

RailwayAge Late Breaking Rail Industry News

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David Gunn: "I did the honorable thing"

When he came out of retirement to accept the position as Amtrak's President and Chief Executive Officer little more than three years ago, David L. Gunn—a highly respected career railroader with more than 40 years' experience operating freight trains and running transit systems in the U.S. and Canada—said he didn't need the job, and if his superiors didn't like the job he was doing, they could fire him. He'd return to his home in Nova Scotia.

That's exactly what happened earlier today, when Amtrak's four-person, Bush-Administration-appointed Board of Directors (only one of which—Chairman David M. Laney—has been confirmed by the U.S. Senate), released Gunn, saying that Amtrak "needed to intensify the pace and broaden the scope of its reforms." He was reportedly let go because of "philosophical differences" with the Board, most likely a clash over the Board's vote in September to authorize splitting off the Northeast Corridor, an idea backed by the Bush Administration. That apparently was the straw that broke the camel's back.

Chief Engineer David Hughes has been named Acting President and CEO, and the Board "has launched a national search to find the railroad's next leader."

"The Board members came in this morning and asked me to resign. I refused, so they fired me," Gunn said in an interview this afternoon with Railway Age Editor William C. Vantuono. "I feel at least that I did the right, honorable thing. I wasn't going to abandon our people." He said that the Bush Administration's people wanted to implement their plan, "which is destroying Amtrak." "I stood in their way," he said. "That's why they fired me."

Gunn, a veteran of the Santa Fe and Illinois Central railroads who made his mark in transportation by turning around transit systems in Boston, New York City, Washington D.C., and Toronto, spent the past three-plus years streamlining Amtrak's management structure, improving financial controls, and implementing many state-of-good-repair programs on plant and equipment. "If you want an example of getting fired for producing good numbers, this is it," he said. "It's an upside-down world we live in."

The biggest question: Who will want Gunn's job? Presumably, it will have to be someone willing to be more aggressive in carrying out the Administration's plans for "reforming" Amtrak and intercity passenger rail.

"David Gunn has helped Amtrak make important operational improvements over the past three years," said Laney in a prepared statement. "Amtrak's future now requires a different type of leader who will aggressively tackle the company's financial, management, and operational challenges. The need to bring fundamental

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change to Amtrak is greater and more urgent than ever before. The Board approved a strategic plan in April that provides a blueprint for a stronger and more sustainable Amtrak. Now we need a leader with vision and experience to get the job done."

"I have known David Gunn many years and respect the work he did to help streamline and stabilize Amtrak," U.S. Transportation Secretary Norman Mineta said in a prepared statement. "However, it is the job of Amtrak's Board to make decisions that are in the best interest of Amtrak. I am confident in the Board's judgment and its belief that different leadership is needed to address the serious challenges facing the company. The U.S. Department of Transportation stands ready to support Amtrak as it reforms its long distance services, upgrades the Northeast Corridor, and establishes new fiscal accountability measures and will continue to work with Congress to ensure the future of intercity passenger rail." (Just two days ago, following a highly critical General Accountability Office report, Mineta said that Amtrak needs to "clean up its act and become more accountable to taxpayers and the traveling public.")

"Anything they'll tell you is bulls_t," Gunn told Railway Age in his characteristically frank, shoot-from-the hip manner. Citing the 93-6 vote in the Senate approving an Amtrak reauthorization bill earmarking nearly \$12 billion in mostly capital investment over the next few years, Gunn said "it doesn't compute. The Administration is serious about taking this place apart."

Gunn's ouster has prompted a flurry of mostly angry reactions:

"Today's decision to fire David Gunn is wrong, ill-advised, and further proof that the Bush Administration doesn't want Amtrak to succeed," said Sen. Tom Carper (D-Del.), a former Amtrak Board member. "Strangely, this decision comes just a week after the Senate overwhelmingly approved an Amtrak reform bill in one of the most pro-Amtrak votes I've ever seen. Ninety-three senators are now on record supporting a meaningful and thoughtful Amtrak reform bill. It's unfortunate that the Administration, through the Board, would rather play games with Amtrak's management than engage Congress on how to make Amtrak stronger. Today's action was taken by a weak Board with questionable legitimacy. It is just one in a long line of poorly thought-out proposals to come out of the Bush Administration. Earlier this year, the Administration proposed to eliminate all funding for Amtrak and reform it through the bankruptcy courts. Then they proposed splitting off the Northeast Corridor. Now they're firing someone who's actually made real progress at bringing some much-needed change to Amtrak."

Sen. Trent Lott (R-Miss.), who with Sen. Frank Lautenberg (d-N.J.) cosponsored the successful Amtrak reauthorization bill, called the Amtrak Board's action "a step backward."

"The manner in which Mineta has handled this is disgraceful," said one industry observer. He described the Secretary as "widely regarded in the railway industry as little more than a Bush Administration puppet." Mineta's pronouncements on

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Amtrak, particularly, the FRA awarding grants to Amtrak only if it "demonstrates that it has reformed its acquisitions practices," have sounded like "the petulant parent who threatens to punish a misbehaving child by cutting off his allowance."

David Laney was previously on record as opposing Administration plans to break up Amtrak. He "is now seen as a part of that effort," said the National Corridors Initiative. "Many people believe that the Administration will attempt to sell off the Northeast Corridor to a consortium of private interests. Administration officials are reportedly in the process of meeting with the private-sector organizations involved."

Other sources have told Railway Age that a possible scenario would involve retaining federal ownership of the NEC but placing operations under the auspices of a public/private partnership that would include a federal/multi-state consortium. That model, Gunn maintains, won't work, given a railroad's unique (compared to other transportation modes) need for fully integrated operations and infrastructure.

What happens next? "The Administration is running out of time," Gunn told Railway Age. "They have to do a lot of the dirty stuff this year, because next year is an election year, and what they've got in mind will be very unpopular." Gunn predicted that, within the next few months, "there will be a lot of train-offs and other service cutbacks."

November 9, 2005

GAO report on Amtrak stirs more debate

The General Accountability Office's most recent report on Amtrak (the sixth in the past three years) has hit nerves on both sides of the current debate over why and how Amtrak should be reformed.

U.S. Transportation Secretary of Norman Y. Mineta, whose calls for radical restructuring (some say destruction) of Amtrak have largely been ignored by Congress, promptly issued a statement saying that the Department of Transportation "would implement recommendations to strengthen its oversight of Amtrak." He said Amtrak must "take quick steps to address the recommendations made in the Nov. 3 GAO report that require Board or management action. For the past several years, I have been urging Amtrak to clean up its act and become more accountable to taxpayers and the traveling public. I hope this report will be a turning point for Amtrak. There simply is too much at stake to let the company deteriorate any further."

Mineta directed the Federal Railroad Administration to require Amtrak "to submit plans to improve financial reporting and management practices, [and] demonstrate how it will improve its acquisition practices before receiving federal taxpayer grants. The FRA will award grants to Amtrak once it demonstrates that it has reformed its acquisitions practices. Amtrak also will be required to develop and share with the DOT clear measures of overall corporate performance. These new measures will be used to help the DOT issue annual reports to Congress on Amtrak's progress in making needed reforms. These reports will include recommendations for ways

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Congress can help Amtrak reform.”

The National Association of Railroad Passengers quickly weighed in on Mineta’s statement, saying that “more layers of bureaucracy will not help Amtrak improve and grow.”

“It seems Rube Goldbergesque for Secretary Mineta, an Amtrak Board member, to direct FRA to secure still more information from Amtrak on top of what is already required and likely to be required by Congress, and ask FRA to write an annual report for Mineta to read,” said NARP Executive Director Ross B. Capon. “Mineta should focus on his most pressing Amtrak responsibility—working for a full, bipartisan slate of seven voting Board members. As things now stand, when Congress adjourns, the Board will have just two members—Mineta (in practice, his representative Jeffrey Rosen) and Chairman David Laney. The other two current members (both Republicans) are recess appointments that expire when Congress adjourns. Mineta has been on the Amtrak Board since June 28, 2001. If Amtrak is really the mess he claims, you would expect him to show a real hands-on interest and to acknowledge some responsibility. But he has not attended one Board meeting over that 52-plus-month period. [His] comments about Amtrak are not credible and must be measured against Amtrak’s considerable progress of recent years.”

(Editor’s note: Rube Goldberg, cofounder of the National Cartoonists Society, was one of history’s most famous and prolific cartoonists. He was best known for his “Rube Goldberg Machines,” devices described as “exceedingly complex and performing very simple tasks in a very indirect and convoluted way.” Among Goldberg’s cartoon titles and characters were “Boob McNutt,” “Foolish Questions,” “Lala Palooza,” and “Professor Lucifer Gorgonzola Butts,” inventor of “Professor Butts’ Self-Operating Napkin.”)

Rep. Corrine Brown (D-Fla.) Ranking Member of the House Subcommittee on Railroads, released her own sharp criticism of Mineta’s latest pronouncement: “What Congress really ought to be looking into is how many GAO reports, IG reports, and Taskforce Reports have to be done before we deal with Amtrak. We ought to look into how much those ridiculous investigations have cost U.S. taxpayers and our nation’s passenger rail system.”

In a Nov. 4 letter to Mineta, Brown said the GAO report is “a strong indictment of your Department.” Noting that he has been on the Amtrak board for more than four years, Brown asked Mineta, “How is it that you were unaware of the issues that you term an ‘unprecedented indictment’? Are we in Congress to presume that Amtrak’s Board . . . is not capable of managing Amtrak’s operations? If, as you claim, the report shows that Amtrak has been a ‘systemic failure,’ shouldn’t Congress assume the same for Amtrak’s Board? Given your unquestioned support for GAO’s findings, I suggest you review [GAO’s] answer to that question: ‘Although responsible for managing the affairs of the corporation and ensuring good stewardship over resources, Amtrak’s Board has not exercised sufficient oversight of the corporation or held management accountable for results.’”

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"It seems to me," concluded Brown, "that the time spent drafting [your Nov. 7 statement] would have been better spent carrying out your duties as a member of the Amtrak Board and reviewing the [Bush] Administration's own failures and ineffectiveness in addressing critical intercity passenger rail issues."

"Amtrak has complied with much-strengthened accounting controls under the terms of the July 2002 emergency \$100 million DOT loan, and subsequent appropriations bills," Ross Capon noted, adding that "the Administration's 'plan' for intercity passenger rail was dead on arrival at Capitol Hill. The Senate on Nov. 3 voted 93-6 for a version of reform with no significant ideas from the Administration's bill. The Administration's attack on long-distance trains . . . has not resonated on Capitol Hill. The House, on a June 29 voice vote, rejected Administration and committee efforts to scale back Amtrak funding sharply, and voted 269-152 to drop 'kill-long-distance-trains' language."

Some members of Congress press on with their own versions of Amtrak reform legislation and anti-Amtrak rhetoric. Rep. Pete Sessions (R-Tex.) has introduced H.R. 4214, the "Reforming Amtrak's Inefficient Lines (RAIL) Act," described as "a bill designed to cut Amtrak's operating costs by eliminating money-losing routes and services . . . part of [my] effort to trim the nation's fiscal burden by eliminating or significantly reducing wasteful and inefficient government programs that burden American taxpayers. . . . "Congress has a duty to be responsible with taxpayer money. If we continue to spend it to subsidize services that do not operate efficiently, we are giving the taxpayers a raw deal. Instead, we should lessen the burden on taxpayers by reducing or eliminating wasteful and inefficient government spending. One way we can do this is by eliminating routes and services on which Amtrak consistently loses money."

The RAIL Act, which is co-sponsored by Reps. Joe Wilson (R-S.C.) and Marsha Blackburn (R-Tenn.) calls for discontinuing service on the Southwest Chief, California Zephyr, Empire Builder, Coast Starlight, and Silver Star; discontinuing food and beverage service "unless revenues from the service exceed its cost, including labor," and eliminating sleeper cars, dining cars, lounge seating, checked baggage service, and onboard entertainment. Sessions singled out these trains and services for discontinuance based on an October 2004 Amtrak Monthly Performance Report and a recent U.S. DOT Inspector General report on onboard services costs of long-distance trains.

Sessions' announcement prompted this strong response from Capitol Corridor Joint Powers Authority Managing Director Gene Skorowposki, who runs one of the most successful intercity passenger rail services in the U.S.:

"Let's find a Congressional sponsor to introduce the 'Reforming the Highway System's Inefficient Roads Act' to rip up the roads that don't make money, or are not jammed with traffic, since they are obviously not needed, and the 'Reforming the Airlines Inefficient Service Operations Act' so we can find out what happened to the \$15 billion [Congress] gave the airlines last year, close those inefficient money-

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losing airports, and get rid of the inefficient airlines. Let all [in Congress] who want to eliminate Amtrak service to their districts come forward and go on record with what Amtrak services they want to take away from their constituents. Do you want to bet if this will ever happen?"

Skoropowski, who has spent more than 30 years in passenger railroading and who is this year's recipient of Railway Age's W. Graham Clayton Award for Distinguished Service to Passenger Transportation, provided a laundry list of the various efforts on the part of the federal government to reinvent Amtrak in the past few years: "We had the 'run it like a business' directives, which [won't work] because of federally imposed requirements normal businesses would never be required to follow. Then we had the 'glidepath to self-sufficiency,' whereby [gradually eliminating] Amtrak's operating subsidy would be supplanted with the provision of adequate federal capital funding—which was never provided. Then we had the 'Amtrak's business model is flawed' argument, as if there is no other creature of government with any flaws. Now we have 'efficient operation of the business' legislation proposed, which miraculously will give us a 'functioning business that is profitable,' just like all the other 'businesses' created by legislation."

"It takes financial resources to accomplish any successful business, public or private," said Skoropowski. "The U.S. DOT loves to point to 'California's success' [with intercity passenger rail]. Yes, but it happened because California voters provided billions of dollars of state capital funding 15 years ago, and it took that long to get where we are today. Even California cannot continue to invest 100% state capital dollars in its passenger rail program. We need a federal partner, and we need Amtrak. The bottom line is that 'success' comes when a large investment of capital funding is made. The Northeast Corridor has had a partial investment, and the rest of the country not much else besides rolling stock—and even that is now 15 or more years old. What do we need to do to get the attention of Congress and get them to make the right decisions?"