

5 top issues between Amtrak and House GOP

Politico-Apr 15, 2013

While Denham and Shuster avoided big pronouncements on what they want in a rail bill, Mica has remained dead set on privatization. He couldn't get Amtrak's busy and profitable Northeast Corridor privatized, so this session he's set on opening up all its routes for competition.

"I intend to move forward with trying to open all passenger rail service currently operating in the United States to private competition. Nothing healthier than competition," Mica said.

Mica is right that changes in how Amtrak is managed is needed to improve service. There is no magic however in private management because there are badly run private businesses just as there are well managed government services and visa versa. The problem boils down to incentive. For-profit colleges for example have no incentive to see that their students graduate since with government backed student loans these colleges still get paid when most of their student drop out with massive debt. The same to a degree is true of rail passenger service in this country. There is little incentive to improve the productivity or revenues of most trains. Impressive headcount numbers are given much publicity but no mention is made of passenger miles, of underutilized resources or of the need for better connections to improve revenues. This is the norm with rail passenger service in this country for both commuter and intercity rail service. Even if a service needs some subsidy the operator should be rewarded when it reduces the need for subsidy. NB

Don Phillips: Acela, Apples, Watermelons - and profit?

By Don Phillips

Amtrak's Acela does not make money. It hemorrhages money while the blame for losses is shifted

In the June 2013 Issue of Trains Magazine

If you read no other Phillips column this year, please read this one. Seldom in my long writing career have I seen so much misinformation spread about any one subject as about Amtrak's finances. To put it mildly, ALL Amtrak services lose money IF you count expenses and income properly. It isn't just long distance trains that lose money. In fact, they are not the main financial problem.

In a quirk of timing, the Transportation Department Office of Inspector General issued a report about Amtrak's finances just days after it was too late to include the report's conclusions in my column. I had no idea it was coming, but it confirms much of what I wrote, and adds a lot more. That report is

[Amtrak's New Cost Accounting](#)

The report's language is typically polite, but the information and the conclusions are stinging.

Don Phillips

Office of Inspector General

Audit Report

AMTRAK'S NEW COST ACCOUNTING SYSTEM IS A SIGNIFICANT IMPROVEMENT BUT CONCERNS OVER PRECISION AND LONG TERM VIABILITY REMAIN

Some Excerpts

In 2010, Amtrak implemented its new system, Amtrak's Performance Tracking (APT), which is based on a cost methodology developed jointly by FRA and Amtrak, to track and report on its financial performance...

APT addresses the concerns raised about RPS's shortcomings including system transparency and reporting timeliness but it does not address concerns related to system maintenance and cost assignment...

Furthermore, while it assigns about 90 percent of its revenues, Amtrak assigns only 20 percent of its costs and allocates the rest. While all cost accounting systems rely on cost allocation to a degree, it is

generally preferable to assign as many costs as practical and allocate the remainder on some reasonable and consistent basis. Amtrak is unable to assign a greater percentage of its costs or allocate costs more precisely because Amtrak does not collect sufficiently detailed cost data...

Such data might enable Amtrak to assign additional costs or make more precise allocations, which would lead to more precise financial performance reporting. As a result, like RPS, APT allocates rather than assigns a majority of Amtrak's operating costs...

Use of Statistical Estimation to Identify Avoidable Costs Is Not Standard Practice in the Railroad Industry

None of the passenger and freight rail entities we interviewed uses statistical estimation to identify avoidable costs.

Amtrak budget reality could make a preacher cuss

RailwayAge Magazine (blog)-Apr 16, 2013

It is the House and Senate that eventually will craft new federal spending levels, and expect that product to be quite different — and fiscally more conservative — than the President's multi-volume recommendations, which, as with all presidents, soon suffer ignominy in recycling centers and landfills.

California Taxpayers To Subsidize High-Speed Rail

Reuters Apr 11, 2013

(Reuters) - While California Governor Jerry Brown rode a bullet train in China, the libertarian **Reason Foundation** released a report on Thursday saying the state's planned high-speed rail system will likely need between \$124 million and \$373 million a year in operating subsidies once its core line is completed. (emphasis added)

This article contradicts the recent findings of the General Accounting Office (GAO) which studied the numbers of the California High Speed Rail project for senior Republican Congressmen. The non-partisan GAO didn't find faults with the numbers from the CHSRA. The Reason Foundation publishes many of the anti-rail passenger stories which are often covered by the Media. The Reason Foundation is largely funded by the Koch Family and their friends of whom their great wealth is largely based on Oil and Natural Resource Extraction. So how rigorous is the scholarship of some of the Reason Foundation's reports?

From a Reason Foundation report on the opening of the Expo Line *"If every train runs completely full during both peak and off-peak hours, the Expo Line can move approximately 67,600 people per day. This number can be inflated slightly because not all people go the entire length of the trip. "* **Duh! Of course most people don't ride transit the entire length of the line, people get on and off at stations the trains stop at all the time. What these "experts" think is capacity for these trains is the number of seats on the train of people traveling from end point to end point. But transit riders often stand during rush hour which can double the capacity of these trains. These same trains now often carry over 90,000 passengers a day on the Blue Line now. Ridership the first month of the Expo Line ran last year was about 9,000 riders on weekdays when these 2 Reason Foundation writers rode the Expo Line. As of March 2013 weekday ridership was almost 26,000. "A report on the opening weekend gala in the Los Angeles Daily News referred to a projection that the Expo Line would initially carry 27,000 passengers per day." This quote from the Reason Foundation's Expo Line Report is incorrect, Metro's projection was that ridership would hit 27,000 by 2020. Two prolific writers for the Reason foundation are Wendel Cox and Adrian Moore who wrote a report last year criticizing the Las Vegas High Speed Train Project. About this report Damian Newton in LA.STREETSBLOG.org wrote on March 18, 2013 "The attacks on XPress' ridership figures are some of the larger leaps in the report, but are the underpinnings of all the arguments. On one hand, Cox and Moore get technical, using the "International Average Error Forecast" which somehow shows that ridership on rail projects is over-estimated by at least 39%. There is never a reference given to how this number is calculated. In fact, if you google the term "International Average Error Forecast"**

you find just a handful of references, all of them related to this report. The authors created a way to devalue transit projections for the report, slapped an official name on it, and never bothered to explain it."

[California: Toll Roads Generate \\$1.7 Billion In Red Ink:](#)

The Newspaper Apr 12, 2013

Advocates insist tolling is a superior transportation funding mechanism because it is based on the concept of "user fees" -- those who use the toll road are the ones who pay for it. This concept has gone out the window with the Transportation Corridor Agency (TCA) toll roads, which the report found use an estimated \$1.7 billion in taxpayer subsidies. Worse, the roads are deeply in debt.

[Major BART construction begins at Hostetter Road](#)

Railway Track & Structures-Apr18, 2013

... Silicon Valley Berryessa Extension Project in California began this week in

[Just Whose Money Is It Anyway? You May Be Surprised!](#)

City Watch Apr 12, 2013

This is a prime example of the maxim, "private profit follows public investment." The Federal money spent on the MTA expo line and the building booms around those stations is perhaps one of the most significant bright spots of a struggling Southern California economy.

[Transport U: Colleges Save Millions By Embracing Policies To Reduce Driving](#)

StreetsBlog DC Apr 16, 2013

Jeffrey Tumlin was managing transportation programs at Stanford in the mid-1990s, when he made an important finding: It was cheaper for the university to pay people not to drive than to build new parking structures.

[LA Sheriff's crackdown on Blue Line rail crime results in hundreds of ...](#)

89.3 KPCC (blog)-Apr 15, 2013

LASD Sgt. Brian Godwin said this three-day push that took place last week is part of an ongoing to enforce fare rules and stop crime — such as cell phone theft — along the Blue Line. ...The arrests made were for a variety of reasons, ranging from possession of narcotics, to firearms or previous warrants.

This is an example of the value of self-service ticketing and using ticket inspections as part of the larger security program on rail transit. The Blue Line has problems with people begging on the trains, selling food and occasionally con-men hustling schemes. NB

[Train service stopped for weekend due to maintenance](#)

KFMB News 8- Apr 20, 2013

OCEANSIDE (CNS) - There won't be any train service along the San Diego County coast this weekend because of scheduled work on the rail

[Gov. Brown Sees China As Ticket To High-Speed Railway](#)

China Digital Times Apr 18, 2013

On a weeklong trade mission to China, California Governor Jerry Brown is seeking to promote Chinese investment in the U.S. state's enormous but struggling economy, and Chinese media has been taking note.

[Chinese Cautious But Interested In Building Calif. Bullet Train](#)

Curbed LA Apr 12, 2013

The Chinese may be rich, but they're not reckless--Sean Randolph, president of the Bay Area Council Economic Institute, part of the group that organized the China trip, says, "there will probably have to be