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## Amtrak Board Wary of Bush's Overhaul Plan

By [MATTHEW L. WALD](#)

**W**ASHINGTON, March 24 - The chairman of Amtrak, David M. Laney, has signaled for the first time that the independent board that runs the railroad objects to significant parts of President Bush's plans to overhaul the passenger rail system, especially the idea to reorganize the company through bankruptcy. But the board Mr. Laney heads has still not agreed on its own proposal.

Mr. Bush has called for the elimination of federal aid in six months, which would kill the railroad unless it is restructured. Under his plan, if Amtrak can be reorganized, most subsidies would be paid by states, an idea that many state officials reject.

Mr. Bush has proposed turning over the tracks from Washington to Boston to a new entity, made up by the states, and letting competitors offer train service around the country. The administration has also said that if Amtrak is forced into bankruptcy, "ultimately a more rational passenger system would emerge."

But Mr. Laney, a Bush appointee and campaign contributor, said in a telephone interview on Monday that while he shared Mr. Bush's determination to overhaul the passenger railroad, the administration's suggestion that the tracks from Washington to Boston - the Northeast Corridor - be turned over to a compact of states was "not the position of the board," with the exception of one of its four members, Transportation Secretary Norman Y. Mineta.

Mr. Laney also indicated that the board, for the first time made up entirely of Bush appointees, wanted to avoid bankruptcy, saying that it "remains on the table as a last resort" but that "I don't think it's a resort anybody wants to default to."

Still, as Congress steps up its work on the budget, the solution is far from clear. The board has not put forward its own proposal, which has stalled work in Congress to renew the railroad's subsidy. Moody's, the debt rating service, has put Amtrak on a "watch list," contemplating a downgrading of its credit rating, and is likely to lower the rating "multiple notches" if the federal budget is adopted as proposed.

The states, meanwhile, have started making clear that with Amtrak saying it needs \$2.5 billion over the next five years to make upgrades on the Northeast Corridor - Amtrak's major asset - they do not want to bear the costs.

"I see no evidence even the Bush administration believes that the change in the structure changes the economics," said Roy Kienitz, deputy chief of staff to Gov. Edward G. Rendell of Pennsylvania, a Democrat. "They just want someone else to be left holding the bag at end of the day."

In New York, where the governor, George E. Pataki, is a Republican, a spokeswoman for the State Department of Transportation, Jennifer Post, said, "We believe Amtrak's operations need to be reformed," adding, "We continue to be interested in learning more about the specifics of the plan, and the availability of federal funding to help finance it."

Ms. Post continued, "New Yorkers already pay enough to support Amtrak's operation."

In Connecticut, H. James Boice, the chief of the policy and planning bureau of the State Department of Transportation, pointed out that commuter lines and Amtrak had differing needs. Connecticut already owns the part of the Northeast Corridor from New Haven to the state line at Greenwich. The majority of trains by far belong to Metro-North,

the commuter railroad, and the state wants to keep the line in shape to handle traffic at those trains' top speed, 90 miles an hour, he said, but Amtrak wants 125 miles an hour.

"There's a big incremental cost to things like that," Mr. Boice said. Of the idea that states take over the corridor, he said, "We're evaluating it, but on first blush it has problems."

New Jersey's commissioner of transportation, Jack Lettiere, said that New Jersey Transit ran 10 times as many trains as Amtrak on the part of the corridor in his state, and that he would like one aspect of ownership: more control of the tracks. The states could work out a cost-sharing arrangement, Mr. Lettiere said, but "only after the federal government put the corridor back into a state of good repair."

In Boston, Transportation Secretary Mineta appeared at a news conference on Wednesday with the Massachusetts governor, Mitt Romney, and promised to submit legislation when Congress returns in April.

"If we continue down this current track, there is no hope for recovery," Mr. Mineta said. He said the federal government would continue to invest in the Northeast Corridor. "But instead of handing the taxpayers' money to a company in Washington, D.C.," he said, "we will partner with states so that investments are made in repairing, rebuilding and improving the nation's networks of tracks, tunnels, bridges, and stations." He said Amtrak had neglected the corridor.

Amtrak said it planned to spend billions of dollars for improvements; as a practical matter, railroad officials say, the money would have to come from government.

Mr. Laney, in the telephone interview, said that eventually more money would be needed from somewhere. "What we've got now is begging annually for just enough to survive," he said, adding that "this is not the way to run a business, certainly not the way to run a railroad."

Amtrak management, led by David Gunn, its president, has said that separating the track owner from the train operator on such a busy stretch of rail would simply not work.

Another issue waiting for board action is the fate of long-distance trains, which run on tracks owned by the freight railroads and which do not meet their operating costs. Trains in the Northeast do meet their operating costs but do not generate money for track maintenance. While the long-distance trains lose money, they are essential for generating support in Congress.