, and I wasn't employed until three years ago, so really two years were lost, almost two years and during that time since I was employed three years ago, we have had two delays due to the budget process.

So consequently, we were unable to keep the time line the way we planned. We need a one-year extension to complete this study. At this time, I'd like to introduce Jack Hargrove, who will tell you about our investment, quality demand estimating study. Jack.

MR. HARGROVE: I have a slide presentation that will take me a couple minutes to set the slide up.

MR. CASEY: While he's doing that, I might mention our map over here. You earlier saw the Pennsylvania -- the earlier situation of the main line which is our map, the green line, the high speed rail would be the red line. Most of it in the country is new territory, however, going

to the cities we'll be using, the French system of using existing approach to the stations and the cities to keep the cost down in the cities. Any questions?

MR. CASPER: Only one question. I had no idea State College was that far south.

MR. CASEY: South?

MR. CASPER: From where I thought it was in the state.

REPRESENTATIVE LINTON: I have a number of questions. Just wanted to wait until the entire presentation --

MR. CASEY: We might as well save time by going ahead.

REPRESENTATIVE LINTON: No problem. One of our concerns, my concern, and I think Rick's concern also, and other members of the committee relates to the current crisis that we have in passenger transportation in Pennsylvania. I know the High Speed Rail Commission concerns are more futuristic in terms of maybe five years down the road and just trying to see what we can, in fact, do, particularly with limited amount of financial resources and how we are going to address the current problem that we have in Pennsylvania in terms of the continued loss of Amtrak services and service cuts.

I am listening, I listened to you earlier when

you talked about the projections for ridership in the future and what, in fact, will be needed in the state. How are we going to be able to deal with that five, ten years from now when we currently are reducing our availability of transportation service to the point that we are going to lose interest and lose our current ability to transport commuters back and forth in Pennsylvania. Any thoughts on this?

MR. CASEY: You are asking for the wisdom of Solomon.

REPRESENTATIVE LINTON: Absolutely.

MR. HARGROVE: I am not Solomon, but we do have two entirely different problems here, if you will. One is -- and I said that the Legislature was very wise in setting this up to study the future needs and how we can meet these with the high speed train system.

But if I may digress for a minute, I worked at Amtrak and I also worked at other railroad related jobs and so this is a personal opinion, not the opinion of the Executive Director of the High Speed Rail Commission. But my personal opinion is that we do need to have more than as Rick pointed out earlier, more than a couple people in the state and a few dollars in the state budget to vote on rail passenger service.

I think we should beef it up. That's my opinion

as a taxpayer. I think that there are many needs for this service right now as you say. It's a current situation and should be handled and addressed.

I don't think, though, that there's a relationship between the two because the advent of high speed rail in other countries has achieved a tremendous ridership which really was unexpected much beyond their projections and it was not the current riders that were on there, they were probably on there, too, but they were a very small percentage.

These are people, people come from all over to go to France to ride the TVC and Japan to ride the Bullet Train. I am amazed when I am talking to someone, I was over, I rode the Bullet Train, three years ago, five years ago. It's amazing. I don't think the two problems are really related except that they are both passenger problems. I certainly would like to see the present rail situation beefed up.

REPRESENTATIVE LINTON: In that same record, looking at -- I see them related in terms of the fact that we have X amount of dollars and that when we make a decision in terms of budgeting or floating bonds or whatever funding mechanism we want to resort to for transportation in this Commonwealth, you have to make that decision.

MR. CASEY: Okay. I can comment on that. As

far as the dollars for the current situation, definitely, there would be some of the state financing have to be involved. As far as the high speed train is concerned, I don't believe that we will ever need any state financings other than to guarantee bonds such as we do for the turnpike.

This can be financed through the private sector. It is a system that is in the future, as Jack will tell you. Therefore, the only moneys we are talking about spending is the seed money which most of it's been spent already. We are going to the last part of our study. We have already spent the money for high speed rail.

I hope that you won't have to spend any more money in the future. But I think you have to maybe lend, if you have another authority or corporation to set this up, you would probably have to get them going by the time bonds they sold they can pay the state back, just as the Turnpike Commission did.

REPRESENTATIVE LINTON: You mentioned expiration of your commission and need to extend that. When is that?

MR. CASEY: The expiration is December of this year. We can't get finished now, by no fault of the commission. But various budget situations, late getting started. It's just impossible to get the thing defined.

REPRESENTATIVE LINTON: Your feeling is you need

an additional year?

MR. CASEY: Yes.

REPRESENTATIVE LINTON: At that point you are talking about December of '87?

MR. CASEY: Yes.

REPRESENTATIVE LINTON: It's your feeling at that point that the study for High Speed Rail Commission will be completed?

MR. CASEY: Yes, definitely.

REPRESENTATIVE LINTON: And you will come back to the legislature and all of us with some plans or alternatives for financing.

MR. CASEY: June of 1987 we will be coming to the legislature and the governor with our plans, that's correct, with an implementation program. That is the nine commissioners. They can still change their minds and say it is no go. The nine commissioners will have the decision.

REPRESENTATIVE LINTON: It's your feeling this will be able to be done with private financing?

MR. CASEY: Yes, it's being done in other states the same way. Definitely. In fact, the State of Texas, there's a project down there completely in the private sector not even supported by the state. It's completely private. In Ohio, however, and in Texas, and Nevada, California and New York, these are all pretty much supported

by the state as far as feasibility studies are concerned.

MR. CASPER: A point of clarification. That study you are talking about in Texas. It's not in this point. It's not underway. It's study money that's completely from the private sector.

MR. CASEY: Right.

MR. CASPER: Florida is going to be the same.

MR. CASEY: Florida is going to sell chances on various consortiums of companies coming in to get the franchises to build the train. Once one of them wins the franchise, they have a lot of rights, leeway to build the train where they want to, depending on their main course. It has to go from Miami area up to Orlando and over to Tampa Bay but outside of that, they can make adjustments in their course, the way they are going to do.

They can make adjustments as to station stops, things like this. They will have the right to build hotels. A lot of these are big companies involved such as Westinghouse Electric, and Bechtel, they are part of consortiums, and Lufthansa Airlines is part of it; Pan Am.

REPRESENTATIVE LINTON: At one point or another, there were two different proposals that we were looking at. One was to create new existing track and I think there was also a proposal of using current track and upgrading it and -- that would determine also the type of vehicles that you

would use if, you want to use --

MR. CASEY: You have got it right. As you can see, the commission voted to go to the world class or to get all new, entirely new right-of-way extensions coming into the cities. Because it would be a tremendous cost to tear down businesses and homes and build a new right-of-way.

We would have to come in with shared track there, perhaps. That's where you make your time. You have to stop in the city. Why have a new way to come in. In the country, it would be entirely new as you can see by the red line there. And that means that we would have the very high speed technology such as on the one time, the TGV or Ice Train from Germany or the Bullet Train.

On the other hand we have magnetic levitation which would be more than 200 miles an hour, which has no wheels, no moving parts. Therefore, you see it running on maintenance costs and you would have a system which is completely new and different and therefore, will attract a lot of riders just because of its own difference.

REPRESENTATIVE LINTON: Bob, if members of the committee --

REPRESENTATIVE BATTISTO: I was going to ask one more question.

REPRESENTATIVE LINTON: I was going to suggest that if Jack is ready to get started. Representative

Battisto.

REPRESENTATIVE BATTISTO: I am very interested in this whole concept. At what point would you make a decision as to whether to use -- assuming the whole thing is feasible -- to use either the TGV technology or the magnetic levitation, which is the more futuristic one I am so fascinated by.

MR. CASEY: They will have to make that partly based on Jack's ridership studies, based on costs. We don't have this information at our fingertips yet. When we have it altogether, they'll have a choice for the commission. Commission, here are your two choices. Which do you vote for? At that time we'll have a decision. I imagine that will be about the middle of next year. About a year from now.

REPRESENTATIVE BATTISTO: Let's go on.

MR. CASEY: Let's set the stage for this a little, especially since we have some media people here. The last time in Pennsylvania that any kind of east west demand analysis was done on just travel, think it was 1958 by the Pennsylvania Department of Highways and when we formed the commission that wrote the legislation, one of the things that was put in there was that PennDOT would provide the information services necessary.

While out looking for that stuff we find it

doesn't exist at all. So we had to amend our contracts. What we have is probably in the words of other people that are professionals is the finest demand model that's ever been done in the United States, and the person that we are really proud of is Jack Hargrove as our consultant. Jack heads up the National Committee on Demand Standards and the people that write the specs on what should go into a model.

And this is a highly sophisticated art form which is rapidly becoming a science, and with the awesome power of the modern computer to crunch numbers and data fed into it, I am really pleased with the results so far we have gotten from Gannett Fleming and Parks Brinckerhoff concerning this.

What we are going to see, and the media is going to see, something that the toll taker on the turnpike can tell you, there's a heck of a lot of people going west to east and east to west in this state. That kind of sets the stage for Jack because this is in Pennsylvania.

MR. HARGROVE: Thank you. What I am going to talk about today is not only the results but also the method to get there because I think it's important for you to understand what we are doing and how we got the results that we did achieve.

First of all, it's important to understand what we are talking about. What is a high speed rail system?

Bob Casey has mentioned a little bit about it. But what we have is a first class operation. The system is going to look like something out of the 20th century instead of something out of the 18th or 19th century.

This is a TGV system. Streamlined. It will travel, of course, at very high speeds. But it's very stable. Its vertical and horizontal accelerations are very minimal so that you hardly realize that you are even going at the kind of speeds you are going to be operating on. It's not like an airplane where you bump up and down in flight, and especially in weather.

The next thing is the amenities on the system. And again, what we have assumed in our market analysis, is that we are going to provide the same kind of amenities and perhaps even better, that are presently provided on the airlines. In other words, we are going to provide service at your seat. The seats will be clean and comfortable and the amenities inside the vehicle will be just as good as inside an airplane, and perhaps better.

One of the things the Japanese have done is installed telephones on their high speed trains so you can have all the facilities there to do whatever you want to when you are traveling for business or whether you are traveling for work or what have you.

This is what we are assuming in our demand

analysis.

This is essentially the way we went about it. We have modified this a little bit. First thing, you have to develop the approach. You have to look at ways people have done it before. We aren't trying to re-invent the wheel. We are trying to look at other mathematical models and procedures people have used, and update those with our experience and with information we have collected during this analysis.

We also had to check a lot of data. As Rick mentioned, very little data available. We surveyed over 25,000 people. We got about 9,000 forms back that were all entered into a computer program so that we could find out as much information as we could on the origins and destinations of the people, a lot of socio-economic data so we could determine the characteristics of the travelers and people that would be actually making these trips and are making the trips today.

We also had to look at the forecast detail. What was going to be required in the development of this model with respect to the trip purposes, the trip characteristics and the evaluation of the variations. What kinds of variations would we expect.

We have to recognize there is a lot of uncertainty involved in developing these demand forecasts

and we have to take that into consideration in our analysis, so what we have to do is we have to find out what kind of variations are we apt to have in these primary rationales that we are looking at.

Once we have done that and developed a model and developed the data and information that we need, then we had to calibrate a trip first and details, conduct sensitivity tests to find out all different variations in travel time cost, frequency of service, problems of access time and egress time would impact or could impact upon high speed rail travel.

Then we developed our forecasts and we tested them for reasonableness. How does this compare with what other people are getting in Europe and other places where they actually have high speed rail service. How do we compare with Amtrak, the Northeast Corridor? How do we compare with Canadian systems which are similar to the concepts that were initially developed.

We have to know are we really in the ballpark. This is one of the major problems in San Diego is they were projecting 100,000 riders per day. Everybody knew that this was improved. Nobody in the world is getting that kind of ridership, including France and Japan. So we have to conduct tests of reasonableness and finally, we developed a final report.

Now, this illustrates part of the problem. Since 1960 and through 1985, we have had a significant increase in travel throughout the United States. Most of that increase is related to automobile travel and airline travel, and Bob did mention the congestion we have in Pittsburgh and Philadelphia airports, and this has become a significant problem.

So one of the things we want to do is to find out how a high speed rail system would impact upon these other modes and not necessarily do we anticipate that we would have a decrease in the travel on those other modes over what we have today, but what we have today is eating into that increase.

We can't afford to let our airports get more congested than they are because we have serious problems. We have to try to reduce some of that congestion. The most important thing is what kind of market segments are we specifically looking at.

We made some assumptions in our analysis that we would have commuters, business trips, tourist industry and other special trips and in our surveys we found out what we have, and one of the reasons we wanted to do this is we know that we cannot afford to meet the peak commuter travel like rapid transit systems do because this is too expensive.

So what we have to do is fill up this area in

between the peak and off peak period, between the peak periods, we have to fill this up with tourist and other special types of trips and also generate travel in both directions so that we can optimize our revenues and minimize our operating expense.

But we wanted to find out as much as we could about the travelers in Pennsylvania, and this came out in our studies, and this shows essentially what we have. This is what we have today. Greatest market as you can see for rail and automobile is the work trip, the commuter. People are using it especially between Philadelphia and Harrisburg.

We have a lot of people that are commuting in both directions. We also have, of course, a lot of people on the turnpike that use the turnpike for business travel and work travel and we also have some people that use the airlines for work trips.

First, the largest segments on the airlines is the business trip. We also have quite a few people that take rail and automobiles for business trips. I personally mostly use rail when I go to Philadelphia. I always use rail because this is so much more convenient. I can work on the way up and I can work on the way back.

It's a little bit rough ride. It's a rough ride especially between here and Lancaster, but what we are

talking about is a very stable system so that you can -- we have movies, and I am sure the people who were fortunate enough to go over there saw people with their champagne glasses on their trays, and it's a very stable type environment, the kind of thing that you would like to travel.

The next thing we want to find out is what can we find about these different markets? Who pays for the trip? What's the value of time, importance of the schedule and the number in the parties, ease of access. This was -- we conducted surveys to obtain inside information.

In addition to our origin-destination surveys where we surveyed about 25,000 people, we also contacted market research people, two different types; one by a market research specialist, and another one by a group that looked at it analytically, more of an engineering type approach. We have used focus groups to provide as much insight as possible into these primary areas.

Let's look at what happened. Now, this shows the trip payment. Who pays for the trip. One of the understandings that you can see is that on the airline, the individuals do not pay for a very high percentage of the trips. This is mostly paid by companies and someone other than the individual who is traveling.

However, on the rail and auto, a much higher

percentage of the people pay for those trips, themselves. However, the business is still contributing. So we know from this analysis that what we are talking about is that we have to get business to help support this business just as they do the airlines so that we can get these people to travel on a high speed rail system.

This shouldn't be that difficult because we promised a much higher overall scheduled reliability than the airlines can, especially during the winter months, and this should make the high speed rail system extremely competitive for these long distances.

The next thing is family income, and one of the things you can see from this graph is that what we are talking about in most cases are the two major markets, work and business. Most people traveling today, their family income is $40,000.00 or more.

This again means that we have to provide a first class service for these people to get out of their cars and get out of their planes to take these high speed rail systems. That's why we have designed it that way, to make sure that all the amenities people have in an airplane are going to be available in a high speed rail system so that we can entice these people to shift.

We can promise the time, travel time. We can beat the automobile of course, and we can beat the airlines

in most cases if you consider the access and egress times at the airports, but we still have to provide the service to get people out of their cars and out of the airports.

Even school trips, you are seeing here that a fairly high family income for all of these different types of trips. We know the people who do travel in Pennsylvania are people who are making fairly substantial incomes. The next thing is how do they get to the airport. How do they get away from the airports. This is very important because we have to take this into consideration in the design of our stations. So we had to find out how we get near.

Most of the people, as you can see, use the automobile for access, and some of them use the automobile for egress. The primary reason you say at the egress area so many people walk is because of the fact that a lot of the people on the trains at the present time are going to Philadelphia, and I am sure most of you, when you get to the downtown station in Philadelphia, you walk to your final destination, so that's what we found.

We still have a number of people in both the -- especially at the airports that are renting cars, taking taxis and limousines and of course, some of them do transfer to airlines, too. So what we want to do now is make sure in our stations we have taken into consideration an intermodal interface so people can get there by automobile, taxi, rent

cars. We can interface with rapid transit of course with Philadelphia and Pittsburgh.

The next thing we had to find out is what are the travel characteristics of Pennsylvania today. Bob has already mentioned this, that most of the travel in Pennsylvania is between Harrisburg and Philadelphia and within the Pittsburgh area.

Now, the primary reason for this is that these trips are less than two hours, and since the largest market that we have is the work trip, most people commute less than two hours within Pennsylvania. We also can see as Bob had previously mentioned, that we have very little travel at the present time in terms of major magnitudes between Philadelphia and Pittsburgh, and the primary reason is travel time.

Six to seven hours is too long for people to travel. However, one of the other things that we had to look at was what is the monthly variation. That shows quite a bit. One of the things it does show is that your highway travel on the turnpike is very low in January, February, March and April and then increases of course, during the summer months. We all know this, but what we didn't know was the magnitude.

The other thing perhaps more interesting, is that travel on Amtrak is relatively stable between

Philadelphia and Harrisburg and also between Pittsburgh and Philadelphia. You can see the average and it really doesn't vary that much, and one of the reasons I see is because of schedule reliability.

You can get on the train if you know it's going to take you five hours, but you are going to get there. If we can promise two hours, we are going to get a lot of more people to go because we can promise schedule reliability and proximity during the winter months. During the winter when people don't use the airlines as much, the travel is still there.

One of the things we had to do was we had to develop the computer model to make the projections, and this shows the rail system and it shows the access and egress links, so to speak. We had to make sure that -- all of this is a study area. We had to make sure that we considered every single one of these areas because we know that under the terms commuters are coming from the Philadelphia, Harrisburg and Pittsburgh areas and also are taking the trains from these areas.

We wanted to make sure that we adequately considered the potential for travel in all of these areas. This is essentially how it was laid out. One of the things they were being asked to do was develop a computer model to give us some idea of station to station travel.

This is a typical printout from the train performance model. Takes into consideration acceleration, deceleration, all the station stops, where they are, is essentially modeling the whole station and you can see by your spikes what the average speed is where we slow down for the various stations and to give you some idea of what the speed profile is across Pennsylvania, but it also gives us an important input, that is, station to station travel time for any kind of system that we want to apply.

We can do it at 250 miles an hour, 180 miles an hour. It does give us useful inputs in improving station to station travel time and also in terms of energy utilization which is important in developing operating costs.

What you have to do is have a computer model and mathematic equation to simulate what is going to happen in the future. The major variation we are looking at are labor force and per capita income. Employment, employment destination from travel time to destination and origin, travel cost.

What we have to do is find out as much as we could about these two major origins, the two most important factors, obviously, are population and employment. This shows the population growth in Pennsylvania from 1980 to the year 2000 and it's a gradual increase of about .7 percent per year which has occurred since 1960.

So we see no reason that it's probably not going to increase about the same time, although we have solid statistics showing what kind of increase we would get in each year, but this is not quite like what you would expect in Florida and California where you have dramatic increases and changes, but it does show a solid increase and we hope, through the introduction of high speed rail, to be able to accelerate more than shown here. But this is what is projected with the standard state projections at the present time.

The next thing is employment, and we also show a slight increase in employment throughout this 20-year period. This also is representative of the last 20 years. We know that there's a shift in the kinds of people that are employed, but we still have the gradual increase in employment throughout the 20-year period.

Now, one of the most important things is the calibration of the computer model, so before we can make projections, we have to make sure the computer model will predict what we are getting today. This shows the results of this calibration.

You can see that essentially for all the different trip purposes, there's essentially no difference between what was observed from the surveys and what was estimated by the commuter. We feel that we have very high

correlation. Now, there was one other major problem with this correlation, and that is correlation by trip distance.

That's perhaps -- in other words, we are talking about a multi dimensional validation and calibration of that computer program. And this shows the deliberate distribution, the difference between those observed from the surveys and those estimated by the computer program, and again, we have very high correlation.

We feel confident because of the fact that we have good, valid calibration of computer model in predicting today's trips, that we'll also have good projections for these future trips. Next thing is a modal split. Why people chose one mode over another; why people chose automobile, rail and bus to make their trips.

The important variables are travel time and cost, frequency of service, however often, and access distance and time. Because how long it takes you to get from one to the airport terminal or rail stations is important, on which mode you choose, especially for short trips.

There's one other one which is probably the most difficult one to get a handle on. That is peoples' perceptions. How do you feel about your automobile? How do you feel about rail? These are things you can't pursue quantitatively like you can cost and time.

All we had to do was conduct two market research surveys in order to get as good an understanding as possible on how people feel, what their perceptions were about air service, rail service or automobile and bus service. And one of them was a quantitative analysis which provided useful methematical inputs into our equations for the analysis of projections now. This essentially shows theoretically what happens.

As your distance increases and as your rail speed increases, the modal split changes, rather dramatically. Especially from about 150 miles to 300 miles. Now, of course, it may go on to 500 miles before the airport really takes over and starts to decrease this high speed rail market, but what you can see is that at the longer distances, we would expect a fairly reasonable modal split going from somewhere between 30 and 40 percent within the speed ranges that we are talking about.

You can also see the shorter distance you are from the line, not going to get too much and the primary reason is it takes you too long to get to the stations and away from the stations so people use their automobile for these short trips. The average trip distance, from our computer analysis, is 50 miles. This is all automobile travel.

Average bus trip is 50 miles. Average rail

travel is 180 to 190 miles. So we know what we are doing is looking into this long term market. The next slide shows what happens to the other systems, and you can see that we go from 40 to 280 miles and we have fairly significant impact on the automobile.

We have fairly significant impact upon the aircraft, but we have particularly no impact at all upon bus service. Primary reason for that is the bus service is so diverse, we can't really compete with bus service because the bus trips are much shorter.

An important factor is when this analysis was to find out what kind of long distance trips we did have and whether this market is going to be able to assist us in meeting our operating costs. We looked at two different sources.

One was the survey that was just conducted. The other one was a 1980 Bureau of Census during the work statistics. That shows a fairly substantial number of long distance trips. This is one of the primary markets that we are interested in, the one that we'll have the greatest impact on.

In the validation of our computer model, again, from the standpoint of modal split, looking at the difference between air, bus, rail and auto, you can see again there's little difference between the estimated and

observed trips.

In fact, when you take a ratio, essentially, there's no difference. I feel confident that not only our trip generation distribution model is accurate, but our modal split is accurate, because it's accurate in predicting what happens today.

The next thing is to look a little bit about what the results are. What you can see is as we go to a high speed rail system or Maglev system, we would have some impact upon air travel, some on bus and some on automobile travel.

However, we would, it's all dependent upon how fast you go, how much impact you have upon the different systems, obviously, depends on how fast you go and what your travel time is.

This sort of shows what the trip purpose by market segment and the primary market segments we are interested in are obviously the commuter. We are going to be talking about a new kind of commuter. We are talking about a commuter that goes between Harrisburg and Philadelphia.

In the future we are going to be talking about commuters that go between Philadelphia and Pittsburgh. The travel time is going to be the same or almost the same as it is between Philadelphia and Harrisburg today.

So we have essentially shrunk the state to a two hour trip. I know when I was young I moved from Iowa, and it took 18 hours to get there. When I graduated from the Naval Academy, it took 18 hours to get from Michigan to Iowa. Now we are talking about shrinking the time in the state to two hours. That will make a significant difference in travel.

This shows the daily rail person trips by rail type, the 1985 system. High speed rail and Maglev, something to the order of six to seven million on high speed rail. Something on the order of eight on a Maglev system which is about half of what they are getting on the TGV system today.

In addition, we anticipate growth as peoples' perception about high speed rail change over time. In other words, we noticed that from 1950 so 1960 when we introduced the jet aircraft that the travel by air increased at the rate of about 10 percent per year from 1950 to 1960. Then it decreased about 5 percent per year and it's still increasing.

As I have noted, on the TGV system growth was 10 percent per year for the first two years of operation. Last statistics I have seen they are talking about a growth of 14 percent a year. We anticipate we may start off with six to seven million or six to eight million, but we would then

anticipate that there would be continued growth as people begin to believe in the reliability and amenities associated with this high speed rail system. In other words, their perceptions will change over time.

Now, this gives you an estimate of how we anticipate this is going to increase. This is the high speed rail system. What we have developed is the most probable estimate, a low and a high estimate. We have various assumptions that we have developed on each one of these different assumptions, the most probable is our best guess of what will actually happen.

You can see from the year 2000 to the year 2010 we will have a reasonable growth of high speed growth period. This shows the same thing for Maglev. Again, you can see, anticipate a real growth in that area. This shows the daily station to station rail trips.

This is a new diagram based upon the introduction of a high speed rail system. You can see that now, instead of having major breaks in travel between Philadelphia and Pittsburgh, we now have connected those two and we now are beginning to see major travel between those two cities.

This shows really what happened. If we go to the above, we have the 1985 system and the travel desire lines, below we have the high speed rail desire line

diagram. You can see that we've shown scaling down, time-wise the whole state down to what it is at the present time between Philadelphia and Harrisburg. And we anticipate even greater travel between Harrisburg and between Philadelphia and Pittsburgh than we presently have between Harrisburg and Philadelphia.

What does this mean? One of the things that we know is that first of all, we are going to have to make major improvements to most of our stations because we are going to have to improve the modal interface; parking facilities. And so we have developed renderings and initial designs and they have gone around and talked to the people about these and all of the station areas throughout this high speed rail line.

We are going to have to have parking facilities; that we know. We also anticipate there will be major developments in the future in the vicinity of these stations. These are just the station designs that I am showing you now. This shows State College, whatever it looks like, what we anticipate it would look like. This shows the Paoli, a new station at Paoli.

Now, this is another kind of a rendering that was developed for the San Diego and Los Angeles study but there they had emphasized major developments occurring within the station areas, themselves. This shows what could

possibly happen in Philadelphia and Pittsburgh through the introduction of a high speed rail system. This is very similar to what we have right now and our model in Washington, D.C.

In Atlanta you have the same type of development occuring. Most of the systems introduced in the past 20 years have shown major developments occurring in these treatments. We know the PATCO, the problem right now is that they didn't have enough facilities for interfacing with automobiles and buses. You have to be able to interface in order to get the people there, and if they can't park, they won't use the systems; or if they can't get to the station.

We know we have to take this into consideration in the development of our stations and it's one of the more important aspects of our ridership attempts to give us some kind of insight into how large the station should be and how we can design to because it impacts on costs and also ridership because of this access-egress problem.

That pretty well completes the formal part of the presentation. I'd be glad to answer any questions. I anticipate that we'll have our report out in about two to three weeks.

REPRESENTATIVE LINTON: I have found the presentation very impressive.

MR. CASEY: I wanted to add one point here which

is I think not really very apparent unless you think about it. People often say how can you have a high speed rail service when you don't have the feeder system that you have in Japan, the rail system.

We depend on the automobile. That's our feeder system. The answer is have huge parking facilities. O'Hare airfield; what would it be without its huge parking facility. You can't get there to get the airplanes. That is our feeder system, the American feeder system.

REPRESENTATIVE LINTON: Representative Battisto had a question.

REPRESENTATIVE BATTISTO: A few statistical questions. What is the distance from the northern terminus to the southern terminus of the TGV line?

MR. CUPPER: 265 miles. The trains do it in two hours flat.

REPRESENTATIVE BATTISTO: They average 138. To get out of the city, how many stops does it have.

MR. CUPPER: Non-stop. Some stop once.

MR. CASEY: We could have trains which would skip stop, skip one station, A train and B train.

REPRESENTATIVE BATTISTO: 300 miles seems to be around the optimum distance. But for example, suppose like with Maglev system, move the optimum distance a little further, let's say to Columbus or you know, certainly we are

talking about a considerable --

REPRESENTATIVE GEIST: It opens up Chicago. This demand analysis which is so good, shows one thing, that we don't even continue this Western Pennsylvania line. And when you consider a line shift, if you look at that football diagram that they had which I don't know how the media people are going to explain it, if you open up that line, you consider really from Atlantic City to Chicago at 300 miles an hour with Maglev, what ridership would be there in that segment. I am telling you I don't know how you have done it. They have done an absolutely fantastic job with this model.

MR. HARGROVE: I think one of the things we have observed from our analysis is we know we have very good connections from New York into this area. We have extremely poor connections to Chicago, Detroit and Cleveland into this area. We had made some assumptions and still carrying out those assumptions to get some idea of what would happen if we had a major development in mid state to attract people from the eastern part of the state to the western part of the state.

Our biggest problem is we are getting a lot of the people out of New York and Philadelphia. We weren't getting any people from Chicago, Detroit and Cleveland, and those represent major population centers that we can't take

advantage of because we don't have the reduced travel time to the west of Pittsburgh.

If we did, if we can somehow tie the Ohio program into the Pennsylvania program, then it would be of benefit to both states because we would then reduce that travel time all the way from Chicago to Philadelphia and New York. So it opens up a whole new area.

REPRESENTATIVE LINTON: What is your best guesstimate, I guess at this point in terms of your startup time for building the project and completion?

MR. CASEY: Best answer is that the French took exactly five years to build theirs and get it into operation. However, they do things a little bit more dictatorially over there, I believe, and there's always a possibility of a lawsuit which can hold us up. So I wouldn't say five years, but it could be done in five years. It's possible.

REPRESENTATIVE LINTON: You are right. It won't be five years. In terms of that, where are we in terms of technology? I now we are talking about Maglev. Finish to completion date of your commission to come up with your report, we continue debate on the financing and make sure everybody is secure, whether they are going to have a private investor or whatever money the states will need to get it off the ground.

You are talking about five to seven years for completion. Where are we in terms of technology at the time we are ready to go on this? Is the Maglev the latest or state-of-the-art?

MR. CASEY: Japanese have a good test treatment at Mishima. And the Germans have one on Elmshorn on the Dutch border. We have ridden the one on Elmshorn and it does work and works very well. As I mentioned in your kit, it's a copy of Sppedlines, March issue, and there's Dan Cupper's article Flying Without Wings.

This gives you the whole background on Maglev to date. But there is a distinct possibility of having a system in this country from Las Vegas to Los Angeles because they are determined to have Maglev. They don't want to even take bids from anybody else. They are sort of being forced to --

MR. CASPER: You may have a long wait.

MR. CASEY: They may or may not. If they built one first, that would be nice. We could use it for a test track. We could go out there and ride it.

REPRESENTATIVE GEIST: Maglev by that time, we are talking 200 miles an hour. I think they are going to be talking 350.

REPRESENTATIVE LINTON: Any other questions from the committee?

MR. CASPER: Bob, in Germany, with the Ice Train, the rail system that they are building the next generation now, is that the TGV type technology, but improved?

MR. CASEY: I think they tend to go faster than the TGV. They have upgraded TGV. The French have upgraded their own technology with the Europeans; have worked it together. Some trains from one country to the other. The high speed, even the tunnel, they are talking about going under the English Channel.

MR. CASPER: Paris, Brussels to Cologne back to Paris type of --

MR. CASEY: In Germany, Ice Train and France and both of them in London.

MR. CASPER: It's all that kind of --

MR. CASEY: Yes.

MR. CASPER: Is Maglev being constructed or actively in the planning stages, where it will imminently be able to break ground in the next couple of years than anywhere in the world?

MR. CASEY: I don't believe so.

REPRESENTATIVE LINTON: Any further questions? Bob, I'd like to thank you for your presentation and the other members, Mr. Hargrove and others who came forth this morning, and hopefully you'll hand out the packets and we'll

have some information. Maybe Mr. Pawson's train is late this morning because the Amtrak train wasn't there and he had to take the Greyhound Bus.

REPRESENTATIVE LINTON: We'll recess for ten minutes.

(Whereupon, a brief recess was taken.)

REPRESENTATIVE LINTON: We would like to call the meeting back to order. Our next presenter is Mr. Louis Rossi, Director of the Rail Division of the New York State Department of Transportation. Mr. Rossi, please come up.

MR. ROSSI: Thank you. I am very flattered, actually to be invited to come here from Albany and give you some information about what we have been doing in New York. I can answer a lot of questions about New York. I wouldn't be presumptious to really advise you about Pennsylvania.

If anything we have is helpful, we are very glad to offer that to you and to continue to do so and if not, I am still flattered that you invited me to come here and I have a slide show for you if you would like me to get started.

REPRESENTATIVE LINTON: Surely.

MR. ROSSI: I was asked by Scott Casper to go a little bit into how we have developed what we call our high speed program in New York State, what it means, what we have done. I thought, I need to set the stage a little bit more

than normal because some of this information is probably a little bit strange to you.

The New York State rail program is a billion dollar program over ten years divided into several components. Intercity passenger or what we call our high speed passenger program and then various freight programs, grade crossing protection, grade crossing elimination programs.

The state resources applied 575 million, have come largely from voter approved bond issues. We have had two bond issues in New York specifically for rail program purposes, one for 250 million and one for 400 million. Those sources, plus direct appropriations in the state budget, have given us an intercity passenger program of 110 million of state funds, matched by Amtrak and Conrail and other historic preservation funds, about 160 million for a total investment of about 270 million in passenger.

When we say passenger improvement program, we look at all facets of improvement. Service improvements in terms of new destination, many services such as Montreal and Toronto have been added to our network to the fixing up of stations. Scheduled reductions, which is probably the main thrust of our investment, the ability to fix up track so that speeds can be increased and schedule time reduced and track and signal equipment maintenance programs.

When we began that program back in 1968, we had an existing rail ridership of 551,000 in New York State. We predicted that if we built high speed rail, focusing first in the Albany, Schenectady area of New York, we would get a ridership of 1.1 million in the entire system, with a total possible growth of 4.3 million if we really were very lucky and everything went right.

We have achieved a ridership today of 1.3 million so we are well ahead of what our actual forecast was for high speed, and on our way to capturing other diversions that were hard to predict back in those times. Our rider growth system passed 551,000 to 1.3 million riders.

The program of investment is stretched out across the entire state. To give you an estimate of distance, it's about 450 miles from New York City to Niagara Falls. Along the way from New York City going north and west to Albany is about 150 miles away, the capital district, Albany Schenectady and Troy has a population of about a million. Another 150 miles Syracuse area; Rochester, 70 more miles, Buffalo and Niagara Falls.

Each of the areas upstate, capital district and Syracuse and Buffalo, Niagara Falls have a population of about a million people. There's always been a feeling that you could attract ridership with city tourism of about 150 miles a part and populations of about a million.

We spent our money on station rehabilitations and parking lots at all the green hexagons and new stations at all the red circles, if you can tell the difference between a hexagon and a circle from this distance. Every station in New York has had some sort of improvement. Free parking, for example, has been a major ingredient of our program.

REPRESENTATIVE BATTISTO: Did you say free?

MR. CASPER: At every station?

MR. ROSSI: At every station, and we can cannot keep pace with the need for parking lot improvements. We have improved the parking lot at Albany three times and have difficulty finding space to add parking.

When you look at that corridor if I can sort of describe speeds to you, from the end of the red line just west of Schenectady to New York City is about 168 miles, and the first voter approved bond issue said let's spend the lion's share of our money in that distance between Schenectady and New York and bring the speeds up to 110 miles per hour where possible from Poughkeepsie to New Jersey and 95 miles per hour from Poughkeepsie into New York City.

West of that line the track speed is 79 miles an hour. The tracks are capable of 95 miles per hour, but we have an institutional logjam between us, Conrail and Amtrak

about permitting the passenger trains to use that 95 mile per hour capability.

We are operating the maximum speed of 79 from Schenectady and Niagara Falls. This is a picture you all can probably remember a few years ago. This is the Main Line New York State at 10 miles an hour. This is the pre-Conrail condition. This is what the legacy of Penn Central left us.

We had 10 mile an hour slow motor and everywhere along the line in New York State. This is the track improvement program which I'll run quickly through, south of Albany. The removal of the old materials, insertion of new ties, the delivery of new welded rail, the laying of welded rail.

As you can see, it's pulled off the train, put down onto the tracks and then moved on over to its tie plate location. The completed trackage south of Albany. This is 110 miles per hour. It's our belief we can't run faster than 110 on this track.

There's everything physically to permit it to go faster. We don't have the acceleration capability on the equipment we use to get the advantage of going faster than 110 at this time. That's an option I'll explain to you a little bit. This is the speedometer on that turboliner at 101 miles an hour south of Albany.

When we began this capital program with the passage of the bond act in '74, we had a New York City Albany trip time of two hours 50 minutes. That got lengthened to three hours as the track continued to deteriorate prior to Conrail. New York-Buffalo, eight hours and 30 minutes.

By 1984 we had achieved two hours and 11 minutes to Albany, seven hours one minute, New York to Buffalo. The times are better than that today between New York and Buffalo. But I don't have those figures. We set a goal of one hour 20 minutes between New York and Albany.

To Buffalo, we go from 2:11 down to 1:55. A saving of another 16 minutes. Stations permit it. That's an old Amtrak train. Put that in perspective, you will see the new train in a minute. That's the Amsterdam station, one of the small stations in New York.

You can see the parking on the sides of the station is quite an extensive lot between the Amsterdam station and the road. This is the new Rochester station. Again, you can see the parking lot on the left foreground, this is the sight of an old, derelict, dismal station.

The City of Rochester, State of New York and Amtrak each contributed to this project about $600,000.00 to build a new station and parking at Rochester. This is the interior of Rochester station. The year we opened this

station, ridership doubled.

We have, since that time, had a decrease in Rochester because of competition with Peoples Air. That's very hard in Western New York to compete with a 19 dollar air fare to Newark from Buffalo and Rochester. We are still way over what the ridership levels were when we began this program.

This is the old steam heated equipment making its steam in upstate New York's weather. This is an Amtrak Turboliner. There are seven of these sets in service in New York. There are three more being converted for service in New York by Amtrak which would bring us to 10 sets of equipment.

This equipment was designed for speeds of 120 miles an hour. It's a third generation French technology. The French were pioneering in the development of turbine technology and had, in fact, designed their TGV to be turbine powered, and built their prototype as a turbine powered train, and decided when the Arab oil crisis occurred, and they couldn't purchase oil, they did abandon their turbine for this system.

They have representatives in Albany fine tuning these trains. We are now converting them to a higher horsepower turbine. This shows you the turbine compartment of the train. Essentially, the first car of the train is a

passenger car that has two small turbines in the front and the same is true at the other end of the train. It's a bi-directional train.

The turbine power plant is small. That's why it's used on aircraft. It produces the same 2,000 horsepower that a diesel plant will produce but it's really what you need for high speed because the weight is reduced. The center of gravity is pretty low.

In France, these are permitted a 30 kilometer differential over diesel trains because of their low center of gravity. At one time Conrail permitted a nine mile differential in New York. We have since equalized speed and we are trying as part of our program to get another speed differential between turbine technology and diesel technology the train also has a third electric capability.

There's an electric traction motor behind the gear base which is coupled into to go in and out of Grand Central Station in New York. We have eliminated the need for a locomotive change. It's very different. You may not experience it here in Pennsylvania.

But in Boston and New York, the power goes off. Air conditioning goes off, lights are off for ten minutes. It's a very uncomfortable experience and you also lose ten minutes sitting in a station, sometimes 20, changing locomotives. You can see the size of the turbine. Very

high horsepower, light weight engine, not much bigger than a man. That is what powers these trains.

Although two of them are linked in, that's the interior of the turbo train in New York. That's the first class compartment. This is another generation turbine train. This was added for the Egyptian rails. This is something that can be specifically designed and tailored for a particular route; the type of horsepower you need, seating configuration you want, acceleration curves you desire, all can be built into a hand tailored engine.

If someone in Pennsylvania were interested in a turbo technology, he wouldn't want New York's turbo trains. You would want something hand tailored for your grades, curvatures, passenger loading characteristics.

This, I'll skip the big numbers but between 1974 and '83, New York City-Albany had a 96 percent growth in ridership between New York City and Buffalo where the benefit of the high speed was much smaller, a growth in ridership of 75 percent.

Between Albany and Buffalo where we had an even smaller growth in travel time, reduction travel time, increase in speed we have a 37 percent growth in ridership. We are very much convinced that speed produces ridership gains. The Amtrak national average was 9 percent in the period from '74 to '84 to put that in comparison.

This chart shows in the green line ridership going up. This is calibrated for New York City-Albany city pair, beginning in '77 and lasted to a point at '84. We have had ridership growth in '85 and '86. It shows that frequency has remained constant. That's the yellow line from '77 to '83 and then began to be increased. It shows that the fares have gone up and despite that, the ridership gain has been substantial.

What that ridership, again correlates to is the red line of travel time being reduced. One of the things we think we have accomplished in New York is the ability to calibrate what happens when you introduce high speed in North America.

We have spent a lot of time taking modeling techniques and applying them to this ridership pair and other ridership pairs, so when we talk about further investments in high speed, we can tell investors they are calibrated on actual experience in the corridor in which we are seeking investment.

From New York State, Toronto, Montreal, the trains that go to New York City now go in and out of Grand Central Station. They do not connect to the rest of the Amtrak system. We have a project in conjunction with Amtrak 60 percent Amtrak, 40 percent state, to upgrade the old West Side line in Manhattan and build a direct connection to Penn

Station.

In this picture, this trench, which has subsequently been buried over, is the actual connection from Penn Station to the West Side Great Line under 11th Avenue. Under construction. I think I have a closeup. This was built by the Triboro Bridge and Tunnel Authority as part of Long Island Railroad Commuter Car Storage Project. This is finished today.

Amtrak will be going to construct the rest of the tunnelling under 10th Avenue which is the avenue in front of that toll bridge and from 33rd to 36th Street. This will be open in the end of '88. We predict a 250,000 increase in ridership in Empire Service resulting from this connection into the Amtrak system and this will give us a seven minute reduction in travel time because the route from the north to Penn Station is actually faster considerably than the route into Grand Central Station in New York City.

We, too, have been bitten by the very high speed bug and really at the pressure from the mayor of Montreal and the Province of Quebec, the States of New York and Vermont have gotten together on a idea of building a very high speed trip, 180 mile an hour speeds.

New rights-of-way, and we have spent a considerable amount of time studying this and we have Peat Marwick as our consultant. This route is 365 miles long.

The feeling was that both New York City and Montreal while larger in population than Paris as Lyon, they were only slightly further apart and it was so full between Paris and Lyon, perhaps we have a success here. We have designed a system capable of a three hours downtown to downtown travel time using the French TGV technology which you saw.

This is a view from the overhead bridge on the Paris to Lyon line. You can see here the ability that the French engineers have built in their system for their trains to go up and down hills. This climbs three and a half percent grade.

The French are capable of designing 5 percent grades. That considerably cuts construction costs. Our ridership prediction for this system is two to three million riders by the year 2005, far less than the French experienced in Paris and Lyon.

We have a cost of one and a half to $2.3 billion to build it. The range largely coming from the cost difference between turbine and electric technology, some shortcuts in not building some of the more expensive detour routes in the Hudson Valley, and that's really the difference.

We have a system that does make its way on an operating revenue basis. It generates from 75 to $86 million a year in revenues with net revenues from operations

of 25 to 35 million in the year 1995. Unfortunately, it is not able to amortization its capital investment which had been the hope of the sponsors. We have not given up on this, despite that.

We feel there may be other ways to close that revenue gap in capital investment and we are working with financial firms and other people to see if there is some way to close that gap. We are feeling not very optimistic. One of the things we learned in this was that we ought to go back to our incremental approach and look at the corridor segments and see what happens if we break this $2 billion program into bitable chunks.

The most easy and technically easy trunk to deal with is New York City-Albany. We have a calibrated experience of ridership growth. It's very easy to show Wall Street firms that our numbers are based on actual experience in the corridors in which we have invested and the various curves for ridership projections in the New York-Albany section are dramatically different than the growth we are experiencing.

We have for this program only a hundred million dollar capital cost because so much of the work between New York and Albany has been done. Operating maintenance costs of 33 million and our financial sensitivity has a break even year in the 9th year, it shows the ability to return the

entire investment at 10.24 percent rate of return.

We are using 9 percent bonding rates and a higher fare on the system. We are quite pleased with this result and have taken this to the Wall Street firms and they have taken a different look now. We are no longer projecting a deficit. We are projecting a profit. That's the last of my slides.

To sum up, I think what we have learned in New York, itself, is valuable. We have been able to demonstrate that the American public does respond to ridership -- does respond to travel time reductions with ridership. Amtrak market share between New York and Albany is now 16 percent of all travel. I believe that's the largest Amtrak market penetration percentage wise in any corridor in the United States.

The Albany capital district stations have been among the fastest growing stations in the Amtrak system. We have increased in frequencies between from the five trips a day from Albany to New York to nine with the need for a tenth imminently, and we have boosted ridership considerably.

We have given a hundred thousand New Yorkers a 45 minute travel saving so far, every year. That's a very high payoff for an investment of about a hundred million dollars, if you work the numbers through and with that, I'd

be happy to take some questions. I am a little pressed for time. I have left you with some handouts.

REPRESENTATIVE LINTON: Very good. Representative Battisto?

REPRESENTATIVE BATTISTO: I want to ask a question about cost. Projected cost of the high speed system futuristic system of Montreal and New York, I think you said 365 miles. You are talking about nine point some billion. Is that assuming you'll be using a lot of existing infrastructure?

MR. ROSSI: Between New York and Albany, about half of the existing 140 miles would be used between Albany and Montreal. Really, none of the existing infrastructure would be used. That's entirely new construction for the majority.

REPRESENTATIVE BATTISTO: The reason I asked, that contrasts surely with some figures I have seen for the citizens from Philadelphia to Pittsburgh, which is a little shorter distance but the reason for it is I think you gave me the reasons because you are using infrastructure which we wouldn't have in place.

The other thing I wanted to say in the form of a comment, I must say this before God and country because I was talking about this in the back of the room. About New York State with respect to other lines, there's a line that

goes through Pennsylvania. It's a very good line that was abandoned by Conrail because the State of Pennsylvania unfortunately did not have the foresight to invest in rails whereas you did, and I commend you greatly for what you have done.

As I heard comments about the New York to Albany run, my daughter happens to go with a young man at the University of Pennsylvania from Albany, New York. They talk about traveling from New York to Albany not by train but by rail. They talk about the increase in speed but the amenities. The system we have now was slow without amenities. We are looking for something fast with amenities. Thank you very much.

REPRESENTATIVE LINTON: I was listening to your high speed rail projections from New York to Montreal and looking to what you have recently done with upgrading your current system using the turbo trains and new track. I was wondering how is the new system going to complement or compete with the recent investment you have had in up-grading your current system?

MR. ROSSI: Presumably, the new system would replace the train service that exists between Albany and New York, although what we found when we looked at New York-Montreal, is that the majority of the ridership in the corridor was occurring between New York and Albany in the

first place.

So a lot of trains will be simply New York to Albany trains. Only about half of them would go on to Montreal. We would be using a lot of the investment that's already been made if we made all of the investments that the engineers forecast for us, about half of the distance we would simply have to leave to get a more direct straighter line.

REPRESENTATIVE LINTON: Do you have new trackage for the high speed system?

MR. ROSSI: The trackage I have showed you in the pictures is capable. There's really everything there that is needed to go faster, go to 135 miles an hour, 140 miles an hour. The only thing missing between that and the French technology is the electrification which is important to rapidly accelerate to your high speed.

It's important to get there. If you have a slow acceleration curve, you use a lot of time and the concrete ties, we don't think the concrete ties are necessary, although they are desirable. From Albany to Montreal we would want to build it with a concrete tie system if we were going to go to those speeds in one step. We would not want to use the concrete ties. The wooden ties are --

REPRESENTATIVE LINTON: You have had the foresight of convincing your legislators to put forth the

bond issues to develop a rail system in New York? Who initiated that?

MR. ROSSI: To the honest with you, a lot of initiative came from the legislators. I work for the Executive, so I can say that in Harrisburg. From your legislature, but the legislature in the 1970's with the Penn Central situation that existed just felt they had a rail crisis on their hands and they proposed the first bond issue.

And there was a change in government at that time between the Rockefeller and Carey administration so the initiative has to be given to the legislature in New York. I want to extend on their behalf to you an invitation to come up to Albany. I am sure the legislative leaders would be happy to host a delegation from Pennsylvania at Albany and you can see some of the facilities firsthand.

REPRESENTATIVE LINTON: I think we are going to take you up on that invitation because that's something that I think -- I know I would like to do and I think many other members of the committee would like to do that. So we would be glad to make that trip up to Albany.

MR. LANDIS: On your New York to Albany run, do you have any freight service running that line?

MR. ROSSI: Yes.

MR. LANDIS: Do they run the same line?

MR. ROSSI: Yes. At the speeds where you are going, the mixture of freight and passenger has not proved a problem. You have to keep in mind in France the TGV line is only one line, 250 miles long and that's the only line that freight and passenger do not mix.

The French certainly have higher speeds than we have in New York on the rest of their network and mix that with freight, that is very substantial, they carry the same tonnage of freight in France as Conrail carries total tons and they have single axle loading because they have single axle freight cars.

I am trying to get to the bottom of the question of exactly how much freight and passenger can be mixed. It's an unknown. From Albany to Buffalo, Conrail has opposed the idea of going 110 miles and hour with the freight density they run on that stretch of track, which is some 40 some trains a day. On that I agree with them.

I don't think we could run 100 miles an hour and 40 plus some freight train rotation. Between Albany and New York we run maybe four, six times a day, all mixed freight. We have had no problems mixing them so far.

REPRESENTATIVE LINTON: What kinds of financing or proposal did you put together to pay the debt service and pay back the debt on the bond over a period of time?

MR. ROSSI: The two bond issues the state has

passed are general purchase state bonds. They are bonds of the State of New York guaranteed by the state and they are really no different than any other bond that the state would sell. It's just that the voters authorized the purpose to the investor. There really is no difference in the bond.

MR. CASPER: I have some questions, but you have a plane, and I also have your phone number, so I think what I will do is be prudent and call you and perhaps you or John Leasey could answer some of the questions when we have a meeting.

MR. ROSSI: I'd be happy to spend a day with you in Albany or ride the train from New York to Albany and go back to New York and make a one day trip out of it very easily.

MR. CASPER: Thank you very much.

MR. ROSSI: I appreciate the invitation. Thank you.

REPRESENTATIVE LINTON: Thank you. Mr. Larry Joyce.

MR. JOYCE: Thank you. My name is Larry Joyce. I represent the Keystone Association of Railroad Passengers. I want to thank you, the committee for giving us the opportunity to speak. The Keystone Association of Railroad Passengers is a consumer oriented organization directed to the promotion and preservation of public transit

in Pennsylvania.

This includes not only intercity rail travel but commuter travel, buses and rapid transit. I guess our biggest concern right now is the Philadelphia-Harrisburg service and what may happen in that corridor.

I understand that Amtrak is in the process of making a study or may have already completed a study to de-electrify the main line between Philadelphia and Harrisburg and also the single track between Coatesville and Harrisburg, and substitute diesel hauled trains with conventional coaches for that service.

We believe that this would cause a deterioration in the scheduling and would require probably 20 minutes or longer to complete a trip between Philadelphia and Harrisburg if this was done.

I might point out that this is almost diametrically opposed to the objectives in foreign countries where their greatest emphasis today is on electrification of their rail lines and in the United States, you see, for instance, Conrail has ripped down all the electrification that they once had serving Harrisburg to Philadelphia and Trenton and some of the subsidiary lines and now, Amtrak is considering doing the same thing.

I don't know whether we are on different wave lengths than people on the other parts of the country or

maybe our emphasis on transportation is totally highway oriented and there's no room for railroads and therefore, electrification.

We do believe, though, probably the immediate problem that faces Amtrak in the Harrisburg-Philadelphia corridor is equipment. When -- let me say it this way. Penn Central originally provided this service in this corridor.

When Amtrak came on board, they originally leased the Silverliners from Penn Central or maybe it was SEPTA. It was probably SEPTA at that time. They were specifically designed for this type of service. Then later, Amtrak leased New Jersey, what we call Jersey Arrows which were similar type of equipment designed for commuter rail service.

The leases evidently ran out on the Jersey Arrows and Amtrak was forced to go to the Metroliner type of equipment, and this evidently has proved to be disastrous because as we understand it, the high maintenance costs, in fact, I understand that these cars have the highest maintenance costs of any of the equipment now on the Amtrak system.

I think one of the problems that exists is that the Metroliners were built for the northeast rail corridor; that portion of the Amtrak system between New York and

Washington. The station, average station distance on that particular line is 40 miles. On the Harrisburg-Philadelphia corridor it's only 10 miles so that the -- you need additional acceleration that evidently the Metroliner cars do not have.

Because we have seen, for example, that where Penn Central and Amtrak, when they had the Silverliners, operated the service on about one hour and 40 minutes between Philadelphia and Harrisburg.

I believe that at the present time, it is two hours and I suspect if they go to diesel haul conventional coaches, that this elapsed time will be increased to two hours and 20 minutes. One of the problems I guess with the high maintenance cost is the fact that you are pressing equipment that is old and also pressing it to meet these short trips, short distance trips or short distance between stops beyond their designed capacity, and this results in very high maintenance costs.

It boils down to the fact that Amtrak, or somebody, whoever needs some new equipment for this type of service, and Amtrak does not have the capital funding to provide new cars.

Certainly the Reagan Administration doesn't plan to give them any additional money because they may be phased out under the proposal put forth by U. S. DOT. One

alternative for the acquisition of equipment would be the purchase of the equipment by the Commonwealth for future -- for lease to Amtrak, and this certainly could be justified because most of the passengers using this service are from Pennsylvania, probably people from other states, but I think it's principally a Pennsylvania service.

They also could purchase used cars for rehabilitation. Amtrak is certainly capable of rehabilitating, for instance, the SEPTA cars that might be purchased from SEPTA in their Beach Grove or Wilmington shops.

In this regard, we understand that SEPTA may be considering retiring a number of its older Silverliners and if ten of these cars, for example, could be purchased for rehabilitation by Amtrak, this would certainly reduce the capital cost for the purchase of this equipment.

The other alternative might be the lease of some of SEPTA's Silverliners during the off peak hours or on Saturday and Sunday. This would reduce the cost -- one of the things I failed to mention, but besides maintenance costs, these Metroliners have consumed huge amounts of electricity. Therefore, they are very expensive to operate.

If they could lease some of the Silverliners during the off peak period, Saturdays and Sundays, this

would provide service during the afternoon and probably evening hours, and on Saturday and Sunday and during the peak hours, Amtrak could use electric locomotive hauled conventional trains.

This should be done shortly because the existence of Amtrak may not -- or Amtrak may not exist beyond September 30th because of the failure of the administration to support an intercity rail service. Unfortunately, PennDOT has not seemed to have come up with a contingency plan to take care of the rail service in Pennsylvania.

We are reluctant to recommend, for example, if something should happen and there is no rail passenger service in Pennsylvania, that PennDOT be made the -- made responsible for this service because it is our opinion that the Pennsylvania Department of Transportation, although it is called transportation, the emphasis seems to still be on the Pennsylvania Department of Highways.

We would recommend, then, have a rail authority which would provide for the acquisition of right-of-way and equipment, including both passenger and freight. We would also be equally reluctant to recommend SEPTA as an operator, although SEPTA is, operates on at least part of the rail line between Philadelphia and Coatesville.

I think the real problem there is that it

appears to be an ongoing feud between the people in center city and the five counties outside the center city area which SEPTA serves.

The other problem is that SEPTA is not only a commuter rail service but it is also, also operates bus, trolley, conventional rapid transit. This may be one of the reasons that system -- I remember four or five years ago, SEPTA abandoned rail service to and from Pottsville and Bethlehem.

They are only 60 miles apart. SEPTA is more closely related to the center city. We feel that an operation 60 to 100 miles apart, we would be in great jeopardy if they were to stop. It should be something to be considered.

Anyway, Amtrak needs the capital funds to acquire ten new or rehabilitated electric commuter cars to forestall the loss of electric traction in the Philadelphia-Harrisburg corridor. They are not the ones to make the acquisition. Something must be done quickly before the rails are removed and the wires come down.

We would recommend about a seven point program that the Commonwealth commit funding for the operation of additional frequencies in the Harrisburg-Philadelphia travel corridor, commit sufficient capital funds for the purchase of 10 new electric multiple unit commuter type cars.

Consider the lease of SEPTA cars for off peak and weekend service when SEPTA's demand for equipment is less. We would also recommend -- and this is not really concerned so much with the Philadelphia service as it's a general thought which I will touch on briefly -- the opportunity to give Amtrak to provide freight service over the rail lines which they own.

Conrail now provides that service and I don't believe to the best interest of the shippers who they serve. We think that the ridership and the revenue would be enhanced if Amtrak would consider providing lower fares, particularly in the off peak periods than they now provide.

Strictly to the segments like Harrisburg-Philadelphia, not Harrisburg-Philadelphia; Lancaster-Harrisburg and where the trains sometimes ride empty into Harrisburg.

Going now to one of the problems we foresee, and that is the failure of railroads, Amtrak and the bus companies to get together to provide service that the public can use and by that I mean that either the train comes in immediately after the bus has left or vice versa.

I am not pointing any fingers at either the bus company or Amtrak, but they simply are not talking to each other. We have an intermodal station. We spent $13 million and I think if you look at a number of the schedules, you'll

find there's no coordination between Trailways at the bottom of the state and Amtrak at the top of the state.

Public funds will be used for the intermodal station at Altoona which will be used by Blue and White, Fullington and Amtrak and although their service has not begun, I believe it will start this month or the first of July. It will be interesting to see how much talking was done between the two of them when you look at the schedules.

It's to the advantage of both people because it extends Amtrak to DuBois and Ebensburg, all the places that Blue and White goes, and it also helps Blue and White because some of the people who get on the bus from Ebensburg may not be willing to ride a bus all the way to Harrisburg but if they can make a connection with Amtrak, they might be willing to make that journey. Otherwise, they'll drive.

Just touching briefly on the Amtrak in freight service, as I said before, Amtrak owns the northeast corridor, the Harrisburg-Philadelphia line and the Springfield-New Haven line. Conrail provides the freight service and from my experience, I don't believe Conrail does a very good job in providing local freight service to shippers.

If you are a large shipper, General Motors or U. S. Steel or something, I imagine your service is great.

But if you happen to be a feed company or a lumber yard, your service is less than adequate. I do believe that if Amtrak or some private operator, if Amtrak does not want to do it, be given the opportunity to provide that service for the lines which Amtrak owns, both Amtrak should realize some additional revenue enhancement and also the shippers might be very much happier than they are right now.

I suspect that the revenue enhancement provides a great service; maybe as great as anything that Amtrak does, as far as their buildings or whatever they did on a real estate deal. Of course, this would probably require a change in the 3 and 4R Act which gave Conrail the opportunity of providing freight service over Amtrak's -- Amtrak owned rail lines.

Thank you. If you have any questions, I'll try to answer them.

REPRESENTATIVE LINTON: Thank you very much, Mr. Joyce. Before you leave, I think one of the reasons that we decided to have this hearing today, quite frankly, has to do with our concerns about the lack of adequate rail service in the Commonwealth and also trying to begin to think as to what we are going to do, whether this ceases with the removal of the Amtrak service and some of the other problems we begin to see going on currently, but we also project will go on in the future.

Many of your comments are very timely. At least that's the terms we want to start thinking in terms of how do we relate or what creative ways can we come up with both to finance and upgrade the current service that we have. I'd like to thank you for your contributions today.

MR. JOYCE: May I make one more comment directed towards that? Most people, you may not recognize or realize it, but the contributions made to the general fund and property taxes to highways is $821 million in the State of Pennsylvania. So when you get concerned about spending $2 million for new cars, you may want to consider that. That comes right from here. I brought it along.

REPRESENTATIVE LINTON: I don't have a problem with it. I have been fighting with those highways guys ever since I have been here. Questions from the members of the committee?

(No response.)

REPRESENTATIVE LINTON: Thank you very much. Mr. John Pawson, representing the Delaware Valley Association of Railroad Passengers. Mr. Molitar.

MR. MOLITAR: Yes. Mr. Pawson is ill today. He asked me to say a few things. The other important thing about it is I am not an expert. We are paying for slower, slower trains more infrequently and at ill-timed times. And that's my expertise. But I did bring with me some material

from the Delaware Valley Association, a policy statement and a letter that we had sent to the Department of Transportation and their reply, and I'd like you to refer to them as I go on.

First piece I'd like to refer to is this four page statement entitled Philadelphia-Harrisburg trains: Restoring Success, edited primarily by Mr. Pawson with some help from other experts. I am not going to read this, but I do want to refer you to certain sections of it.

First two pages, I think, contain, first page and a half contain a fine history of the ridership and its ups and downs, as well as its sponsorship. Then Mr. Pawson identifies several questions which have been -- most of them have been spoken to today. I don't want to go into further detail.

Obviously, one of the important pieces that the Delaware Valley Association believes in and has supported very clearly is a continued funding of Amtrak by Federal government at a level which is satisfactory for passenger service.

We have supported this and we have in our letter to PennDOT, asked them as well to support it. In their response to us they have not referred to that question at all. We understand why this might be but it doesn't help our disappointment in not facing that very important

question. One wonders when Amtrak comes to Pennsylvania what they think of transportation in Pennsylvania. I doubt that.

Secondly, we are talking about the Amtrak's corporate philosophy. I don't know whether I misheard this morning or I was hopeful that he said the right things. We were -- we thought he said something important and encouraging but it's been suggested to me that programs he didn't.

Why their actions were not encouraged when they cut service to us in Pennsylvania. By 25 percent in January. That was between Philadelphia and Harrisburg and a further cut was made in April. We are not confident, not sure. We are distraught about their future directions.

That's particularly so because their chairman or chief executive at a hearing in Washington on March 13th, the Transportation Committee up there, Appropriations Committee supported an idea that would phase out the 403(b) money which they are bringing to pay within 20 years and that's serious, and that will impact on Pennsylvania's ability to maintain what service they have.

We were also discouraged by the fact that PennDOT, in their response to our letter, speaks about the fact that Amtrak, irregardless of how much money Pennsylvania would put into it, would not run any more

403(b) trains? It shows withdrawal of support and commitment that doesn't bode us well.

Mr. Pawson then goes on to speak of some other things, and since I won't go into them, he speaks also about the inappropriate rolling stock. We certainly understand Amtrak's problems with that and we understand also the very important role which the State of Pennsylvania can play in that piece.

Then Mr. Pawson goes on at the last page, page 4, talking about holding the line to support short term sollutions. The issues that you are dealing with -- and I might say that I am happy you are dealing with them -- the issues you are dealing with are complex and solutions are very long term.

There are some short term solutions which will help riders. He's listed a number of these. And they have to do with the interface with the SEPTA service out of Philadelphia. Probably from a rider's point of view, one of the most important things that we look for is those responsible for maintaining service and improving service for rail passengers in Pennsylvania, talk together.

As I said, we are pleased that this committee opened up this issue again. We are not pleased that the communication that we see or are aware of between PennDOT and Amtrak and SEPTA hasn't been more fruitful or hasn't

been more serious. We do think that your efforts in this way should help us move into the new administration, whether it's is Democratic or Republican with a new positive rail service. Thank you.

REPRESENTATIVE LINTON: Thank you very much Mr. Molitar. Any questions from members of the committee? Scott Casper?

MR. CASPER: Mr. Molitar, I see on Mr. Pawson's statement, actually data sheet, item number 4, infrequent service and service gaps. At the top of page 3, about halfway through that item, it he was making comparison with New York transit and then the Amtrak service in Pennsylvania and he picks up in contrast the best headway from the Harrisburg line for the moment and only at peak periods is hourly.

West, Mr. Molitar, as you, I surmise know, according to the workday week, somewhat less than hourly leaving Harrisburg, there was formerly trains at 4:20, 5:20, 6:20, 6:15 or 30, I forget, 7:15 and at 9:00 o'clock. Now, we have a 5:00 o'clock train and then also a 7:15 train but as far as the workday is concerned, we have the 5:00 o'clock train if you can get out of your office and down there by 5:00 o'clock, which a lot of people cannot and beyond that, there's nothing else until that last train later, much later in the evening.

So I see a greater problem than even just hourly service at the peak period. I see halfway into the peak period hasn't even peaked yet and the train has left and that's the end of that.

MR. MOLITAR: That's a good point. The convenience of service obviously is going to prove the point that we don't need it because we'll have fewer and fewer riders and everyone will say see, we really don't need it anyway.

MR. CASPER: For people getting out at 5:00 o'clock on the dot or 5:15, it's impossible for them to take it. I hate to think and see people point to this and say see, they don't take the trains. Half the work force doesn't want to take the train. They can't.

MR. MOLITAR: Obviously some of the legislators living along the Harrisburg-Philadelphia line used to remember taking the 9:00 o'clock.

REPRESENTATIVE LINTON: I took the bus in this morning. And that was not the way I wanted to go this morning, so I clearly see many of us are having some real serious problems. That's the best way to get a little more action, but when it starts directly affecting the likes of those who have to pass the budget, I think they have a little more sensitivity to the loss of service.

MR. CASPER: Not sensitivity, but it's just

heightened. I want to make a quick comment, but by no means wish to imply that I am using Amtrak as the whipping entity, at all. That's not fair in light of what has been happening with the budget they have to live with. It's just a statement of fact.

MR. MOLITAR: Obviously, Amtrak has had many problems which are very serious. I guess we would hope they could be a little more candid about the information, their objectives, what they plan to do.

REPRESENTATIVE LINTON: Thank you very much, Mr. Molitar. Reverend Heller, Western Region of Keystone Association of Railroad Passengers.

REVEREND HELLER: Hi. I am Ed Heller, member of the Western Association Chapter of Keystone Association of Railroad Passengers. Thank you for having this hearing today and inviting us to be a part of it. Mr. Joyce has already mentioned something about Keystone Association, so I may skip over the first page of the report I just handed you.

I would basically like to present perhaps statewide concern for passenger rail service and then present a two-part proposal on how to improve the rail passenger service in the Commonwealth. But I want to be clear on what we are talking about in our proposal and what we are talking about in our corridor.

First of all, we are talking about the corridor that runs from Philadelphia Suburban Station to Pittsburgh and involves trains 40, 41, 42, 43, 44, 45, 46, 47 and all 600 series trains. We have divided into five areas a list on page 2. The first area is Amtrak funding.

Realistically, Amtrak funding over the next three years is seriously going to affect Amtrak's ability to maintain and improve any service, especially the Harisburg-Philadelphia service they see as the most expensive corridor they have to presently operate.

If Amtrak funding becomes, in fact, what is presently proposed, Amtrak will receive $606 million in 1986 and 1987, and you have already heard that with Gramm-Rudman-Hollings, that's down to 591 and $632 million in 1988.

Again, this does not account for future types of things Gramm-Rudman-Hollings will do. This leaves very little room for capital expenditures when more people are riding trains and more equipment is needed all over the system just to cover the current operations.

If anyone thinks Amtrak is in a position to expand service any more than marginally, then that belief is not well founded in the facts. Amtrak funding is going to be a continuing problem and will remain the chief hinderance in their ability to maintain and expand passenger rail service.

In fact, it seems that as Amtrak improves, and they are to be commended in their equipment procurement program and their increased labor productivity efforts, they are then required to take an unwise and larger than necessary funding cut that actually puts the skids on their recent improvements.

We see nothing in the future that is going to stop this performance funding merry-go-round Amtrak has had to endure. Our proposal will attempt to find a cost effective solution to this problem for our corridor. Now, keep in mind that all the rest of our concerns are in one way or another related to this funding problem.

From 1971 to the fall of 1979, Amtrak maintained two round trip trains between Philadelphia and Pittsburgh, but service in Pittsburgh was in the middle of the night and not very attractive. Due to Federal budget cutting, Amtrak was forced to drop a very successful and popular train, the National Limited, in 1979.

You folks in the State Legislature went to bat for improved passenger rail service, and Pennsylvania became one of the pioneers in Amtrak's 403(b) funding program. KARP applauds your efforts and continued support of that program.

In April of 1980, Amtrak realigned the schedule of its remaining train, the Broadway Limited, number 40 and

41, and with the Commonwealth, started a new train, the Pennsylvanian number 46 and 47. Pittsburgh gained popular train times for the first time in nine years. A morning and afternoon departure was offered from both Philadelphia and Pittsburgh. Pittsburgh then became the 40th busy station on the Amtrak system.

This service level lasted until April, 1983 when Amtrak moved train number 40 back to a dead of night schedule and changed number 46 from an afternoon departure to its present 9:45 a.m. departure. Ridership on trains numbers 46 and 47 dropped 16 percent or 14,000 riders in that year.

Now, I have a little conclusion already on the ridership. As you see, in 1982 to 1985, ridership fell on the 600 series trains, in 40 and 41 they increased. The 42, 43, 45, trains fell a little bit and then in '84, Amtrak ridership changed so we don't have accurate figures on what is actually Philadelphia to New York -- or excuse me, Harrisburg and New York ridership on this.

Train 46 and 47 was doing pretty good in '82. In '83 it dropped and in '84, '85 it dropped again. We are of the opinion that the ridership now has trains on the Pennsylvania corridor. In '84 and '85 conversion to 46 and 47 also reflect the New York City to Philadelphia corridor. And I am not exactly sure how that delineates out, but

riding number 40 and 41 as much as I do, we can tell the ridership has increased.

Pittsburgh station also dropped from number 40 on Amtrak's ridership list to number 88. Since April of 1983, we think that Western Pennsylvania stations have regained this lost ridership and have probably surpassed it. However, Pittsburgh still is ranked around number 80. That's because the ridership has increased somewhat.

Most recently, on April 27, 1986, Amtrak again altered the schedule of trains numbers 40 and 41 in Pittsburgh. A very marginal and still unsatisfactory improvement was given to number 40 while number 41 was pushed back further into the dead of night.

Pittsburgh still does not have an afternoon eastbound departure and has gained a very dubious 1:07 a.m. westbound arrival and a 1:37 a.m. westbound departure. Service and convenience to the riding public has suffered again.

KARP believes that Pennsylvanians are entitled to at least the level and timing of service that was given back in April 1980 when the Pennsylvanian was first introduced, and we further believe that three and possibly four round trips, Pittsburgh and Philadelphia, could be warranted and remain cost effective. We believe that the demand for the ridership is there.

Now, the second paragraph, station services and conditions, first Lewistown. You may or way not know, but the tracks on the westbound main station platform have been removed by Conrail, forcing passengers for all trains to either run across the ballast or use the subway passage under the tracks that is dimly lit, decorated in broken glass, the smell of urine, and has various sayings etched on the walls.

Conrail received public money to fix their track, but did you or the public have any opportunity to suggest that maybe one of the other tracks be the candidate for removal, if in fact, any tracks should go?

Lewistown is unmanned and is without daily caretaker services. Huntingdon is a carbon copy of Lewistown, even including the removed track. There is no station shelter at Huntingdon. The highway, currently, the bridge is now being replaced and that's where they stand. It's not really the safest thing.

Tyrone, I don't know what you can say about the Tyrone Station. Altoona, this is just the opposite. A new station about to be opened with an intermodal masterpiece; trains, transit and intercity bus will all use this common facility. However, rumor has it that Amtrak wishes to unman this station even as early as July, 1986.

Passengers handled at Altoona have risen from

30,000 in 1984 to 50,000 in 1985. As reported under Lewistown, unmanned stations do not fare very well. Certainly passengers will feel the inconvenience. Would a caretaker be hired, and would that caretaker assist passengers, the handicapped, and operate the elevators and lift machine?

Johnstown, Amtrak has just installed a new elevator for the handicapped. The station is in the process of being sold. But here, too, rumors have persisted over the years that Amtrak wishes to unman this station. Ridership at Johnstown has increased from 18,000 in 1984 to about 30,000 in 1985.

Latrobe, the station is sold and new tenants are moving in. One tenant is a travel agent who can sell Amtrak tickets. Could this be the birth of a new idea? Station platforms and canopy need repiars. The cost should be minimal.

Greensburg is an unmanned station, littered with unwanted artwork and trash, in spite of efforts by Amtrak and volunteers to paint and restore the appearance of the station. A new canopy is in place. The station should have been sold by now.

Pittsburgh is the only station on the Amtrak system that greets you with a sign proclaiming, "Danger, roadway collapsing. Travel at your own risk." Chunks of

the old station are falling daily and parts of the floor are caving into the underground passageways.

It is really a sight to behold. Maybe Tyrone has something after all. I encourage you to come to Pittsburgh and see this mess. I honestly believe it is an accident waiting to happen.

There are alternatives, some too ridiculous to mention. But there are four alternatives that merit consideration, and KARP would support any one of them.

Number one, get on with rehabilitation of the old station and put Amtrak someplace on the first floor. Number two, build a new station on Liberty Avenue between Greyhound and the old station, and this appears to be the current choice, but who knows how long that's going to be the current choice, the way they have changed that.

Build a new station east of Box 4 at the eastern end of the present platform. Number four, make the current Greyhound station a true intermodal facility with Greyhound, Trailways, Port Authority, private operators and Amtrak all together in one place, and that would be feasible.

The building is already there and I personally -- I am not speaking for the association -- I would personally like to see something done in that light. I think probably most cost effective, and if we could start sharing some facilities there, it would certainly help out.

The Golden Triangle's city fathers spend many hours promoting Pittsburgh as the most livable city, number one, but what is not widely known is that Pittsburgh ranked only 76th in public transportation access and quality, and that was based on something called seat miles and not convenience.

The Amtrak station in Pittsburgh is a perfect example of the area's disregard for quality public transportation and especially intermodal connections. We seem willing enough to build a new airport with tax money, which is fine. No one is talking about how to get the people to and from that airport, between that airport and how anything else fits into that transportation picture.

Amtrak is in the process of cutting back station services, and we forsee no end to that process until minimal service remains, namely, ticket and baggage service at Pittsburgh, Harrisburg and Philadelphia. And then only at the train times from Pittsburgh to Harrisburg on number 40 and 41 only. All other trains would become self serve in ticketing and operation.

Any cuts in the Harrisburg-Philadelphia service will only serve to hasten this day to come to the whole corridor. Again, it is Amtrak's funding problems that are causing this. It is no secret that PennDOT desires to fund a second 403(b) service between Philadelphia and Pittsburgh

and even has the money set aside to do it. But Amtrak cannot afford it.

Harrisburg, Philadelphia relationship to the rest of the corridor, KARP is also concerned over the large loss of ridership from the Harrisburg-Philadelphia caused by the unwise service reductions of January 12, 1986. The month of January declined by 18 percent when comparing 1985 to 1986.

February, the first full month of ridership for the new schedule shows that 24.7 percent drop in ridership from 1985 to '86. This does not account for the April 27 service alterations that have come since then and have further inconvenienced the passengers. It appears that Amtrak is moving to so severely limit the service that the electric will be turned off and the line from Parkesburg to Harrisburg will be single-tracked.

This they have been talking about time and time again. This would effectively limit the number and the speeds of trains available to the entire corridor and any reductions east of Harrisburg only enhances the argument to reduce station services and train schedules west of Harrisburg.

Now, lack of local control, under the 403(b) funding arrangement, the Commonwealth has with Amtrak, Pennsylvania is privileged to support a certain number of

trains for a certain amount of money. As of January 12, 1986, Harrisburg and east is now aware of how much control we have over our funding and what it buys.

Harrisburg and west has known about this at least since the schedule changes of April, 1983. Both cases I asked the question where is the control. We don't seem to have any. KARP reminds this committee that Pennsylvania took a bold step when we entered this program with Amtrak. We feel that maybe now is the time to start looking at other possibilities and maybe another bold step is necessary. You have certainly heard some very good ideas here today.

First of all, KARP proposes a comprehensive rail study of all Pennsylvania passenger trains on this corridor. If the study is favorable, then we would propose a franchise arrangement with Amtrak to operate all trains on this corridor. We propose local Commonwealth control over this entire corridor as the best and potentially the most cost effective solution to the problem on this corridor.

If done right, all parties, and I mean all parties, could stand to benefit. The time for action is now because given the restraints on Amtrak, our corridor situation is going to get worse.

We see many benefits. Some are responsive to passenger and corridor needs, improved operation, utilization and scheduling, increased tourism opportunities,

development of intermodalism across the entire state, possible expansion of service into other areas of the state and having a model in place of successful operation if and when high speed rail becomes a reality.

Before committing to any course of action other than maintaining the system or restoring a couple of trains, KARP believes it to be in the essential interest of the Commonwealth of perform a thorough cost revenue study of all Pennsylvania passenger trains.

For the purpose of this study, the following conditions are suggested: That the following trains be included: All 600 series, 40, 41, 42 43, 44, 45, 46, 47. That the study be for the year 1985, thus precluding the service cuts imposed on January 12, and April 27, 1986. The stations to be considered shall include Philadelphia Suburban, 30th Street, Ardmore, Paoli, Downingtown Coatesville Parkesburg, Lancaster Mount Joy, Elizabthtown, Harrisburg, Lewistown, Huntingdon, Altoona, Johnstown, Latrobe, Greensburg and Pittsburgh.

The following revenue items should be studied: Revenue from the passengers. This would include the station of origin and destination information showing revenue received from each passenger. In the cases where the final destination is outside of the state or the origin is outside of the state, revenue shall be apportioned by an appropriate

means to reflect that amount of revenue belonging to in-state travel. As an example, about one half of the revenue would belong to in-state travel on a ticket from Harrisburg to New York Penn Station.

Also you would want to include revenue from handling of U.S. Mail and express shipments, and if that goes out of state, we want to find some way of determining costs strictly within the state.

Other sources of revenue, including private car movements and special trains, expenses shall include train costs, depreciation, maintenance trackage rate charges, terminal charges, switching charges, fuel, electric charges, insurance, contracted services, custodial food services, including the cafe and the full diner, labor cost by job classification, third party expenses, extra board costs.

Station costs would include labor cost by classification of employee, insurance, utilities, maintenance, supervisory personnel, ticketing, reservations system, advertising. And include a PennDOT per line item of funding from 1980 through to the present, and project what the ridership would have to be in order to break even, and how long it might take to get there.

So you can have a clear picture of exactly what was paid and how Amtrak funded it. Part of the study should be projected riders that you would have to do every week on

the system.

I might parenthetically add currently you have five electrical trains running per day through Philadelphia. You have to decide is it worth putting the electric up in the line to run five trains per day. It may well be worth it.

You have currently got two train lines there. You have generating facilities in operation and so forth. We are suggesting that maybe the study answered that question as to whether electricity is the best way to go, whether maybe turbo is the best way or diesel haul or whatever.

KARP recognizes that franchising a rail operation from Amtrak is a new concept, but maybe in this corridor, its time has come. The Pennsylvania corridor is unique in the following ways: Most travel is focused in the eastern third, Harrisburg and Philadelphia.

There is at present a high cost for operating Harrisburg-Philadelphia that needs to be addressed and a solution found. Though the ridership is impressive, the majority of trips are short, and the ticket revenue cannot support the high cost of the eastern third of this corridor in its present operation and some operating and support practices are outdated and in need of change.

Too much idle time is built into each job

classification. Too few trains are now run to warrant upgrading the electrical physical plant. This may bring into question the continued use of electricity as the power source, but let the study answer this question. Amtrak claims that this is one of its most expensive corridors to operate, and again Amtrak funding is pushing Amtrak to withdraw service from the line.

Already equipment has been withdrawn from service on the line so as to make a resumption of 1985 service levels very questionable.

But on the other hand, almost one and a half million riders were served in 1983. Generally ridership is increasing. Even the 600 series trains which have been losing ridership over the years, gained in ridership from 1984 to 1985.

This corridor traverses some of the most beautiful countryside in all of America, and a cooperative venture with bus operators is just waiting to happen.

The corridor is already present and in good shape, at least currently. It links the major population centers of the state, downtown to downtown like no other system.

This corridor could serve as a springboard for a true intermodal surface transportation system in the state. Brand new intermodal facilities at Harrisburg and Altoona

would be assured a fuller use and easy possibilities already exist at many other cities such as Philadelphia Suburban, 30th Street, Paoli, Lancaster, Lewistown and Johnstown.

How would the franchise system work? The Commonwealth woud franchise from Amtrak, equipment, stations, employees, and operations. The Commonwealth would gain rights over schedules and fares, and would interline with Amtrak at Philadelphia and Pittsburgh.

Upon takeover, all jobs would cease, and a new work force with new job classifications, job descriptions, and an incentive program would start up. Employees from Conrail and Amtrak would be invited to sign on with a clause allowing them to return with their rights. New employees would also be hired.

Job classifications would be redefined as follows, and it should be noted that in practice, some of this already occurs now. So maybe these ideas are not so new after all.

All people on the train crew must be able to run over the road. All trains operating through Harrisburg, would have five man crews unless it is determined that a fireman is not needed, in which case, crew size becomes four.

REPRESENTATIVE LINTON: They should be able to run over the road? Does that mean actually participate in

the operation of the train. I don't understand that.

REVEREND HELLER: We are proposing as one of the consolidation of job classifications that all the employees on the physical train would be able to.

The conductor is the crew boss, and has control over the safe operation of the train, the safety of the passengers, passenger comforts, inspection of the train at the end points, keeps the necessary paperwork and assists in the selling of onboard tickets, if needed.

Round trips between Harrisburg and Philadelphia. What we are saying currently, you have someone who can operate the cafe car but they don't have anything to do with the operation of the train over the road. We are proposing everybody have that ability, all trains operating through Harrisburg. Apparently there are negotiations in that area and we don't know what the outcome of that will be.

Trainmen, there would be two of those per train selling onboard tickets, assisting passengers in their comfort, crew the cafe car and assisting the conductor. Cafe attendant job description is eliminated. Station agents, as they are presently assigned, are eliminated. In their place, three options can occur.

First, where possible, share agents with Trailways, Greyhound and local transit agencies. Second,

franchise station space to a travel agent. Thirdly, use T & E crews. As an example, a crew that operates over the road for 32 hours per week would be required to work another eight hours at a local station or perform some other duty or function that may be deemed necessary for the operation.

REPRESENTATIVE LINTON: As an example?

REVEREND HELLER: As an example?

REPRESENTATIVE LINTON: Yes.

REVEREND HELLER: That depends on how you set up the crews. On the current system, they just changed the name. Crews come on number 47 in the morning and they run 40 back so they run 41 over and they run 46 back. They get out to Pittsburgh and come back, you figure the total number of hours a week -- they are doing this six days -- comes to about 36, 37 hours.

We are proposing a 40 hour work week for these employees. Then they would have to report, say a half a day or maybe one day every other week to assist in station duty at particularly busy stations.

Let's take Pittsburgh. You have a station agent out there 24 hours a day; currently we do, and there's a lot of talk about getting rid of that and for a large amount of the time they don't have a whole heck of a lot to do.

When the Broadway comes in, everything breaks loose, and they can't find enough hands to do it. If you

were to arrive on some of these trains and employees to help cover the busy time with the Broadway, you would make out a lot better. Okay?

Now, the firemen would also be a mechanical repair person onboard and would advise the conductor in the event of mechanical failure enroute. And in fact, the engine crews do a lot of this when something breaks down enroute now.

So Engineers would be responsible for the safe operation of the train over the route, and they are to assist the fireman in his duties when the train is not in motion. Engine crews will fill out their 40 hour week by performing light maintenance on equipment and/or assisting in the stations.

Overhead management personnel should be kept at a minimum and also should be able to run the railroad and be qualified for at least one of the operating job classifications. In other words, anybody associated with this should be able to run over the road and know what's going on out there so you don't have a boggle between what somebody thinks ought to be done versus knowing.

Profit sharing program should be devised as part of an employee incentive program.

KARP believes that if some or all of the above improvements were made, a much more efficient corridor

operation could be run. And everyone could stand to benefit.

T & E employees would have two or three days off instead of their present one. They could be home every night. Unions would still receive their union dues, but it would be paid from a common pot. As an example, one employee may be 50 percent UTU, 30 percent ticket clerk, and 10 percent electrician.

Amtrak would benefit by being relieved of much of the expense in the corridor. And if successful, Amtrak would have a model for possible adoption in other locations. Amtrak could begin to benefit from a lease arrangement and trackage rights charges.

The people of the Commonwealth should begin to see improved service and a system that is more responsive to their needs. This system can be the foundation for a statewide intermodal network.

KARP believes that if done right, funding levels could actually go down. Remember, we are only suggesting this franchise with Amtrak if the study is favorable. You have to ultimately decide how much money for what service and for how long.

The Keystone Association of Railroad Passengers is willing to assist in both the study, and in the development of this or an alternative proposal, and we

remain committed to a true intermodal surface transportation concept and system for this Commonwealth. I would invite you to please call on us, and I close by having three big P.S.'s which I don't have any extra copies.

Relieve Amtrak of ownership of the Harrisburg-Philadelphia line. Franchising or short lining the Harrisburg-Philadelphia freight business that's already been talked about, and perhaps establishing on line repair maintenance and inspection facilities for any service that you could get into.

And just one other point. If this were successful in the Commonwealth of Pennsylvania, it may prove to be a very good springboard in your high speed rail programs if they do come in the future. Thank you.

REPRESENTATIVE LINTON: Thank you, Mr. Heller. I found the franchising concept particularly creative and interesting. Something else to add to our efforts to try to resolve the problem. Questions from members?

(No response.)

REPRESENTATIVE LINTON: Thank you very much for your testimony.

REVEREND HELLER: Thank you Mr. Chairman.

REPRESENTATIVE LINTON: Mr. Whitman, Director of Public Safety at Elizabethtown College.

MR. WHITMAN: My name is Bill Whitman and I'd

like to thank the committee for the opportunity to speak to you today. I am the Director of Public Safety for Elizabethtown College. One of the things I would like to talk to you about, actually both from a strictly business viewpoint of the Elizabethtown College being in industry, business industry within Lancaster County and also to give you some of the important things that Elizabethtown College feels the rail service does provide in continuing in business.

But also I think you need broaden that a little and realize Elizabethtown College is not the only institution of higher learning in the area where the rail line affects a number of other educational institutions, two of the other ones primarily, I know of right in Lancaster County area would be Millersville and Franklin and Marshall College.

Elizabethtown College was founded in 1918 and if you go back and check the history as the institution was being developed, one of the things that we find the problem they had in formative years were communication and transportation, and I just hope we are not going to go back to those same types of problems.

We have 1400 students at Elizabethtown College. We only provide undergraduate degrees. We have approximately 500 faculty and staff. Fifty-five percent of

the students who are at the institution require Amtrak service. Only about 40 percent of the students that we have at Elizabethtown College have vehicles.

Of that 40 percent, 75 percent are in their junior and senior year and they require those vehicles for field experience, internships and student teaching that they might be doing. Only about 5 percent of the faculty staff and administration frequently use the Amtrak service. However, Elizabethtown College feels the accessibility of the Amtrak service is an attractive feature in recruitment.

From my personal point of view, I was at West Chester University for a number of years and what allowed me to consider Elizabethtown College to come as a career move was the fact that the rail service was available and I do commute back and forth using the Amtrak rail service.

I am sure that you are well aware that today's educational market, there is a decrease in population of traditional college age student and we need every advantage that we have at our disposal and we feel that the Amtrak rail service in and out of Elizabethtown area is a tremendous advantage to us.

Because over half of our students, our 1400 students live and are affected by the rail service especially in the Northeast Corridor, many of our students from Washington, D. C. on up to Connecticut are able to use

the Amtrak service. The -- it's difficult on Friday afternoons to realize that it's the end of the week.

Anybody who happens to be driving on the 6:16 train from Harrisburg to Philadelphia, the first clue that it's Friday afternoon, when you pull into the Elizabethtown station, on the average anywhere from 25 to 45 students will board the trains for homes in various locations.

As a side note, usually about nine people ride the train daily out of the Elizabethtown station. These individuals, for the most part, are management and professional people from local businesses. Some of those businesses are Hershey Medical Center, M&M Mars. Continental Press and Elizabethtown College.

Back to our Friday afternoon scenario. When the 6:16 train pulls into Lancaster, you now get your second clue. That's when you see the students from Millersville and F & M also boarding. In addition to that, there are always the daily riders from the Lancaster station going east, those riders working for Armstrong, Sperry New Holland and Saint Joe's and Lancaster General Hospitals.

The annual budget at Elizabethtown College is approximately $16 million. That effect that we feel in the local area is dramatic to both local industry as well as statewide industry. The summertime right now we are presently in our conference sessions when we have many

conferences coming from all across the country come in to use our facilities.

On the average we have been averaging 7,000 confrerees during the summer situation. Many of these also take advantage of the Amtrak service. Our director of admissions feels that any decrease in the service -- any more of a decrease in the service provided for by Amtrak will adversely affect our standing in the marketplace in higher education in the area.

Elizabethtown College commends this committee for taking the initiative of looking into the problems and shortcomings of the present rail system and also with an eye toward improving the situation and stop the continuing decline in rail service. Also the quality of service, and anything we can do as an institution to assist you we will be happy to.

THE CHAIRMAN: Thank you. Mr. Whitman. One question. Have you joined with the other colleges, Franklin and Marshall and Millersville to -- I see you have done some sort of survey of the students that attend your own. How about the other colleges? Have they joined you in that effort so we can get a feel for what the overall impact is on college population in that area?

MR. WHITMAN: One of the problems that's developed is the fact that we, myself included, have just

very recently become aware of what the problems have been. I personally, because of my using the rail service, but working with the passenger rail service, we are now getting information to the other institutions and we are trying to develop a coordinated effort for information from the local educational institutions in that area.

We feel that any decrease in the service, any more of a decrease in the service will adversely affect our recruitment, especially now that we need to get out further to keep our enrollment levels high. But we will be doing that.

MR. LANDIS: Do you have any particulars on what graduate work would be coming out of those areas? I am sure there's got to be an effect on that?

MR. WHITMAN: I know there's an effect just throughout the people that you are talking to and knowing many people coming to the Harrisburg area from that area doing internships up here and eventually coming to this area. Also, just the number of students we have at Elizabethtown who stay in Elizabethtown, Lancaster County Dauphin County area continue because they enjoy the area and they look for job opportunities in the local community. But the graduate study, I am not sure.

REPRESENTATIVE LINTON: Thank you, Mr. Whitman. When and if there's any additional information from the

three colleges, if there's some way of providing us with that utilization information, it would be very helpful for us.

MR. WHITMAN: I'll send it to Mr. Casper.

REPRESENTATIVE LINTON: Mr. Tennyson. Really impressed that the former -- we have had the pleasure of two former Secretaries of Transportation with us today.

MR. TENNYSON: It's my pleasure, sir. For many years I used the train east from Harrisburg and Philadelphia almost daily. Not necessarily over the whole run, and quickly I would like to endorse the testimony of Elizabethtown College.

I have watched the students get on and off there and I will state for your record when I became secretary -- I beg your pardon, when I began to contract for this train service prior to my coming to the state, we had only one train stop in Elizabethtown in one direction each day and the railroad would have closed the station but the Public Utility Commission wouldn't let them close the station.

It wasn't doing any good. It was a nice station. It wasn't doing any good with one train a day in the station. When we got into the service which we are now discussing we may build it up to 11 stops. One or two stops a day. The volume of traffic increased 5,000 percent on a regular basis for that reason.

Forget surveys. You can't learn anything from surveys because most of the patronage involved doesn't know how to use the train. They don't respond to a survey meaningfully because they don't understand what it's asking. If the train service is lousy or too expensive, they don't know if it's there.

You have to do this from a theoretical basis, not from surveys of the people on the train. But to get to the point, as we are talking here about a management problem, in 1968 or so the state provided money to buy cars throughout the northeast corridor and we are partially to blame for not allowing that to be done. It was my professional opinion that --

REPRESENTATIVE LINTON: Would you move the mike a little closer.

MR. TENNYSON: It was my professional opinion that the so-called Metroliner or now Capitoliner cars were incapable of performing the service in this area and I guess some of the railroad officials agreed, so they were never used here and Amtrak took them and used them elsewhere and proved their incompetence. When it was proven without doubt they were no good, they came back here. They have been causing trouble ever since.

When I left Harrisburg, we had 4,000 people a day on those trains. I don't know what it is now but I

gather it's off 40 percent from that. It's not a matter of public technology. It's at matter of no management; no management from Amtrak, no management from PennDOT, no management from any place. They just run. They don't work out.

You have heard a lot of testimony about high costs. These are only high cost trains because you have incompetent management. When these trains were being run previously, they were low cost trains and I can tell you right now, if you put the right cars on that line, these will be the cheapest type service that you can have of any kind; air, bus, rail, Metroliner, locomotives, diesels, electric, nothing could produce cheaper transportation than what we had here ten years ago.

All you had to do was go back instead of forward. You are never going to have $2 billion to fix this thing up. You can't get that much money out of the taxpayers, and it's not going to come out of the bankers. You have got to go with what you have got.

As far as electrification goes, I have a letter from the State Water Power Company, located between here and Lancaster. They have current available to run trains at $1.00 and a half per kilowatt-hour, but the railroad doesn't want to use them.

I doubt the railroad knows it's available. They

see an average bill from New Haven to Washington, and they are charging you for that average bill, not the one and a half cents that the water power costs.

MR. CASPER: I am sorry to interrupt you. Do they have the ability to use that power?

MR. TENNYSON: Yes. It's only good for the railroad. No one else can use it. It's 25 cycle power.

MR. CASPER: Is it a problem of where they get their power as far as PUC?

MR. TENNYSON: It's a problem of not having the railroad interested in using it. Let me explain. Conrail doesn't want to buy electricity from Amtrak. Amtrak owns the overhead wires, because Congress sets it up that way. In order to avoid paying Amtrak for use of electricity, cut the middle man out, Conrail uses only diesels, and having used only diesels, they have turned the trolley down.

If you look at the west shore, the trolley wires are all gone. You can't use electricity. They have made scrap value out of the copper in order to avoid paying Amtrak the market. I would caution you on franchising. Franchising is a good theory.

If you franchise, Amtrak will mark it up like they do to SEPTA and no one can afford it. Marketing up I mean put the overhead charges aside. This may run 100, 120 percent. If you talk to businessmen, that's not as

surprising as it seems.

Amtrak has to run these trains or else the state has to buy them. If it's anyone else, you have to pay Amtrak. And there is no money to pay Amtrak a profit. The problem, gentlemen, is to have the trains run on the out of pocket avoidable cost basis.

Amtrak has spent millions and millions of public dollars rebuilding this right-of-way. It's probably better now than it's ever been. Nothing wrong with the right-of-way that minimum maintenance won't take care of. They have to run the Broadway Limited and the Pennsylvanian over these tracks.

Freight service has to be maintained on these tracks. So the cost of maintaining the tracks is not a cost of running additional service. The tracks are what are known as fixed costs. The additional service does not entertain additional cost and that is why I will tell you for the record and I will support it and you can follow it up.

You can move people on this corridor by rail at 12 cents per passenger mile. The fares are closer to twenty cents. In other words, that's a huge what we call incremental profit level here. It's not being realized. It could be realized.

It costs less to run 11 trains a day each

direction and now costs to run five. Each time they make an economy, it adds to the expenses not only the cost per passenger, but the cost of the total operation. The reason for that is they run it incompetently. They run a six car train for a one carload, two or three times a day. But they decided for mechanical reasons they should send out cars in less than three.

The service was predicated on running one car trains. I decided years ago to run one car trains. You can't function economically for their care. I have testified as to how you can get back to one car trains. Amtrak won't do it without pressure. SEPTA won't do it without pressure. The only reason it was done years ago was we pressured it. The state no longer pressures them. That's what happens. The absence of state pressure has caused this crisis.

REPRESENTATIVE LINTON: What constitutes pressure?

MR. TENNYSON: For example, when they would send me a bill for several million to pay for some train service. I would say this is fully allocated costs, not avoidable costs, and they would say to us it's all the same and I would say to them, according to the law it's not the same. The law distinguishes between the two types of costs and they would say well, that's not my job.

So I said you won't get paid until you do it in accordance with law. We asked the Congress please to intercede to get the bill reduced maybe 80 or 90 percent. We had trips that were making money on this contract. It's a shame. Some of it showed a profit.

Amtrak actually showed a profit in the billing to us after we argued them. Not before. The same thing with SEPTA. As soon as the pressure was taken off, SEPTA discontinued the service, but SEPTA board of directors isn't interested in service. They are interested in reducing local county costs, and only the state can help this.

The State law says, and Federal law both say you are not eligible for state aid unless you have a comprehensive coordinated and continuing plan to apply that money. As long as I was here, I insisted they comply with those three criteria.

All plans, comprehensive, continuing and coordinated, and until they did that they couldn't get their state money. When I left, it's no longer been required. You can have your money without that. So nobody does it. That's why you have trouble.

Now, I don't want to ramble, but I'd like to point out in theory we have here an aviation fuel tax, fuels tax to support airports. We have a motor vehicle liquid fuels tax to support highways. We have a railroad gross

receipts tax, but it doesn't go to help railroads at all. It goes to help the other things.

It's totally unfair to have taxes paid by aviation and highways used to build them up, taxes paid by the railroads just rail users to tear them down. To make it worse, trucking has a much lower tax rate than railroads do. Railroads provide their own right-of-way. In trucks, it's given to them on a subsidized basis.

This is a quality problem. Commonwealth is causing this problem. You can't solve it by studies. You can't solve it by studies. You can only solve it by seeing that the laws that's written are carried out and seeing that the railroad gross receipts tax goes to some measure, to benefit railroad uses the same way the aviation taxes go to arports and highway taxes go to highways. Railroads cannot compete if their money is taken from them and given to the other modes.

REPRESENTATIVE LINTON: When was the money from the railroad receipts tax taken from the dedication to the railroads or has it always been --

MR. TENNYSON: It's never been dedicated, but up until I left Harrisburg, we provided from the general fund such that went into the general fund and it came out of the general fund by appropriation of the Legislature. I would not fund SEPTA. I wouldn't fund the authority unless they

complied with the comprehensive local arrangements requirements. Now they are funded without it, so they have discontinued lots of service.

MR. CASPER: Mr. Tennyson, Deputy Secretary, I just wanted to bring out a point that in 1981, we enacted, the General Assembly enacted, and signed by the governor, the gross receipts tax credit for railroad companies who invested a certain amount into their main right of way. You wouldn't have a Penn Central system that was alluded to earlier.

The rest of it, you are right. It's general fund money.

MR. TENNYSON: It's not my place to tell you you are correct. You know that. They still have to pay a tax. It may be less of a tax than it was, but it's still the opposite direction of the other modes which receive the benefit here. You just have a lesser disadvantage.

They can still make it and the legislation did not do wrong. It just didn't do enough. The way this is to be cured, it seems to me is that we have in the legislature, money appropriated to purchase cars for rail service, legislation, to my knowledge, has never been rescinded. The money has disappeared but it's still authorized.

Find where it went, put it back and start buying cars. The only way you can buy cars is through Amtrak. But

Amtrak is in trouble. If two congressmen tell Amtrak this is what they want, you'll get it, I can assure you. Amtrak is running commuter service before.

They had it to run before in order to get Congressional support. Amtrak has been doing business with commuters from Middletown to Harrisburg. The fare was 63 cents. The bus fare was 75 cents. Today rail is several dollars, but the bus fare is about 80 cents.

It doesn't help to discontinue useful services by pricing it. In Philadelphia you can get a higher price because the Schuylkill Expressway can't handle the traffic. It's not adequate. I would like to explain, these people, trains people are talking about are not a tourist attraction. They are not something that you people want.

In the United States railroad stations in this country almost handle almost as many people as airports do. Most of the them are big cities but some are not. Going into Philadelphia, these hookup service trains handle as much traffic as one solid line of traffic on U. S. 30 for one mile. These trains aren't there at rush hour.

You can go on the Schuylkill Expressway, which is full. Lancaster Pike is full, too, but so long as you throttle a city with inadequate access to it, the city is going to decline. I am in the country. I am not working.

Rail service has been brought to that county.

It never had rail service in recent years since 1977. The tax rate has gone from $1.51 to 94 cents. While the budget has gone up every year, no cutback in the county budget. It's expanded but the rates have dropped 33 percent because rail service has brought better activity to that community. That is to save you from national grace providing better service.

You can't throw money at it. You have to manage it. Amtrak has no management for this purpose. The president of Amtrak is a gentleman. He knows the railroad business better than I ever will. I tried for years to apply new cars for this service. Amtrak would never meet. They would set up a meeting.

They would call up and say can we schedule a meeting, call up and cancel. I once met with the president of Amtrak and his staff to go down and negotiate for the new cars. As soon as the president set it up, lower level negotiations, back to stopping. Staff didn't want to do it.

That's why I came back to it's management problem, public needs. The public can use it. It's low cost if managed correctly. Electricity is much cheaper than oil, even at the present low rates for oil because it's water powered. It's not coal powered. It's water power from Harrisburg.

Labor is not a problem either. Sure you can get a better labor, but I caution Amtrak, get a better labor agreement. If you go to the people who have already taken a cut and asked them to take another cut, they probably have no train at all. They'll go on strike. You can't push labor too far.

Men working these trains get less pay per passenger carried than bus drivers do. They don't get less money than bus drivers, but their productivity is superior. Cost of the car, and let me tell you a million and a half dollars is too much to pay for a car. It's cheaper for a bus. Those cars sell out before buses start comparing a candle to an electric light. Electric light is more expensive than a candle, unless it's an ornamental candle. Who would use a candle in preference to electric lights.

To give you an example, a bus lasts 12 years. It only makes 30,000 miles a year. Cars will last 30 years and last 70,000 miles. Half a million dollars to two million dollars. More than that, the car seats more. A bus has 43 seats. The railroad goes faster. Bus can't touch the schedule. Therefore people won't ride the bus. Bus can't make the schedule.

These used to be the fastest trains in the world for this type of service. They no longer are. That's why they have lost business. You have lost connections. People

in the Legislature used to ride on the train at 9:45 to go to Legislative meetings at 10:00 o'clock. Train doesn't get in at 10:00 o'clock anymore. Schedules have completely ignored the public.

No management. They scheduled up so the cars and crews are happy with them, not to suit the cars and crews, but they thought that was minimizing costs. Same thing with the fares. The fares are not based on a maximized revenue. They are based on a national average. It doesn't work.

I think maybe I should not ramble on here. If you wish to ask specific questions and so on, I'd be glad to give them to you. I think it's not understood that the productivity and the efficiency and public's response has been far greater than most people are led to believe. That is why I say it's many people within a few percent use railroad stations.

It's not realized because they're not active. Some are but most aren't. It wouldn't be difficult at all to solve this problem if somebody wants to do it. It would be easy to solve. Somebody has to want to do it.

REPRESENTATIVE LINTON: Well, we want to solve it, so I am glad to hear it's easier than we thought it was. One of the things that we talked about the need for better management of the system. I don't know how long this

has been upon us, but it seems to me that Pennsylvania has always been in the highway business.

MR. TENNYSON: That's right.

REPRESENTATIVE LINTON: We looked and listened to the gentleman from New York. They spent a good part of their DOT to rail. How long have we had such small management or portions of our management in PennDOT devoted to rail?

MR. TENNYSON: So long as I was in PennDOT, I had, because of my opposition to Penn Central merger, I had direct access to the governor so that I wasn't that much part of PennDOT. I was, when the governor would tell me he wanted better train service, nobody came back to tell me he didn't. That made a big distinction.

They said they wanted to cut the train service. One of the last months I was here, I was asked by the Governor's Office to draft a letter to Amtrak telling them they wanted the service improved. I drafted a letter, sent it back to the Governor's Office and when they found out I had done it they were telling the governor they wanted train service.

By that time the governor signed it and he came back to me and I showed it and he said the governor signed. The only reason he signed it is you wrote it. I am not here anymore. That's a true story and the people involved are

still here.

MR. CASPER: I have one question but I am not going to ask it.

REPRESENTATIVE LINTON: I don't have anything else, Mr. Tennyson. Thank you for giving your perspective on our problem and I am really happy to hear because I didn't know about our tax that was available for the railroad that should have been that goes into the general fund.

It is of particular interest to me since one of the clear opportunities we have to solve that problem is to try to get some revenues and as a, legislator, one of the things I would like to do is see if there's some way we can work around or work with a tax that we already have on the books.

MR. TENNYSON: May I interrupt you sir with regard to revenues? When we first bought cars for this type service, we had no revenue either, and we sold tax exempt bonds based on the savings the cars would produce. We had to negotiate a lease in order to capitalize those savings so that the income stream from the lease would be shown to the court to pay off the bonds, and we did that and those bonds were issued in 1963, so in 1988 they will be paid off.

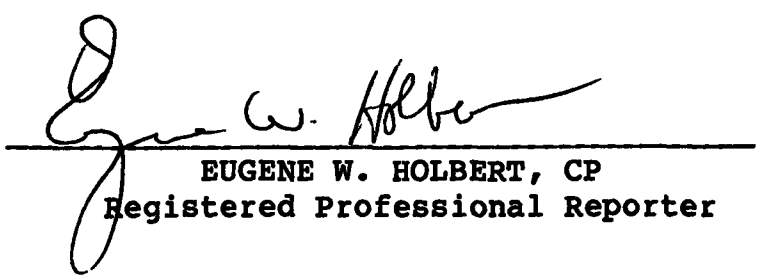
Somebody got those bonds today and whoever holds those bonds ought to be able to get those cars back into

service and get that junk off the line that's messing you up now.

REPRESENTATIVE LINTON: Very well. Thank you very much. Mr. Tennyson is our last witness. We would like to thank you all for coming and testifying before the committee. The meeting is now adjourned.

(Whereupon, at 2:55 p.m., the hearing was adjourned.)

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me during the hearing of the within cause, and that this is a true and correct transcript of the same.



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