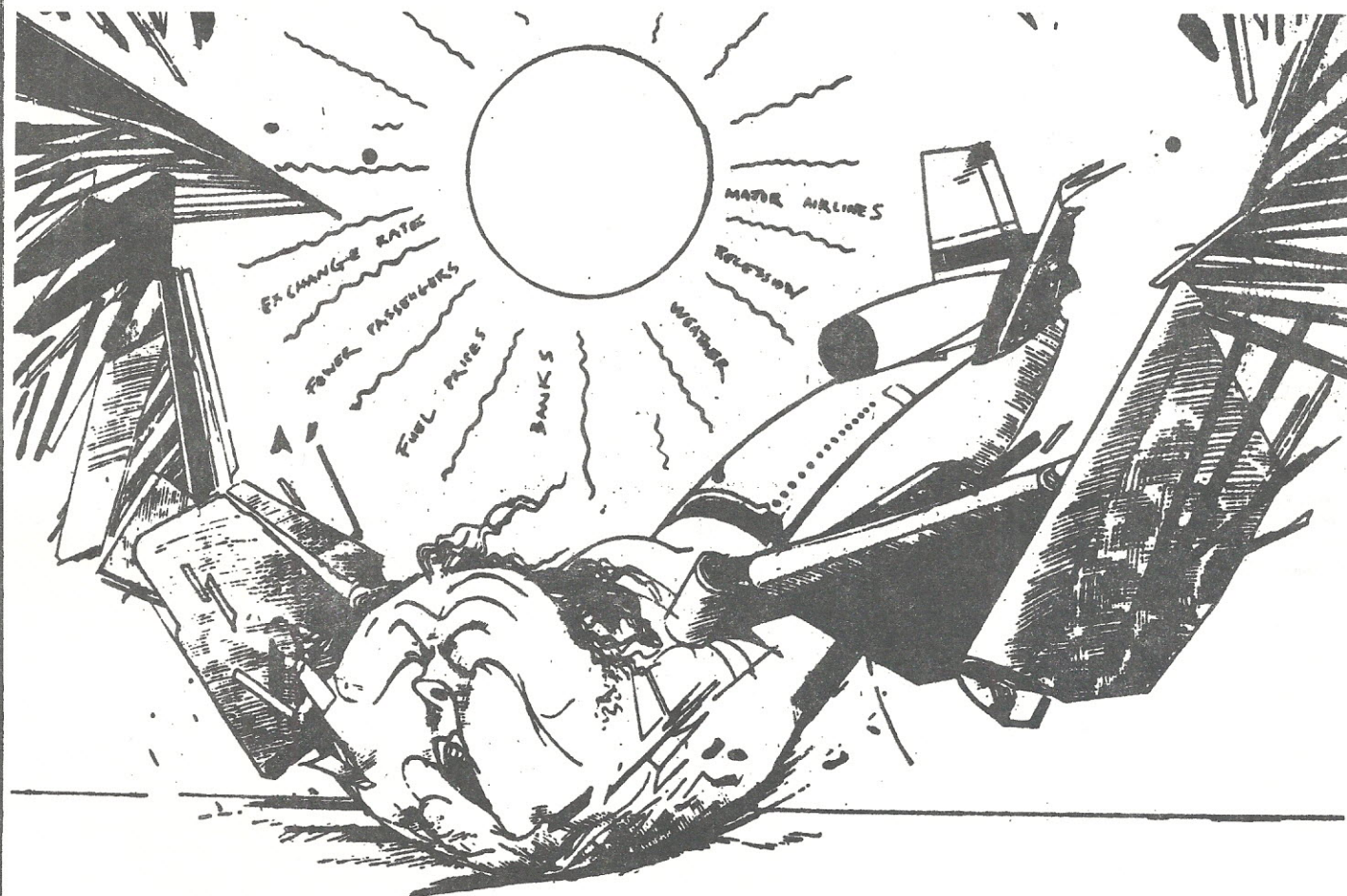


# transport central



SIR FREDDIE ICARUS

Gordon Smith

28 February 1982 / \$1.00

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## INTERFACE

### How Sir Freddie Crashed Laker

*Many of the world's big airlines are in trouble as they find that deregulation and tough competition—plus the recession and high fuel costs—are slashing their revenues. Sir Freddie Laker, the airline buccaneer who tackled the airlines' family compact, is now trying to form a new airline with the help of "Tiny" Rowlands, a tough British conglomerate boss. Laker Airways is in ruins, throwing close to 2,000 people out of work. Here's the story of how a big airline crashed. (Reprinted from the Sunday Times of London)*

Sir Freddie Laker is above all a professional showman. And Wednesday, February 3, at New York's Kennedy Airport, he gave what must have been the most extraordinary performance of an extraordinary career.

He was by then the only man with inside knowledge of the figures who did *not* believe that Laker Airways was doomed. In London the bankers and the British Civil Aviation Authority (CAA) were preparing the line's obituary; in New York Laker was spending 8½ hours making TV commercials for Skytrain.

As always, Laker was the star. And not once during the shooting did the cameras capture even a hint of despondency. Indeed, his New York advertising agent, Victor Emanuel, thought that Laker was in magnificent form. "He was really excited about the new campaign," Emanuel says.

When, just 36 hours later, Emanuel was told his client Laker Airways was bankrupt, he refused to believe it.

There are other clues to suggest that Laker was largely out of touch with reality.

On Tuesday, February 2, when he left London for New York on the 10:30 a.m. Concorde, he knew that Skytrain had been catastrophic: In particular, the number of passengers on the New York run had slumped by 30 per cent and his DC10s were leaving Gatwick half empty.

More seriously, the airline's cash flow had virtually dried up. Nervous suppliers were banging on the door for payment; but the travel agents were reluctant to pass on their customers' money until they were certain the airline would survive.

And, as Laker also knew, the much-vaunted rescue plan had stalled because it contained a serious flaw. In

essence, it depended upon McDonnell Douglas, the U.S. manufacturers of the DC10, being prepared to bail out its European rival, Airbus Industrie. The Americans were more willing than anyone to help Freddie Laker but, as John Gentling, a vice-president of McDonnell Finance Corp., put it: "That was impossible."

Yet when Laker was intercepted February 2 at Heathrow by a reporter he indulged in utter fantasy. Laker said the \$135,000,000 rescue package had been finalized. "In fact, we are in a better position than we have ever been," he added.

In London, Laker's bankers and financial advisers were "astounded" by his behavior. "We simply couldn't believe it," one told us. Even as Laker prepared to go on camera for his commercials at Kennedy Airport, the bankers and the CAA agreed that the airline should go to the wall.

Even on Thursday morning, when his DC10 Skytrain landed at Gatwick, Laker would still not contemplate the thought of bankruptcy. His preoccupation was with new routes.

When Laker first confronted IATA—the major airlines' price-controlling cartel—in 1977, the London to New York one-way economy fare was \$440. Adjusting for inflation that would now be \$744.33. But an economy ticket today actually costs \$279. And, on the kind of standby ticket that Laker pioneered, Britons could fly to New York for a mere \$202.

Thus did Sir Freddie become a folk hero. He was the man who took on the fat cats.

It seems inevitable, therefore, that when this chapter of his life is retold, the villains of the piece will be the established airlines, who plotted to "get Laker," and the banks, who failed

to support him at the crunch.

Certainly the airlines played a role in his downfall. Even before Skytrain, there were 7,500,000 empty seats crossing the Atlantic every year. And, though Laker did indeed attract new customers, he also attracted passengers from the existing carriers. They had little choice but to reduce fares drastically.

It is also true that British Airways (BA) is now engaging in blatantly unfair competition. For the past few months it has been losing \$124 on every cheap transatlantic seat; these losses could amount to \$67,400,000 by the end of March when BA will announce disastrous results for the last financial year.

But BA's decision last year to cut its standby fare to New York to \$202—the same as Laker—was *not* designed as an assault on Freddie. It was an inevitable response to a much more serious challenge—Pan Am's declared new policy entitled "no one flies cheaper."

And, while Pan Am was certainly out to "get Laker," the irony was that this policy was the very personal strategy of the American airline's new chairman, Ed Acker, who is every inch as much a cubaneer as Laker himself.

Acker was the man who, by ruthlessly slashing costs and fares, transformed Air Florida from a tiny interstate airline into an international carrier in less than five years. It was inevitable that when he took over at money-losing Pan Am, he would employ the same strategy. And, while Pan Am's new fares may be unbearable for its competitors, they are hardly unfair, because they are being subsidized by the staff's agreement to take what amounts to a \$449,000,000 cut in salaries.

As for the banks, they do share responsibility for Laker's downfall—but not for abandoning him. The error the banks made was in lending the enterprise so much money in the first place.

In truth it has to be said that the principal architect of the disaster was Laker himself.

When he left the troubled independent airline, British United Airways, in 1965, he swore that *his* airline would avoid the pitfalls that had overtaken BUA. Laker Airways, launched in February 1966, would be a tight operation with no more than six planes, and a staff of 120. He used to tell people that if it grew any larger "you can kick my arse."

Within two years all that caution was forgotten. He was supposed to be

in the little-risk business, flying under contract for the package-holiday firms. But then he assumed all the risk by buying out his two biggest customers. He snapped up second-hand aircraft—and in the case of two Boeing 707s, which he bought from a bankrupt airline, was stuck with them for years.

And then in June 1971, despite the fact that Laker Airways' profits were still exceptionally modest, he announced his decision to take on the giants—with Skytrain.

Contrary to popular belief, Laker was not thereby inventing the concept of cheap travel. The credit for that belongs to Caledonian Airways (now called British Caledonian) which in 1963 had won permission to fly cheap group charters across the Atlantic.

But no one embraced the philosophy more passionately than Laker, and his six-year battle to win the Skytrain license—against bureaucratic opposition in Britain and from *some* airlines—had elements of the heroic.

The trouble was, Laker always overestimated. Thus he bought three DC10s *before* the U.S. had approved Skytrain. It was five years before the planes could fly the route.

When he did get the license he said: "I think I am home and dry." And, indeed, Skytrain made a \$4,490,000 profit in its first year.

Convinced that Skytrain would eventually become Globetrain, and span the world, he ordered in rapid succession no fewer than *eight* DC10s and 10 Airbuses.

Asked what would happen if the airline, now saddled with a debt of \$350,000,000, got into trouble, Laker said he could always sell the Airbuses. Unfortunately, he hadn't read the small print.

The first mistake was to buy all these planes; the second was to buy them only on borrowed money. Laker borrowed \$350,000,000 to buy the planes from McDonnell Douglas and Airbus Industrie and each year he had to find the cash to repay the installments as well as paying the interest. As Laker had always run his business on wafer-thin profit margins, he needed crowded aircraft if he was to keep the bankers happy.

It was a massive gamble, although one in which Laker himself carried hardly any risk: If anything went wrong, the banks which had financed the complete cost of the planes had no claim on Laker personally.

It is staggering that the banks should

have gone into the deal on such terms. Even when Laker bought the DC10s, aviation analysts were forecasting there would soon be too many half-empty planes, and the banks knew Laker's company was financed almost entirely by loans. So why did they lend him the money?

In addition to Laker's undoubted negotiating skill, there are two main reasons: The international banks were flush with cash; and they were effectively underwritten by the aircraft companies.

Both Airbus Industrie and McDonnell Douglas were so keen to sell their planes that they guaranteed the resale value of the aircraft to the banks. Under what is known as a "first loss guarantee" clause, both companies undertook to make up the first 25 percent of the cost of the planes, if they were ever to be sold at a loss. As it turned out, these clauses were a major problem in devising a rescue plan.

Last July, as the recession deepened, it became clear that Laker would find it hard to repay his debts on time. Typically he tried to turn his difficulties to his advantage. He publicly challenged his bankers to reschedule the debts: "I said to myself—you have innovated the airline business. Now you must innovate the banking business."

The grinding work of turning this into reality was, however, left to others. Throughout the autumn Samuel Montagu, Laker's merchant bank advisers, tried to persuade the members of the two banking consortia to accept a delayed repayment of their loans.

The German and Austrian banks in particular were not happy with this idea since they thought the company was doomed. So Laker's advisers looked at the possibility of selling some of the Airbuses.

They then discovered the small print which Laker himself had missed: If Laker sold just one of the planes, the interest rate on all the remaining loans would rise from its subsidized 10.2 per cent to the much higher market rates.

While his advisers wrestled with this problem, the Civil Aviation Authority kept casting doubts on Laker's financial forecasts. Finally, by the middle of December, they had approved a set of figures, but they insisted on \$11,200,000 of "headroom"—just in case they were wrong. On Christmas Eve, Samuel Montagu was able to announce an agreement in principle.

Both the banking consortia would

defer any repayment until September 1982, when all the Airbuses would be sold. McDonnell Douglas and General Electric—both members of the American banking syndicate—agreed to lend Laker the \$11,200,000 which the CAA was insisting upon and McDonnell Douglas said it would turn its \$5,600,000 share of the loan into preference shares in Laker Airways.

However, when detailed negotiations started after Christmas, it slowly dawned on McDonnell Douglas exactly what the scheme involved. It seemed quite likely that the Airbuses would be sold in September at an \$18,000,000 loss; Airbus Industrie would have to pay this to the banks but would then be entitled to recoup it from Laker; after the summer season, Laker would be flush with cash and able to pay. Thus, if McDonnell Douglas and General Electric put in money today, they would effectively be helping to bail out Airbus Industrie—a competitor—

later this year.

Throughout January, there were dozens of telephone conversations and meetings all over London; sometimes at the head office of the Midland Bank, the company's main clearing bank; sometimes at Laker's offices at Gatwick. But by the end of January a new problem had arisen: Laker clearly needed much more than the \$11,200,000 on offer from the Americans.

On February 1 the key negotiators met to look at the most recent forecasts of cash flow and traffic. They were terrible. Worried that the company was about to collapse, travel agents were not paying, but suppliers were demanding payment.

So, on the afternoon of Tuesday, February 2, the rescue party approached the Civil Aviation Authority to see if there was any prospect of reducing the \$11,200,000 "headroom."

On Wednesday, the CAA replied: They had looked at the traffic figures

and they could not allow a smaller amount. Everyone now knew that the end had arrived. Everyone, that is, except Laker himself.

On Thursday morning he was summoned to Midland's offices and told, first by his advisers then by the bank, that his company was bust; that he ran the risk of losing his CAA license.

During the afternoon, a group went across the road to the Bank of England to say they could find no solution. Laker, however, refused to accept defeat and left the Midland saying he could sort something out overnight. He was told that he had until 8 a.m. on Friday.

Laker kept his advisers in Gatwick until the early hours and discussed the sale of the Airbuses to a rival holiday firm. But it was to no avail. At around 8:30 on Friday morning he called the Midland and asked them to get the Clydesdale Bank—his original bankers—to call in the receiver.

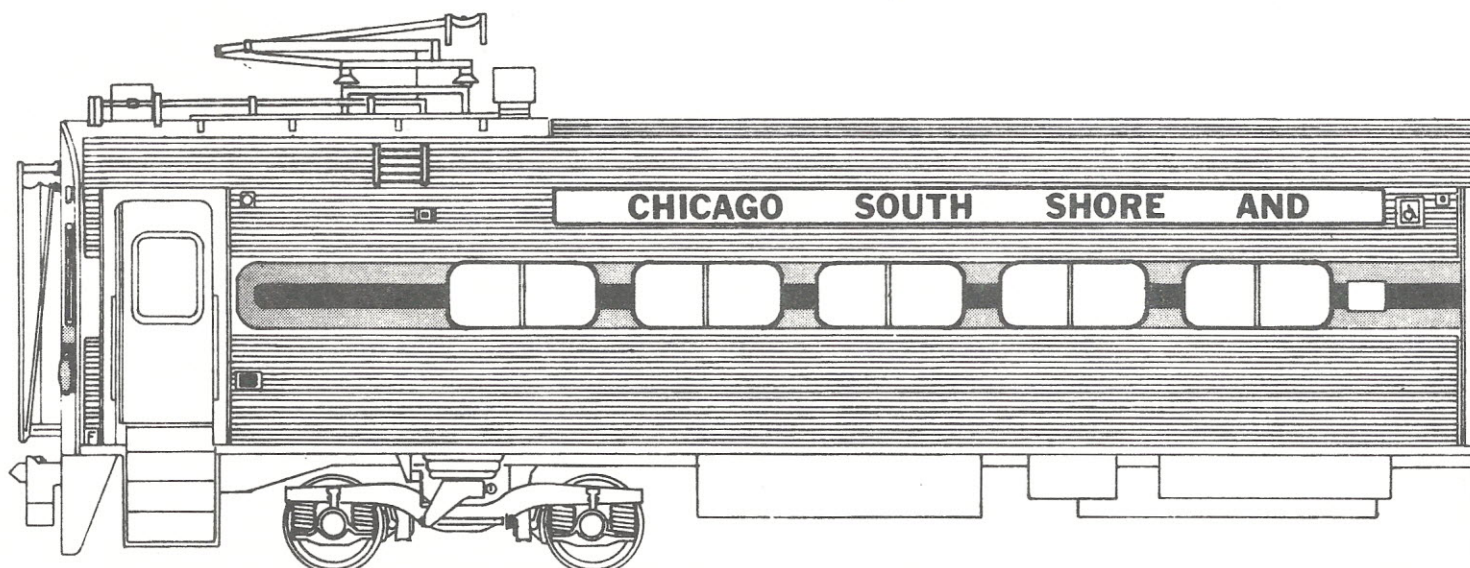
## TRANSIT

# Shoring Up the 'Last Interurban': A Sight for S(h)ore Eyes

► As we noted in our "Cover Photo" comment last issue, the prototype of 35 new South Shore cars—first new passenger equipment on the line in half a century—has arrived at the line's storied Michigan City shops. This prototype, delivered on a flat car with accompanying pantographs and trucks, is at press time yet unassembled [work on restoring the regular

fleet to serviceable condition has priority; three diesel-hauled RTA bilevel commuter trains are filling in temporarily].

When the workload permits, the car will undergo an extensive series of field tests on the line between Michigan City and South Bend which will be witnessed by South Shore and Northern Indiana Commuter Transportation District officials

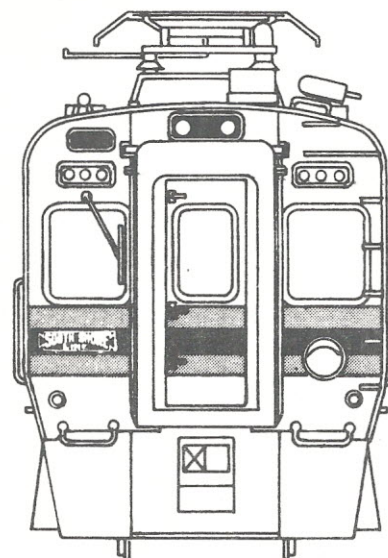


to verify that the car performance meets the contract requirements.

The shells of the stainless steel, single-level cars are being built in Japan by Nippon Sharyo, manufacturers of the famed "Bullet Train". The car bodies will then be shipped to Hornell, New York (to the old Erie Railroad shops), where the cars will be completely assembled. All major component parts are being produced by U.S. firms: General Electric is building motors and control units; New York Air Brake the braking equipment; and American Seating Company (Grand Rapids) the seats.

Each car will seat 93 passengers and will be equipped with wheel chair provisions and handicapped-accessible washrooms. While incorporating the latest in state-of-the-art railcar design, they will carry the traditional South Shore colors with orange and maroon stripes around the outside of each car. The NICTD staff suggested color scheme and striping

-to page 7



### Revised Emergency South Shore Schedule

#### EASTBOUND

MONDAY THROUGH FRIDAY					M.C. Shops	South Bend
Randolph	Hegewisch	Hammond	E. Chicago	Gary		
#12:45A	1:13A	1:17A	1:22A	1:35A	2:15A	
8:40A	9:07A	9:11A	9:16A	9:25A	10:05A	
10:20A	10:48A	10:52A	10:57A	11:10A	11:50A	
12:28P	12:59P	1:02P	1:07P	1:20P	2:00P	
2:02P	2:35P	2:40P	2:45P	2:54P	3:35P	
3:45P	4:10P	4:15P	4:21P	4:35P		
* 4:28P	* 5:09P	* 5:14P	* 5:19P	* 5:30P	* 6:15P	
* 5:10P	* 5:40P	* 5:45P	* 5:50P	* 6:00P	* 6:35P	7:10
* 5:15P	* 5:56P	* 6:01P	* 6:06P	* 6:17P	* 7:02P	
5:58P	6:28P	6:33P	6:38P	6:50P	7:30P	
7:00P	7:29P	7:33P	7:38P	7:50P	8:30P	9:05P
9:15P	9:43P	9:47P	9:52P	10:05P	10:45P	

# Does not operate on Mondays.

#### SATURDAYS ONLY

12:45A	1:13A	1:17A	1:22A	1:35A	2:15A	
7:58A	8:28A	8:33A	8:38A	8:50A	9:30A	10:05A
*11:59A	* 2:28P	*12:33P	*12:38P	*12:50P	* 1:30P	
* 4:05P	* 4:33P	* 4:38P	* 4:43P	* 4:55P	* 5:35P	* 6:10P
* 5:58P	* 6:28P	* 6:33P	* 6:38P	* 6:50P	* 7:30P	* 8:05P
9:15P	9:43P	9:47P	9:52P	10:05P	10:45P	

#### SUNDAYS AND HOLIDAYS

* 9:58A	*10:28A	*10:33A	*10:38A	*10:50A	*11:30A	*12:05P
* 4:05P	* 4:33P	* 4:38P	* 4:43P	* 4:55P	* 5:35P	* 6:10P
9:15P	9:43P	9:45P	9:52P	10:05P	10:45P	

\* This train stops at Van Buren, 12th, 57th and 115th Sts., Hegewisch, East Chicago, Hammond, downtown Gary, Michigan City, and South Bend only.

#### WESTBOUND

##### MONDAY THROUGH FRIDAY

South Bend	M. C. Shops	Gary	E. Chicago	Hammond	Hegewisch	Randolph
	4:45A	5:25A	5:36A	5:41A	5:46A	6:20A
	* 5:45A	* 6:38A	* 6:48A	* 6:53A	* 6:59A	* 7:40A
* 5:40A	* 6:20A	* 7:13A	* 7:23A	* 7:28A	* 7:34A	* 8:15A
	7:12A	7:45A	7:55A	7:59A	8:05A	8:40A
		9:45A	9:55A	10:00A	10:05A	10:35A
10:30A		11:10A	11:20A	11:25A	11:30A	11:59A
	12:30P	12:40P	12:45P	12:50P	1:20P	
12:40P	1:20P	1:30P	1:35P	1:40P	2:10P	
2:45P	3:23P	3:35P	3:40P	3:45P	4:15P	
	4:45P	4:55P	5:00P	5:06P	5:35P	
5:10P	5:50P	6:00P	6:05P	6:10P	6:40P	
	6:50P	7:00P	7:05P	7:10P	7:43P	
8:10P	8:50P	9:00P	9:05P	9:10P	9:43P	

#### SATURDAYS ONLY

* 6:40A	5:50A	6:30A	6:49A	6:45A	6:59A	7:20A
10:35A	* 7:15A	* 7:55A	* 8:05A	* 8:10A	* 8:15A	* 8:45A
	*11:10A	*11:50A	*12:00N	*12:05P	*12:10P	*12:39P
	* 3:15P	* 3:55P	* 4:00P	* 4:10P	* 4:15P	* 4:45P
6:35P	7:10P	7:50P	8:00P	8:05P	8:10P	8:40P

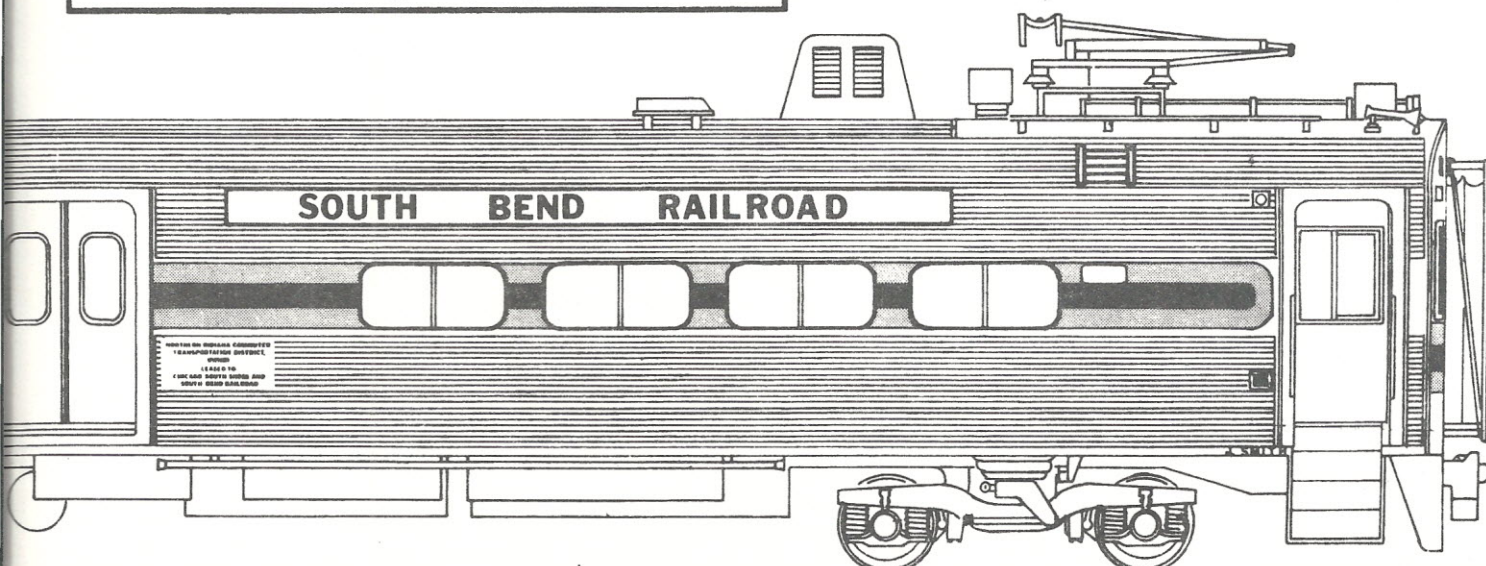
#### SUNDAYS AND HOLIDAYS

* 1:40P	* 7:15A	* 7:55A	* 8:05A	* 8:10A	* 8:15A	* 8:45A
6:35P	* 2:15P	* 2:55P	* 3:05P	* 3:10P	* 3:15P	* 3:45P
	7:10P	7:50P	8:00P	8:05P	8:10P	8:40P

All trains make all stops unless otherwise indicated.

All times shown are Central Standard Time.

\* Operated with RTA equipment - makes NO stops between Randolph Street and Hegewisch.



LEGAL NOTICE  
NOTICE OF PUBLIC HEARING  
DEPARTMENT OF PUBLIC WORKS  
CITY OF CHICAGO  
FEDERAL AND STATE CAPITAL GRANT  
APPLICATIONS FOR MASS TRANSIT PROJECTS  
UNDER THE INTERSTATE TRANSFER PROGRAM

Notice is hereby given that a Public Hearing will be held by the Department of Public Works, City of Chicago on 29 March, 1982 at 10:00 a.m. at the following location:

Central Office Building  
Room 507  
320 North Clark Street  
Chicago, Illinois 60610

This Public Hearing is being held pursuant to the Federal and State requirements for citizen participation.

I Financial Assistance is being sought from the Urban Mass Transportation Administration pursuant to the Urban Mass Transportation Act of 1964, as amended, and from the Illinois Department of Transportation to provide funding under the Interstate Transfer Agreement.

A. The following mass transit projects will be presented:

1. Randolph Street Pedestrian Passageway Project

Design, engineering and construction funds will be requested to build a below-grade pedestrian walkway in the Chicago Central Business District. The pedestrianway will extend approximately two blocks, from the State Street Subway Mezzanine on the west to the Illinois Central Station and Grant Park Garage on the east side of Michigan Avenue. Located just north of mid-block between Randolph and Washington Streets, this facility will serve buildings and transportation facilities along the Randolph Street Corridor.

Easements will be established through the basement of the Marshall Field Store and through the basement of the Blackhawk Restaurant. The easements will result in the displacement of parts of these two businesses. Businesses so displaced will be afforded rights as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

No persons or families will be displaced by this project.

2. Loop Elevated Rehabilitation Project

Design, engineering and construction funds will be requested to carry out the following:

Station	Action
Clark/Lake	Reconstruction
Randolph/Wells	Removal
Washington/Madison/Wells	New Station
Madison/Wells	Removal
Quincy/Wells	Historic Restoration
LaSalle/Van Buren	Reconstruction
State/Van Buren	New Station
Adams/Wabash	Renovation
Madison/Wabash	Removal
Washington/Madison/Wabash	New Station
Randolph/Wabash	Removal
State/Lake	Reconstruction

Engineering and construction funds will be requested to carry out the rehabilitation of elevated structures and the renewal of track where necessary, on the Loop Elevated; on the Ravenswood line from Lake Street to the south bank of the Chicago River, (excluding the Wells Street bridge structure) and from the south end of the Kinzie Street curve to Armitage Avenue; and on the Lake Street line from Wells Street to Ashland Avenue. Noise abatement improvements will also be made on the Loop Elevated structure only.

Engineering and construction funds are also requested to carry out the rehabilitation of elevated structures where necessary on the South Side Main Line (Dan Ryan line) from Van Buren Street to the Stevenson Expressway.

Rights-of-way/easements will be acquired in the proposed Transportation Center Building, the proposed Chicago Board of Exchange Building, the State of Illinois Center under construction, and the Madison-Wells Building under construction.

No persons, families, or businesses will be displaced by this project.

3. State Street Subway Renovation Project

Design, engineering, and construction funds will be requested to carry out the renovation to the following:

- The street-to-mezzanine access, the mezzanines, the platform-to-mezzanine access and platforms at the Roosevelt, Harrison, Grand and Chicago Avenue stations.
- The mezzanines and platform-to-mezzanine access at the Van Buren/Congress, Jackson/Van Buren, Adams/Jackson, Monroe/Adams, Madison/Monroe, Washington/Madison and Lake Street stations.

- The fare-paid-passenger transfer tunnels between the Dearborn and State Street subway platforms at Washington Street and at Jackson Boulevard.
- The rapid rail tunnels adjacent to the continuous platform from Lake Street at Congress Parkway and the tunnels adjacent to the platforms at the Roosevelt Road, Harrison Street, Grand Avenue, and the Chicago Avenue stations.

Noise abatement improvements will also be made in the vicinity of the continuous and discrete passenger platforms from the Chicago Avenue to the Roosevelt Road stations.

No persons, families or businesses will be permanently displaced by this project. Twelve businesses located in the mezzanine and the platform areas are estimated to be temporarily displaced by this project. Businesses so displaced will be afforded rights as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

4. Dearborn Street Subway Renovation Project

Design, engineering and construction funds will be requested to carry out the renovation of the following:

- The street-to-mezzanine access at the Randolph/Washington station.
- The street-to-mezzanine access and the mezzanines themselves at the Wells/Lake, Washington/Madison, Madison/Monroe, Monroe/Adams, Adams/Jackson, Jackson/Van Buren and the LaSalle/Congress stations.
- The continuous platform, the rapid rail tunnels and the platform-to-mezzanine access facilities from Randolph/Washington to Jackson/Van Buren.
- The platform, the rapid rail tunnels and the platform-to-mezzanine access at the Wells/Clark/Lake stations and at the LaSalle/Congress station.
- The mezzanine level pedestrian passageway between the Dearborn and State Street subways at Adams/Jackson.

Noise abatement improvements will also be made in the vicinity of all continuous and discrete passenger platforms from the Wells/Clark/Lake to the LaSalle/Congress stations.

No persons, families, or businesses will be permanently displaced by this project. Four businesses located in the mezzanine and the platform areas are estimated to be temporarily displaced by this project. Businesses so displaced will be afforded rights as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

5. Howard/Dan Ryan Transit Line Improvement Project

Design, engineering, and construction funds as well as funds for right-of-way acquisition will be requested for improvements to realign the current Howard-Jackson Park/Englewood and the Dan Ryan-Lake rapid transit lines to provide increased track capacity and connect lines with similar demand levels in a Howard-Dan Ryan, Jackson Park/Englewood-Lake configuration.

The four elements comprising this project are described below:

a. Dan Ryan Yard Expansion

The Dan Ryan Yard at 98th Street will be expanded within the right-of-way of the Calumet Expressway. The maintenance building will also be expanded.

b. Subway Connection of Dan Ryan and Howard Lines

The Dan Ryan and Howard lines will be connected via a new subway link from the existing elevated structure at Archer Avenue and LaSalle Street to the State Street Subway at 13th Street.

c. Addison Station

The existing track and platforms at the Addison Station (Howard Line) will be reconstructed so that the existing side platforms are replaced by a center-island platform. New fare collection facilities will also be provided.

d. Howard Yard Expansion

The Howard Street Yard will be expanded and a major repair facility will be constructed.

A right-of-way will be acquired to provide for the connection of the Dan Ryan and Howard lines through the following areas: the 1300 block on the west side of South State Street, the 1400 block on the west side of South State Street, the 1400 block on the west side of South Dearborn Street, the 1500 block on the west side of South Dearborn Street, and the area in the northwest corner of the intersection of South Clark and West 16th streets.

Property will be acquired in the vicinity of the Addison Station and the CTA rapid transit yard at Howard Street and Chicago Avenue in Evanston. A public hearing will be held near each of these facilities to provide an opportunity for citizen participation.

Ten persons, families, and/or businesses are estimated to be displaced or partially displaced by this project. Persons, families and businesses so displaced will be afforded rights as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

#### 6. Rock Island Commuter Railroad Structure

Construction funds are requested to repair five viaducts located at 74th Street (440 West), 78th Street (540 West), 79th Street (600 West), 80th Street (630 West) and 81st Street (670 West).

No persons, families or businesses will be displaced by this project.

#### B. Estimated Project Costs:

	TOTAL	UMTA	IDOT
Randolph St. Pedestrian Passageway Project	\$ 5,574,890	\$ 4,738,657	\$ 836,233
Loop Elevated Rehabilitation Project	90,196,000	76,666,600	13,529,400
Subway Renovation Projects	20,964,000	17,819,400	3,144,600
Howard/Dan Ryan Transit Improvement Project	129,941,000	110,449,850	19,491,150
Commuter Railroad Project	2,100,000	1,785,000	315,000

#### C. The Howard/Dan Ryan Transit Improvement, Randolph Street Pedestrian Passageway, and the Loop Elevated Rehabilitation Program are undergoing environmental assessment to determine if any significant impacts will occur as a result of their implementation.

No significant effect on the environment is expected from the State Street Subway Renovation Project, Dearborn Street Subway Renovation Project and the Commuter Railroad Project.

#### D. All of the above projects have been submitted to the Northeastern Illinois Planning Commission, the Illinois State Clearinghouse, and the Regional Transportation Authority for review.

#### E. New, remodeled, or rehabilitated facilities will incorporate provisions for serving the elderly and handicapped in accordance with applicable local, state and Federal Regulations.

#### II. At the hearing, the City of Chicago will afford an opportunity for interested persons or agencies to be heard with respect to the social, economic and environmental aspects of the project. Interested persons may submit orally or in writing evidence and recommendations with respect to said projects.

#### III. Copies of the grant applications for the proposed projects together with environmental data and the transit development plan for the area are currently available for public inspection at the Bureau of Transportation Planning and Programming, Room 411, 320 North Clark Street, Chicago, Illinois 60610.

to provide historical continuity between the old and new fleet.

Acquisition of the cars is part of a \$67,500,000 capital improvement project with \$54,000,000 from the federal government and \$13,400,000 from local sources. Of this total, \$49,000,000 is for construction of the new cars, with the remaining money being spent on needed improvements to the electrical system as well as track and maintenance facility improvements.

While the tests on the prototype car are being completed, the remaining 35 car bodies will be shipped to the U.S., where the domestic components will be installed in each car. After assembly, the new cars are scheduled to begin arriving in Michigan City by September 1982 (strikes permitting), with delivery to be completed early in 1983.

➤ From a low of 1,500,000 annual riders in 1978—the lowest since 1933—the South Shore has dramatically increased its ridership, with more than 2,400,000 passengers recorded in 1981. A 35% gain in ridership was experienced in 1980, and another 20% increase last year, despite two fare hikes. The South Shore is carrying more than 8,000 passengers today with the same equipment used to carry less than 5,000 a day in 1978.

At the end of February, only 17 or 19 electric cars were available for service any weekday; the remainder were disabled from the effects of winter's wrath. As noted above, three RTA diesel trains with a total of 15 160-seat cars are filling in for the ailing electrics, necessitating a sharply reduced timecard (see page 5).

## DEADLINE DATA

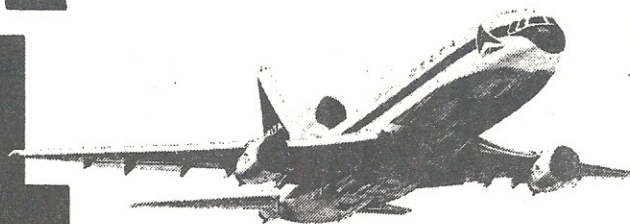
Amtrak's Chicago-to-Decatur passenger train service, which had been scheduled to end in June, will be extended at least thru December; efforts are to be made to attract enough riders to keep the service operating indefinitely. Illinois has budgeted \$120,000 this year to pay its 20 per cent portion of the operating deficit . . . The White Pass & Yukon has restored steam engine #73 to operating condition; excursion train operation will begin this summer, ending 18 years of all-diesel service on the narrow-gauge road . . . The Soo Line's mixed train service between Rhinelander and Sault Ste. Marie must continue by ICC order pending public hearings. A decision on a similar petition for the Neenah-Argonne route is expected in mid-March . . . By March 1, all breakfasts served on Amtrak dining cars will be freshly cooked; lunches and dinners will remain airline-style, but tablecloths will make their reappearance in the diner--along with flowers.

Neoplan USA is the apparent low bidder on a Pennsylvania DOT contract for the purchase of 1000 coaches for pool service throughout the state . . . Calhoun Street in Fort Wayne would become a transit-only mall in a plan now pending in that Indiana city . . . Edmonton's transit strike, begun February 15 in a dispute over wages and the use of part-time drivers, continues without much hope for an early solution; all bus, trolley coach and light-rail service has come to a halt in that Alberta city . . . The City of Chicago legal notice reproduced in this issue contains at least one proposal not publicly advanced before--a subway connection between the State Street tubes and the Dan Ryan median strip line, using the "blind" tunnels at the south end of the State Street line. The new tunnel would head diagonally southwestward from 13th-State to about 17th and the Rock Island right-of-way, surfacing west of the Rock and climbing to join the present Ryan route just north of the Chinatown station. Earlier plans called for a flying junction at 17th Street on the South Side main line, in effect expanding the present junction between the two routes . . . The CTA Board has approved a controversial contract extension with its operating unions that is expected to forestall any walkouts until after next year's mayoral primary.

Early in February, the RTA board approved a 6-month demonstration project which rolls back fares on a portion of the Illinois Central Gulf commuter line. The plan calls for reducing commuter tariffs by 34 to 47 percent on the main line between 79th Street and downtown, and on the entire South Chicago branch between 71st and 91st Streets. In addition, rail commuters will have transfer privileges with CTA buses serving these 25 stops; the price of the bus ride will be only 60¢ (vs. 90¢ normally).

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