

**Future Passenger
Train Service
on the
Santa Fe**



*A statement by
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Santa Fe throughout its nearly one hundred year history has been a leader in serving its territory with passenger train service. That policy will remain unchanged, but present-day circumstances warrant a reappraisal of the size of our passenger operations.

Loss of mail revenue from passenger trains

On September 6 we were notified by the United States Post Office Department that by October 6, 1967, all but two Railway Post Office Cars would be removed from our passenger trains. A new system of nationwide mail distribution embodying air transportation of all First Class Mail is now being instituted. Additionally, the Post Office Department announced it will pay for the transportation of all Second, Third and Fourth Class Mail at such a reduced rate it is no longer feasible or practicable to handle this mail in passenger train service. This latter class of mail will shortly be moving in Santa Fe's fast freight service. Nearly \$35 million of annual mail revenue, the backbone of our passenger trains, will no longer be available to help support these trains.

The loss of mail on passenger trains was a sudden devastating blow to the continuance of services that were already marginal or being operated at a loss.

The deteriorating market for railroad passenger service—

For some time railroads have not shared in the rapid growth of travel occurring in this country. On the Santa Fe this recently has been evidenced by a decline of 17.3% in passenger revenues in the first eight months of this year compared to the same period a year ago. We do not foresee a reversal of this trend despite our best efforts to promote rail passenger travel.

Two factors have contributed to the decline in rail travel. First, unparalleled construction of highways and accompanying growth of automobile ownership. Last year alone the federal and state governments spent \$15 billion on new construction. For short distances the traveler prefers his automobile because he can make his own schedule. Second, air travel is booming. Here, too, a competitor has been aided by local, state and federal governmental agencies spending millions of dollars on meteorological and guidance systems as well as new airport facilities. With over 165 daily flights between Chicago and California alone, the preference for jet travel on long haul is clearly indicated.

Last year the Santa Fe passenger loss, under the formula for apportioning passenger train costs prescribed by the Interstate Commerce Commission exceeded \$32 million. This year the figure will be significantly greater primarily because of: (1) the mail revenue loss; (2) declining patronage; and (3) sharply increased costs for labor and materials, which have risen steadily year after year. While the validity of the I.C.C. formula is debatable, nevertheless the upward trend is significant. When the full impact of the loss of mail revenue becomes effective, passenger train losses under *any* formula will be staggering.

Santa Fe has made an aggressive effort to compete for passenger business—

Since 1946 we have spent \$136 million for cars and locomotives used in passenger train service. Several thousand miles of continuous welded rail have been installed to produce a better ride and reduce maintenance costs. An aggressive TV, magazine and newspaper advertising campaign, Bank Credit Cards, One-Price Tickets, Family and Off-Season Fares—all have been employed to attract patronage. We have placed special emphasis on courtesy and service by educational seminars, incentive programs and the like. Equipment maintenance and cleanliness coupled with good food service have been paramount.

Santa Fe has not abandoned the traveling public—travelers show an increasing preference to drive or fly.

Santa Fe's future passenger train service

Faced with a sharply declining trend in passenger travel and the immediate loss of mail revenue from our passenger trains, Santa Fe has had to make a prompt change. With the loss of mail revenue from our passenger trains, there was only one course of action left open. Passenger service had to be reduced. The plan to restructure passenger service was based on maintaining needed services to the area we serve, while safeguarding the interest of our employes and investors by preventing money-losing operations which would otherwise surely occur.

In the next few days the Santa Fe will file with the appropriate regulatory agencies proposals which will restructure our passenger operation. It is our intent to maintain the following trains: The Super Chief, El Capitan, the San Francisco Chief, the Texas Chief, and certain connecting service to San Diego. The future of these remaining fine trains will depend

on continued patronage. We propose to discontinue all other service.

It is believed this approach will give our territory and customers a passenger service more nearly tailored to its present needs.

It is logical to assume that restructuring of our passenger train service will affect some of our personnel; however, we are unable at this time to forecast with accuracy the impact on individual employes brought about by this change.

The losses from providing unneeded passenger trains would affect the progress of Santa Fe and the development of freight transportation for the areas we serve—

The territory we serve, our patrons, our stockholders and the largest number of our employes will benefit in the long run if we are relieved of the serious future monetary drain which unnecessary passenger train service will impose. Funds for progress and change on a railroad must not be wasted on any services that the public will no longer support. These funds should be devoted to types and concepts of service which will create additional employment opportunities and meet the needs of the public.

We have recently invested large sums for new hopper cars to carry bulk loads of grains, potash and other commodities produced in our areas. Other substantial investments have also produced new methods for Piggy-Back service, multilevel cars for carrying automobiles and other types of equipment vital to the constantly changing needs of our shippers. Millions have also been spent for high-horsepower diesels, microwave, radio and signal systems, as well as for push-button yard and other modern facilities.

Santa Fe is planning for bold new types of freight service in the near future. This would include expansion of container freight operations and special equipment, such as the recently introduced flat cars that have their own power plant for quick "plug-in" of refrigerator containers moving to and from overseas points in intermodal service. All of these plans and more will tend to create new employment opportunities.

These and other new ideas are being implemented to gain additional business as we move toward better ways to keep Santa Fe a progressive and profitable railroad.