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National Association of Railroad Passengers

March 2, 2006

David M. Laney
Chairman of the Board
Amtrak
60 Massachusetts Avenue, NE
Washington, DC 20002

Dear David:

NARP strongly urges Amtrak to restore service between New Orleans and Orlando as soon as it is operationally feasible. We understand that CSX has rebuilt the railroad to a higher standard than existed before Katrina and will be in a position to operate the train in the near future.

We base our recommendation on four key factors.

1) Market potential

This route should be thriving. It connects eight states with a combined population of 89 million (nearly 1/3 of US total) that has grown by 39 million people in the last 30 years (1/2 of total US population growth). It serves Florida, a major tourist destination that is ideally suited for long distance train travel. The seven states that the Sunset connects with Florida account for over 20% of all travel by all modes into and out of Florida. The market is there. Amtrak needs to exploit it.

2) Network Efficiency

The Eastern segment more than triples the number of city pair markets that the Sunset Route serves from 231 to 780. Prior to Katrina, the Eastern segment generated 41% of the route's revenue and 39% of its ridership but accounted for only 28% of its train miles.

	#	Revenue
Trips New Orleans & East	17,568	\$837,206
Trips New Orleans & West	57,005	\$6,402,692
Trips Thru NOL	19,807	\$3,727,170
O/D Unknown	2,046	\$141,463
Sunset Total	96,426	\$11,108,532

3) Positive Incremental Impact

Put another way, restoring the Eastern segment adds 240,000 train miles a year (769 x 6 x 52), but earns \$19 in incremental revenue per incremental train mile.

	Annual Train Miles	Rev per TM
NOL-ORL Local	239,928	\$3.49
NOL-LAX Local	622,440	\$10.29
Thru Route	862,368	\$12.88

Bottom line: the two segments perform better together than alone. The extension not only improves the route's financial performance, it provides a foundation that can serve a valuable transportation function for the American people. We are concerned that failure to restore the Eastern segment would be all pain and no gain—both economically and politically.

4) Improvement Efforts Will Produce Results

We believe the Sunset's current performance reflects decades of neglect, not future potential. Amtrak inherited a tri-weekly train more than 30 years ago; it is still a tri-weekly train even though the population of the service area has grown by 78%. Both the market and the economics justify the board's support for improvement and growth, not amputation, of this route.

Here are just a few examples of actions Amtrak that could take that would generate growth and improve performance.

- Begin small scale marketing efforts in small towns where community interest and support for trains can be high. Examples: Palm Springs (Coachella Valley population 3.3 million), Yuma AZ (Pop. 160,000), Benson AZ (117,000), Deming NM (25,000), Del Rio TX (45,000), New Iberia LA (73,000), Chipley FL (21,000), Lake City FL (57,000).
- Intensify efforts to get UP and CSX to improve on time performance. This is the primary reason why volume has declined in the last few years.
- Integrate train based GPS with Arrow so passengers waiting at unstaffed stations can obtain accurate train time information (this is a serious problem today).
- Establish suburban stops in large, congested Metropolitan areas. Example: Sugarland in Houston.
- At the west end of the route, shift from the congested line through Ontario to UP's Riverside line, thereby reducing many delays currently caused by freight congestion. Long term, reroute via Fullerton to tap the large Orange County market when BNSF completes its triple track project.
- Establish direct connections to South Florida at Orlando using a dedicated Thruway bus and, longer term, either by extending the train to Miami or establishing short distance corridor train.
- Restore service to Phoenix – an option that becomes feasible now that Union Pacific has almost completed its initial rehabilitation of the West line between Phoenix and Welton. In addition to the Tempe station (which serves downtown Phoenix), Amtrak should consider a stop in the heavily populated western suburbs.

- Establish daily service, the single biggest action that Amtrak could take to improve financial performance. It would achieve economies of scale and increase revenue by making the service more relevant to more people for more trips, especially in the higher volume, short to medium distance markets. This option becomes more feasible as UP advances its double tracking of the Sunset Route.
- Consider the possibility of a cross platform transfer at New Orleans to a different, possibly smaller train. The Sunset has undeservedly been made a budget cutting target because of adverse publicity regarding “loss per passenger,” a politically charged but economically irrelevant performance metric. Amtrak can cut that loss virtually in half by treating the Western and Eastern segments as completely different trains. While this doesn’t change the financial outcomes, it does make the route a much lower profile political target.

The Strategic Plan that the Board approved last year states that Amtrak will take steps to improve the performance of “underperforming” long distance routes before approaching states for assistance or discontinuing service. Specifically, the plan identified this action: “Continue aggressive long distance financial performance improvement program...” (page 26).

One of the reasons we supported what became know as “The Laney Plan” was the reasonable and measured process you set forth for making decisions about restructuring routes in the future. We believe strongly that a natural disaster must not be used to circumvent this process. Amtrak should restore the eastern segment as quickly as possible and make a concerted effort to develop its true potential.

As always, I am available to meet with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "George Chilson". The signature is written in a cursive style with a long horizontal flourish extending to the right.

George Chilson
President
National Association of Railroad Passengers

cc: David Hughes, Amtrak Acting President and CEO