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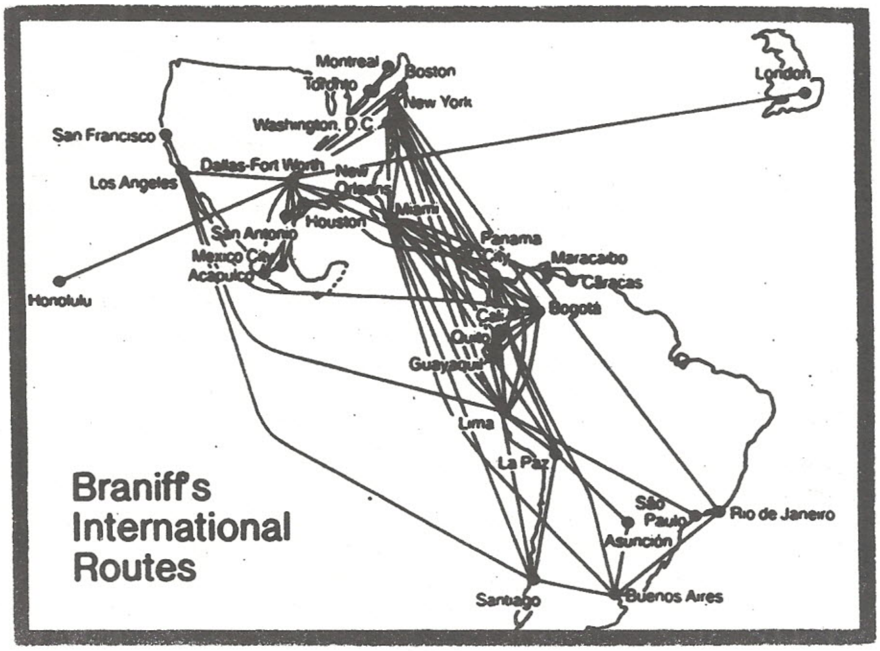

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INTERFACE

A Solid Transit Plan

Illinoisans have seen so many proposals for remaking the Regional Transportation Authority that they are unlikely to get excited about a new one. The plan just advanced by the Chicago Association of Commerce and Industry, however, looks convincing—a thoughtful, carefully balanced proposal that meets the main objections to earlier ones. If any RTA reform bill is achievable in 1982 this should be it.

The most appealing feature of this bill is that it makes sense from a business standpoint—which is logical, since it was drawn up by businessmen. Its goal is a crisis-proof transportation agency designed to keep labor and purchasing costs under control, ensure accountability, and prevent any one department (or political faction) from exercising too much power over the whole system.

Under the bill the current RTA would be abolished and replaced with a Northeastern Illinois Transit System (NEITS). This would consist of a single governing board and three service committees—one each for suburban bus lines, commuter railroads, and Chicago mass transit; the last, to be called the Chicago Transit Service Committee, would replace the present Chicago Transit Authority. The useless Chicago Urban Transit District, which was created to finance the now-discarded Franklin Street subway project, would at last be junked.

The governing board would have 11 members. One would be appointed by the governor, three by the mayor of Chicago, four by suburban members of the Cook County Board, and three by the chairmen of the collar-county boards from nominations by the Chicago Area Transit Study (CATS) Council of Mayors. The service committees would each have five members, similarly appointed from the areas they serve; the chairman of each committee would also sit on the governing board.

The governor's appointee would *not* be a resident of the six-county area—an an important provision, since it would give downstate voters a voice in a system they have long regarded as a tax-gobbling Chicago clique.

This answers several structural problems at once. First, it gets rid of the constant duplication of effort between the present RTA and CTA; the governing board would be responsible for negotiating all labor contracts, purchasing supplies, and allocating state and federal funds throughout the system. As the CACI says, this would provide an efficient, centralized, and accountable single entity to oversee mass transit throughout the area.

Second, the three service committees would have to run on balanced budgets and be subject to audit by the board and by the state. At least half their funding would have to come from farebox returns, and overruns on administrative costs would be promptly punished by curtailed funding at the board level.

Beyond this, the CACI proposes a clever fail-safe device: The first $5,000,000 of the board's revenues each month must be deposited in a debt fund under the state treasury. Any time NEITS couldn't pay, the fund would fill the gap and creditors would get their money on time—but NEITS would have to replenish the state kitty within 90 days.

Third, neither the board nor the service committees would be involved in operating decisions. The board's job would be to find a professional executive director for the system—a nonpolitical expert with a record in mass transit—and let him run it; the committees would hire their own general managers and leave the driving to them.

There was one source of friction in earlier transit plans that might snag this one: Fears by one side that the other will have too much power over the system.

A NOTE FROM THE STAFF: Continuing last issue's apologia for its compression of two into one, we must once again, regrettably, do the same thing. The Editor, on whose broad shoulders most of the work in assembly and distribution ultimately devolves, had to take some "sick time" to submit to necessary major surgery at Presbyterian-St. Luke's Hospital here in the Windy City. The tumor having been successfully excised, some recuperation was mandated, putting this publication and its graphic arts parent further and further behind, as seems to be the rule these days. Braniff's untimely demise (expected though it may have been) further complicated our production schedule as we head into summer. We do trust, however, that this outing—somewhat different than our usual efforts—will have been worth the wait, and that you'll stay aboard for those that follow.

The proposed governing board would have seven suburban governing members to Chicago's three—a lineup that the Mayor might view as threatening, especially since the present RTA act provides for a 50/50 split. Realistic or not, such fears must be taken into account. It would be tragic if they were allowed to derail a plan as good as this.

This proposal would give the metropolitan area a transit authority directly accountable to agencies that are not under its control. The system's creditors would be assured of being paid on time. Its actions would have statewide oversight. Its long-term planning functions—which are essential to any regional transit authority worthy of the name—would be sharply separated from the day-to-day business of keeping trains and buses running. And it would no longer be a drain on state funds because the authority would be responsible for its own debts.

It makes sense to enact a good transit law now, before the next RTA crisis starts and turns the whole issue once more into a political war to the death. And the CACI proposal looks like a winner for all sides.

– *Chicago Tribune*

Why It Will Fail

As the excellent *Chicago Tribune* editorial puts it, the CACI proposal is indeed a thoughtful, carefully balanced proposal that meets the main objections to earlier ones—and therein lies the reason it will most certainly not pass the legislature in any form similar to its present language.

On procedural grounds alone, no thoughtful legislation stands a chance of passage in what passes for a legislative body in Illinois. Apart from pork-barrel and other special-interest bills, all carefully orchestrated to sail through the body with a minimum of difficulty (and public notice), the lion's share of all legislation is channeled through that august body in the closing days of the session (even after its mandated closure, by the simple method of literally stopping the clock to perpetuate June 30) in a frenzied form usually unrecognizeable even to its proponents. The Illinois General Assembly has a proven track record for being anything but a thoughtful, deliberative body, and carefully considered legislation not originating in its chambers is anathema to its members.

Then, too, the most appealing feature—that it makes sense from a business standpoint—is certain to turn off the legislature to its merits. Public transit in Illinois (as we shall discover later) is not expected to be run on a business basis. It has been a political creature ever since politicians discovered it to be a source of patronage and spoils, is now a political creature and will continue to be one until an enlightened generation of lawmakers comes forth in Illinois. A crisis-proof agency would take most of the fun out of the transit business for those in Illinois government—and nibble away at the font of power so sacred to those in public office.

Inertia dictates that public agencies such as the RTA once created will never be torn asunder; even were a new agency such as NEITS to be formed, it would probably be subservient to the existing RTA, which would no doubt transform itself into an "oversight" board according to the current vogue. The existence after many long years of mandated uselessness of the Chicago Urban Transit District is ample testimony to the staying power of any political body. (As is the presence of the CTA Board itself, which was to be rendered nonessential by its absorption into the RTA itself in 1974.)

The makeup of the NEITS governing board implies that appointments will be made on essentially a nonpolitical basis, given the varied sources of its nomination. This would assume that all of those nominators would be able to agree on the thrust taken by the new agency, and would unselfishly appoint good men and true whose sole purpose would be to govern in the best interest of the agency as a whole, without regard to the axes their sponsors had to grind. Even the most naive of high school civics texts could not postulate *that* happening with a straight face. (And who is to say that the downstate appointee would not give in to the provincialism of the other 96 counties and hamstring the efforts of the board out of pure pique?)

Duplication of effort between the RTA and CTA has been, is, and will continue to be a way of life; both agencies see it as in their best interests to preserve those perquisites which have become necessary to live the good agency life. Despite the fact that the RTA was originally set up to bail out the CTA with state money (and was in fact to supplant it by, in effect, broadening its scope), it quickly established its own bureaucracy according to the American political ethic and successfully fought off attempts by the CTA to assume its role. The latter agency, with the backing of the city (angry at suburban attempts to invade its turf) assumed a "go to hell" posture vis-a-vis its supposed parent and went its own way—continuing to take the RTA's money all the while, of course. No efficient, centralized and accountable single entity could ever be able to oversee mass transit throughout the area; fragmentation and duplication tend to provide more spoils to be divided up more ways.

A transit agency operating on a balanced budget would be anathema to those who run it, for it would mean that costs would have to be kept under control, precluding the bloated administrative bureaucracies that are the rule in most similar agencies. Without virtually unlimited access to the public till, no modern public transit agency worthy of the name can function in the best interests of those who control it (not the riders, to be sure). A balanced budget would mean that labor's wage demands would have to be based on the system's realistic ability to generate the necessary revenue through a non-confiscatory fare—not from the public purse. Such an agency would indeed *have* to be run on a businesslike basis—certainly a rarity in modern civic life. The notion that administrative cost overruns would be punished by curtailed funding at board level must come as a shock to the present RTA directors—for almost eight years they have been rewarding gross inefficiency on the part of their wards by ever-increasing subsidies.

Given the fiscal maze of transit accounting—and the present board's chronic slowness in settling its accounts, it seems unrealistic to suggest that bookkeeping between the agency and the state could be integrated to the extent that CACI proposes in providing that the initial $5,000,000 in revenues be held in escrow to pay creditors if necessary. Politically well-connected firms generally always get their money on time when dealing with local government; it is the smaller companies who are and will continue to be at the mercy of the agency's chaotic economics.

Breathes there a transit "professional" anywhere in this great country who could remain "non-political" in the face of steadily increasing pressure from the political powers-that-be to provide service here or there for their constituents without regard to actual need? Like many cities, Chicago has a long history of catering to its power structure in matters of this sort; the six counties are littered with routes and services put there to satisfy a political debt. Any such "professional" would quickly be tabbed a "reformer" and any student of Cook County politics knows the relative readiness of the city for reform.

Power in NEITS under the CACI proposal would in reality be vested in favor of the metropolitan area as a whole (if what civics texts advocate as the norm was the reality). Given the present fragmented nature of the six counties, there is as much wrangling between individual cities and towns as there is between Chicago on the one hand and its suburbs on the other (a situation the city has never been able to understand, much less take advantage of). In effect, the proposed NEITS board, even though theoretically weighted heavily in favor of the suburbs, might well be very ineffective in forcing its wishes upon the city because of that intramural rivalry and distrust. Even though Chicago could gain the upper hand by pitting suburb against suburb, the remnants of the Machine that pretend to govern the Windy City are so distrustful in principle of anyone beyond the city limits that cooperation with "them" in such a Byzantine fashion would be abhorrent. The Machine has always held that it is the dominant force in the area (by divine right of seniority); considerations of what is best for the area as a whole (and, in the end, for the city as well) pale when examined under the light of that axiom.

This proposal, says CACI, "would give the metropolitan area a transit authority directly accountable to agencies that are not under its control". A larger red flag to wave in the face of those agencies could not be found. "The system's creditors would be assured of being paid on time"—some of them; as for the others: have *you* ever tried to collect from a public body?

"Its actions would have statewide oversight." Even given the sorry state of Illinois government as a whole, no municipality worth its salt would willingly subject its actions to the scrutiny of a superior jurisdiction; that's what "home rule" is all about. Cities and towns in Illinois generally view Springfield as a conduit for funds they covet—not as a watchdog as to how they are spent.

"Its long-term planning functions—which are essential to any regional transit authority worthy of the name—would be sharply separated from the day-to-day business of keeping trains and buses running." A noble idea, indeed, but since public transit is generally viewed by those in power as a necessary sop to those who are not, realistic long-range planning tends to be nonexistent. The present management by crisis is far more effective in minimizing the role played by transit—as well as the amount of attention the problem requires of public officials. If operations and planning are centralized in the same hands, the demands of the former will soon eclipse the latter. Without long-range planning, the application of a little temporary emergency funding now and then will keep the lid on until another committee can be formed to study the problem.

". . . it would no longer be a drain on state funds because the authority would be responsible for its own debts." In the recorded history of the state of Illinois, there has never been an agency that lived within its budget—or one that was not bailed out to one extent or another by city or state when it ran out of money. The notion that a transportation authority operate on a truly balanced budget represents political naivete in the extreme.

Certainly it makes sense to enact a good transit law now (and the CACI bill deserves widespread support), but the narrow minds that populate city and village halls and legislative chambers throughout the state will fight the idea to the death. The CACI proposal, to quote the ***Tribune***, "looks like a winner for all sides". That's precisely why it will fail.

—RICHARD R. KUNZ

air

Braniff: One Down, ? To Go

The faltering U.S. economy claimed another victim May 12, as debt-ridden Braniff International Airways abruptly ceased all operations; the next day the carrier filed for bankruptcy under Chapter 11.

The action, while not unexpected, came so quickly as to take most observers by surprise. The work day began as usual on Wednesday, but in a late afternoon board meeting cloaked in secrecy at Braniff's Dallas headquarters a decision was made to close down all operations as quickly as possible. The cloak-and-dagger atmosphere was a necessity; had the word gotten out that Braniff planned to shut down, creditors would have descended upon its assets (particularly the 71-plane roster).

Thus, the word went out when most jets were in the skies; all pilots were instructed to return to Dallas as expeditiously as possible. Some tourists enroute to Hawaii, for example, were unceremoniously returned to the West Coast after their jet had already begun its westward trek across the Pacific. To provide an extra measure of security against moves by its creditors, Braniff ordered the "temporary" cancellation of most flights bound for South American points from the U.S., and the summary return of the aircraft scheduled on those runs to Dallas.

The action was so swift that most prospective passengers learned of the line's demise when they were greeted by an empty Braniff counter at the airport; all employees on duty at the time of the decision to suspend all operations were told to go home, and not to show up for work the following day unless they were specifically instructed to do so.

Needless to say, the decision to shut down created temporary confusion in the international air system, as Braniff travelers scurried to find alternate means of travel. Given the depressed state of the airline economy, overcapacity on most routes is the rule rather than the exception, and, though waits were often long, the fact that Braniff faced competition on almost all of its services made it relative easy for most passengers to get to their destinations without serious delays.

An agreement to which Braniff was a signatory (and the principal spur to its enactment) was recently approved by the Civil Aeronautics Board; it provides that carriers competing with a failed airline are required to carry its stranded passengers. Reimbursement is provided from a special fund to which all carriers must contribute. The pact went into effect automatically when Braniff ceased operations.

The demise of Braniff's South American services caused a special set of problems. Originally to have been leased to Pan American (to complement that shaky carrier's services to the same area), the routes were awarded to Eastern after that airline and others complained to the CAB about the Braniff-Pan Am deal (Pan Am later sued Braniff for breach of contract in connection with Pan Am's advance payment of $7,000,000 to Braniff; that suit will now figure prominently in Braniff's bankruptcy proceedings.

Much red tape needed to be cut before any carrier could replace Braniff on the Latin American runs (Braniff was suffering heavy losses on most of them, and hoped to buy economic time by fobbing them off on another carrier; Eastern has more fuel-efficient planes and hopes to turn a profit); the consent of the CAB and each individual country had to be obtained. Eastern was well on its way to accomplishing all of this and had planned a June 1 startup (see ad, back cover). When Eastern got wind of Braniff's plans some hours in advance of the shutdown, it immediately accelerated its takeover scenario, and as this publication appears probably will be operating a more or less full schedule of former Braniff runs to and from South America. Eastern also applied for authority to operate the one run (Houston-Caracas) that Braniff planned to retain (it was reportedly the only profitable one of the group); the CAB, however, awarded those rights to Continental.

Eastern paid Braniff $11,000,000 to lease the routes for 15 months. Another $7,000,000 is due from Eastern to Braniff upon the approval of the foreign governments involved; this additional payment was to help ease Braniff's financial woes during the transition period, and presumably will not be paid. Eastern has been training Braniff flight attendants in Miami on the larger craft it will use in the Latin American services; this contingent is a part of a group of 356 Braniff employes going on the Eastern payroll.

Many loose ends remain to be tied up in the wake of the Braniff shutdown. Its creditors, of course, are pressing for the monies owed them; the bankruptcy proceedings will tie those funds up for many months. The airline had also contracted for three 747s, valued at more than $191,000,000, which the airline never accepted.

Braniff's directors chose to file for Chapter 11 bankruptcy, steadfastly insisting that the carrier will rise again, perhaps under another name, or as a merger partner. Industry observers doubt that a restructured Braniff can fly again, since the carrier has ceased all operations. Furthermore, Braniff's crushing $733,200,000 indebtedness will be difficult to settle without the loss of its prime asset–those 71 jets now carefully guarded at its Dallas headquarters. Merger with a stronger carrier is a possibility–if the bankers can be persuaded that they would stand a better chance of getting their money that way than in an outright liquidation.

Braniff's demise can largely be traced to the frenzied airline climate following deregulation. The Dallas-based carrier, founded by Tom Braniff in 1928, once flew a comfortable pattern of routes in the Southwest (its original run was between Oklahoma City and Tulsa). It added most of the former Panagra South American runs in 1966, but managed to retain its profitability under its flamboyant chairman Harding Lawrence. Lawrence splashed color onto the formerly drab airline, expanded services and, with the coming of deregulation, tried to push the once-somnolent carrier into the big leagues with an overnight expansion into new territory.

Braniff, says *Newsweek*, was simply intoxicated by deregulation. During its first six months under the new rules, for example, it snapped up a total of 437 of the new routes offered; United, the industry's unchallenged leader, took only one. To service the routes, Braniff bought 41 new Boeing jets, including eight 747s, over a three-year period–at a cost of $925,000,000–and took options for 44 more.

For a while, Braniff was flying high, but above its ceiling. The new route system was so badly designed that a large number of the new cities it served had only one flight a day–which might arrive or leave well after midnight. The airline's service and maintenance suffered from the hasty expansion; its planes were often late. Then came soaring fuel costs; Braniff was often forced to buy jet fuel on the expensive spot market, and soon found itself paying 10 per cent above the industry average.

As the red ink began to flow, Braniff began to sell off its newly acquired jets to raise cash, and to close down some of the more unprofitable routes. Harding was fired last year after a tumultuous 16-year reign, and John Casey (brother of archrival American's boss Albert Casey) took over. Casey managed to engineer a 10 per cent pay cut for the carrier's employes, and was successful in holding Braniff's growing army of creditors at bay. He in turn was supplanted by Howard Putnam, builder of successful Southwest Airlines.

For his part, Putnam did yeoman work in attempting a turnaround of Braniff's finances in the face of overwhelming odds, but the slide had become terminal. Braniff thus became the first major air carrier in the U.S. ever to suspend service and go under–those who follow the industry critically are betting it won't be the last.

update

AIR . . .

AFTER THE CRASH: The Civil Aeronautics Board moved quickly to reassign routes relinquished by Braniff in the wake of its precipitate shutdown. American won Dallas-London rights, and Continental was granted authority to serve the Houston-New Orleans-Caracas run (Braniff's only lucrative South American service; all others went to Eastern (story above). Eastern was also awarded the Dallas-Mexico City run. In the wake of deregulation, no application is required to serve Braniff's domestic routes; the scramble to pick up the pieces has already begun, with carriers formerly competing with the fallen airline in various markets adding runs.

Meanwhile, the FAA has held a drawing to fill Braniff's suddenly-available landing slots at airports around the country. Braniff had a total of 411; 50 are being withheld at Dallas-Fort Worth to relieve overburdened air traffic controllers (Braniff accounted for approximately one-third of the traffic at the Texas field) . . . Others are also finding ways to profit from Braniff's crash landing: speculators are buying up Braniff stock in the hopes that a sale of the company's assets (largely its 71-plane jet fleet) will bring them a sizeable return on their investment . . . And archrival American (the subject of complaints by Braniff, which alleged that its crosstown competitor employed "dirty tricks" to sabotage the failing carrier) has seen its loadings increase significantly in the wake of Braniff's demise. About 30% of American's total revenue comes from routes formerly served by Braniff.

RED INK (OR, WHO'S NEXT?): World Airways' auditors say that because of the carrier's losses in 1980, 1981 and to date this year, and given the present economic crunch, the company may be unable to continue as a going concern. The beleagured airline is presently huddling with its bankers in hopes of staving off a visit from the sheriff . . . Pan Am's first quarter operating loss was $100,100,000, the worst for any March quarter since the company was founded in 1927 . . . Air Florida posted an $8,700,000 loss for the same quarter, and Piedmont dropped $5,800,000 . . . Even the healthier carriers are in deep financial trouble: Delta, the strongest of the majors, posted a first-quarter loss of $18,400,000, its first bout with red ink in 25 years. TWA, usually on the up side, dropped $110,300,000 in the same period. The recession and cutthroat fare wars are generally blamed for the poor performance of the airlines.

Nor are the established carriers the only ones to be faced with a gloomy financial picture. Deregulation was supposed to pave the way for the entry into the market of a number of smaller, budget airlines, serving a few routes on a no-frills basis. While a few managed to take to the skies (Midway is the acknowledged success story--although it is also facing a sea of red ink), a number of new carriers are still at the starting gate, unable to get the required financing to literally get off the ground. Air Chicago is one of those frustrated fledglings, as is Texasamerican Airways (a unit of Overseas National Airways), and St. Louis-based Air One. Several others managed to secure financing privately, like Air Lincoln out of Chicago and Toledo's Liberty Air, but only after long delays. Muse Air of Texas, which was the last new airline to successfully float a large stock issue, is in deep trouble because of an FAA refusal to grant it additional slots, idling four of the six new DC9 Super 80 jets on which it is currently taking delivery.

MORE FLIGHTS, LESS FLIGHTS: Prodded by Illinois Republican Senator Charles Percy, the FAA has transferred 39 senior air traffic controllers to its Aurora facility, paving the way toward restoral of many flights cut when PATCO members walked out last summer; some 20 or 30 additional arrivals will be permitted at the field when the employe shifts are completed . . . On the other hand, El Al, the Israeli flag carrier, will soon no longer fly on Saturday, the Jewish Sabbath. Israeli Prime Minister Menachem Begin issued the edict in living up to the terms of a deal he made with the country's religious parties last year for the airline to "stop desecrating the Sabbath". Trains and buses in the Jewish state do not operate on the Sabbath; the fact of El Al's passage through numerous time zones as an international carrier will severely tax the abilities of the carrier's schedulers.

A STRIKE; BOUQUETS AND BRICKBATS: Northwest Orient Airlines' machinists struck in mid-May, but the carrier is still flying, albeit on a reduced schedule. A full pattern of 747 service to Europe and the Orient continues; domestic destinations are being served by an all-727 fleet . . . The Aviation Safety Institute has released its ratings of domestic airports; Chicago's O'Hare came up best and Cleveland's Hopkins the worst. Hopkins is faulted for its handling of a large volume of traffic with only one principal runway. Washington National, next worst, has runways that are too short; St. Louis' Lambert Field has parallel runways only 1300 feet apart; San Diego's Lindbergh Field is congested and operates with severe noise restrictions. Finally, Los Angeles' LAX, fifth worst on the ASI list, suffers from smog problems, limited visibility and noise-abatement restrictions that create confrontations at night between planes taking off from the east and those landing from the west.

EQUIPMENT ECLECTICA: United Airlines has announced that it plans to negotiate with Boeing toward delay or cancellation of delivery of 20 of the 39 767 jets it has on order with the Seattle builder. UAL also warned that it would consider canceling orders for the additional 19 planes in various stages of assembly.

Two months ago, the carrier had ordered Boeing to stop work on 20 of the new wide-body aircraft, but did not indicate at that time that a delay or cancelation of the order was in the works, insisting that it still planned to take the first 19 of the 767s scheduled for delivery beginning this September.

United officially blamed the dismal outlook for the airline industry as prompting it to sit down with Boeing. But UAL's CEO, Richard Ferris, also highlighted the threat that Congress may repeal or modify the "safe harbor" tax benefits that make financing of equipment possible in today's tight money market. In March, the carrier had blamed the potential loss of safe harbor leasing as being responsible for its decision to ask Boeing to stop work on the second group of 20 767s. (Safe harbor leasing permits profitable companies to buy tax credits from firms unable to use them. The healthy concern buys equipment and leases it back to the original owner. The buyer thus gets a tax credit to shelter its profits, and the seller receives cash and the retention of the equipment.)

(U.S. airlines have been counting on use of the safe harbor provisions of the tax law to help them finance almost $15,000,000,000 of new jets currently on order--largely 767s and smaller 757s. A number of the majors, fearing the loss of safe harbor benefits, have already canceled orders or options or petitioned for a stretching out of deliveries.)

PSA is well into the delivery of eight DC9 Super 80 jets due this year. The carrier is selling eight of its 727s to Piedmont and expects to roster 21 Super 80s, nine 727-200s and three 727-100s in the second half of this year. PSA is currently reconfiguring the cabins of its 727-200s with new "slim-line" seats, increasing capacity from 165 to 172.

Four Boeing 757s are now in the certification process . . . The same builder's 737, due to roll out early in 1984, now has a total of 109 customers--more than any other commercial airplane. Recent orders for the 737-300 were logged from Air Portugal (7), Air Malta (3), Frontier (2) and South African Airways (1) . . . 747 orders were received from Garuda Indonesia (2), Iberia (1), KLM and Air France (one 747-200 Combi each).

Midway has begun receiving its order for four 115-seat DC9s. The same carrier recently reached an agreement with McDonnell Douglas to cancel its purchase of two DC9-80 jets originally scheduled for fall 1984 delivery . . . Frontier is taking delivery of a total of five new jets (three Super 80s and two 737s) over the next few months . . . All options to purchase further Lockheed L-1011s have noe been canceled. Lockheed announced a phaseout of production of the TriStar last December . . . TAP of Portugal has secured financing to purchase seven 737s . . . TWA is selling Boeing 28 surplus 707-131Bs for the company's military arm to use in retrofitting Air Force planes . . . US Air has received the last of 16 DC9-30s, bringing its fleet total to 71 . . . Midway has also delayed the purchase of three used DC9s.

FARE FACTS - UPS AND DOWNS: PSA will offer new late-night discount fares between Los Angeles and San Francisco and between those two cities and Seattle. Los Angeles-San Francisco tickets during those hours will cost $25, San Francisco-Seattle $50 and Los Angeles-Seattle $75 . . . Capitol has canceled its plans to raise summer fares on some routes, lowering them instead. The new round-trip New York-Los Angeles or San Francisco tariff will now be $298 (as opposed to the planned $378), down from $318 . . . A new fare war has sprouted on mainland-Hawaii runs. United plans an unrestricted one-way San Francisco-Honolulu rate of $178.97 from June 14 through July 15. Other carriers in the market will match the rate . . . New York Air is now charging $59 for peak-hour New York-Washington runs, up from $55 (off-peak rate remains $35) . . . Delta and American will not match Midway's $89 Chicago-Dallas rate, remaining at $95 . . . TWA is offering a "promotional" $89 fare between New York and Dallas.

ROUTE REPORT: US Air began Pittsburgh-Denver service May 2, expanding to Stapleton International Airport for the first time . . . Frontier (which recently took over Western Airlines' ten-acre Denver operations facility at Stapleton), has begun Denver-San Diego and Denver-Fresno service . . . PSA added new flights between Burbank and Seattle via Reno as well as Phoenix-Tucson runs . . .Pan Am has been granted Los Angeles-Santiago authority . . . Western now links Salt Lake City to New York, its first incursion into Gotham.

Western Airlines, which is establishing a "hub" at Salt Lake City, now serves Tucson, Fairbanks, Boise, Missoula and Pasco (WA) for the first time . . . Eastern now has Houston-Acapulco rights . . .This fall, American plans to inaugurate service between Dallas-Fort Worth and Rio de Janeiro/Sao Paulo, Brazil pursuant to a new treaty between the U.S. and Brazil . . . World will drop its Newark-Boston service (one daily flight)

June 10 . . . Beginning June 1, Pan Am will offer free helicopter service from a heliport in Manhattan to Kennedy International Airport for first- and Clipper-class passengers. This is the airline's first venture into the helicopter business; another carrier (New York Airways) had offered flights from the top of the Pan Am building to JFK, but discontinued all service when one of its choppers crash-landed on the building.

Under the arrangement, passengers can arrive at Manhattan's heliport on East 60th Street only 30 minutes before their scheduled JFK departure. The helicopter trip itself will take about eight minutes; service will operate from 7:45 a.m. to 7:45 p.m.

TRANSIT

BOMBARDIER BUY: The New York City Transit Authority, through its MTA parent, has reached an agreement with Quebec's Bombardier to purchase 825 new subway cars for the IRT. The transaction will aggregate some $663,000,000--the largest single purchase of rapid transit cars in U.S. history.

In a rare move, the Administration has warned the MTA that the Canadian purchase might be subject to an unfair practices complaint on grounds that it was subsidized by export credit with unacceptably low rates. However, governmental initiation of such a procedure is rare, with the Administration insisting publicly that the Budd Company, the sole U.S.-based competitor for the contract, must file the complaint (ironically, Budd itself is now a subsidiary of a West German firm). The MTA has also come under fire for purchasing 325 subway cars for the IND and BMT from Japan's Kawasaki Heavy Industries Ltd. with financial assistance from the Japanese government. If the contract manages to survive the complaint process intact, the cars will be assembled at Bombardier's Barre (VT) plant; about 40% of the parts used in their manufacture must be U.S.-made.

DORCHESTER DATA: The 63rd Street segment of Chicago's Jackson Park 'L' branch remains out of service, with all trains bobtailed at 61st Street. A consultant's report on the condition of the Dorchester bridge (TC 03/30/82) has been completed, but not made public as yet (although it is said to recommend the permanent closing of the line due to the deterioration of the bridge and the 'L' leading to it). Significantly, no significant number of complaints about the lack of 'L' service in the affected area have been registered--only about crowding on replacement buses.

(A correction to our earlier report on the bridge closing: Chicago transportation historian Roy Benedict notes that the 'L' line was not raised when the Illinois Central was elevated through the area in the 'Teens [the 'L' dates from 1893]. Rather, Roy points out, 63rd Street was lowered under the IC tracks [the only such depression in the area]. The 'L' having been constructed with a generous clearance over the railroad, any further elevation was apparently unnecessary when the IC grade was raised. Also, it should be pointed out that the 'L' bridge does not in any way bear upon the IC structure over 63rd Street; our earlier assessment was erroneous.)

TRANSIT TOPICS: Want to buy an open-air White? The Springfield (IL) Mass Transit District has one for sale, built in 1946 for Nashville (as a conventional transit bus) and later converted for sightseeing service in the Land of Lincoln. (SMTD also had another, similar bus, out of service for some years; the one advertised is in running condition. TC featured the "RailSplitter" in a June 28, 1971 cover story.)

A start on preliminary engineering work for a 22½-mile Los Angeles to Long Beach light rail line has been approved by the Los Angeles County Transportation Commission. Negotiation with the Southern Pacific for the use of right-of-way crucial to the $250,000,000, five-year project (to be financed without federal funding) has begun. (If all this sounds a bit familiar, the feeling of deja vu is not unusual. In essence, the Long Beach line would be a reincarnation of its Pacific Electric predecessor, abandoned in April 1961.)

Future orders of the Canadian-designed Orion small transit coach are to be built in a new plant in Utica, New York . . . Two Renault city buses are in test service in New York City . . . Pittsburgh's new light rail cars will be assembled by a Siemens subsidiary at a new plant in the Steel City area. The design will be similar to the successful Siemens/DuWag U-2, currently in service in Calgary, Edmonton and San Diego.

Fort Worth now has six new, rubber-tired "trolleys" in service on a route between the CBD and stockyards and museum areas . . . The Cleveland RTA's restored 1914 Kuhlman car 12, often used for special excursions on the Shaker Heights line, has been heavily vandalized, and will probably not be available for delegates to APTA's Rapid Transit Conference in June to ride . . .New Jersey Transit has reorganized its operations into two arms, NJ Transit Rail Operations and NJ Transit Bus Operations. The latter division was created out of the merged Transport of New Jersey and Maplewood Equipment Company units.

Tampa's HART (Hillsborough Area Regional Transit Authority) is receiving an order of 40 new Grumman Flxibles . . . Central Arkansas Transit of Little Rock has received 20 new 30-foot lift-equipped City Bird buses from Blue Bird . . . The Milwaukee County Transit System, after a year's trial, has discontinued the sale of monthly passes. MCTS predecessor TMER&L was a pioneer in the use of weekly passes, which will continue to be available . . . The Chicago Transit Authority resumes its successful three-route Culture Bus service May 31, with expanded and restructured operations on all three divisions. The Sunday and holiday runs to museums and other cultural attractions began in 1977 and are now, with the demise of New York's Culture Bus the sole survivors of a group of such operations.

The North Jersey Coast Line electrification has been extended from South Amboy to Matawan and is now in regular service with Jersey Arrow III cars. New diesel locomotives and push-pull cars will enter service on the nonelectrified portion of the line south of Matawan later this year . . . Chicago is beginning a $53,000,000 program to rehabilitate its two subways. First off is a renovation of mezzanine facilities at the Randolph-Washington stops of both State and Dearborn Street lines, together with their connecting pedestrian passageway. That tunnel will soon be connected to the Randolph Street underground station of the IC Electric and South Shore lines through a new link in the basements of the Marshall Field department store and the Chicago Public Library Cultural Center.

SUMMING UP: SEPTA route 66 in Philadelphia now has four sets of overhead wire for trolley coach express service in both directions . . . All of the former Dallas PCC cars are now in storage at Watertown carhouse in Boston; three are in work service . . . Richmond plans a historic trolley line this year, using a car from Oporto, Portugal . . .Scheduled bus service has returned between Marquette, Negaunee and Ishpeming (MI), under the auspices of the Marquette Transit Authority (now operated by Northern Michigan Transportation) and the Ishpeming Transit Authority . . . Cleveland's RTA is purchasing 60 heavy rail cars from Japan's Tokyu Car Company . . . The San Francisco Municipal Railway has purchased 22 former MBTA LRV's from Boeing.

RAIL

RETURN OF THE ORIENT EXPRESS: The first reincarnated Orient Express rolled out of London's Victoria Station May 25, enroute to a rendezvous with lost splendor and fame. James Sherwood, an English businessman, spent $20,000,000 to bring back the rechristened Venice-Simplon-Orient Express for a twice-weekly run to Paris, Geneva, Milan and Venice. Its 35 cars have all the plush of the famed London-Istanbul trains on which many an intrigue was plotted. The lavish train will leave London each Friday and Sunday, and return from Venice each Saturday and Wednesday--for a $465 one-way tab (less meals and drinks).

ALONG THE RIGHT-OF-WAY: Ground was broken late in April for a new Amtrak passenger station in Ann Arbor to be located west of the original Michigan Central depot (now the renowned Gandy Dancer restaurant) and the Corporation's temporary structure . . . Alan Boyd, by the way, has resigned as Amtrak president, though he will stay on as chairman of the American High Speed Rail Corporation. His replacement has not yet been named.

Amtrak made some minor schedule revisions effective April 25; perhaps the principal change was the rerouting of the "Coast Starlight" via Sacramento, giving the Oakland-Sacramento market three daily trains . . . . Fares went up--again--April 25, but some representative tariffs are now quoted in the national timetable--a departure from past practice . . . Canada's VIA Rail has ordered 10 Bombardier LRC train sets at a cost of $100,000,000. An option for 20 additional sets was also placed.

The Santa Fe is restoring the building it has called home for many years. The 79-year-old Railway Exchange Building at Jackson-Michigan in Chicago, designed by Daniel Burnham, has been nominated to the National Register of Historic Places, and is to be returned to its former elegance . . . The famed Chicago North Shore & Milwaukee ElectroLiner has arrived at the Illinois Railway Museum in Union

BUS

THE FARE WAR: Greyhound and Trailways are currently engaged in a bitter fare war. Dallas-based "Big Red" began the battle late last year with a series of continuing fare reductions, ranging from 38% to 61%; Greyhound reluctantly matched them, insisting that its transportation earnings would be "negatively impacted by those ill-conceived fare reductions . . ." Greyhound's chairman Gerald Trautman noted that both carriers are put "in the ridiculous position of engaging in reductions while we are both applying to the Interstate Commerce Commission for an across-the-board fare increase." Both companies have become increasingly bitter rivals since former Greyhound chairman James Kerrigan became Trailways' chief executive officer in 1979.

BUSWAYS: Deregulation of the bus industry is inching ever closer; the Senate Commerce Committee has okayed a bill, passing it along to the full body. The House has already approved similar legislation . . .Trailways has opened a new Phoenix facility, will soon dedicate a new Columbus (OH) terminal, and has welcomed Georgia ways to the "Big Red" family. Trailways has also begun service to Harrah's South Lake Tahoe hotel and casino.

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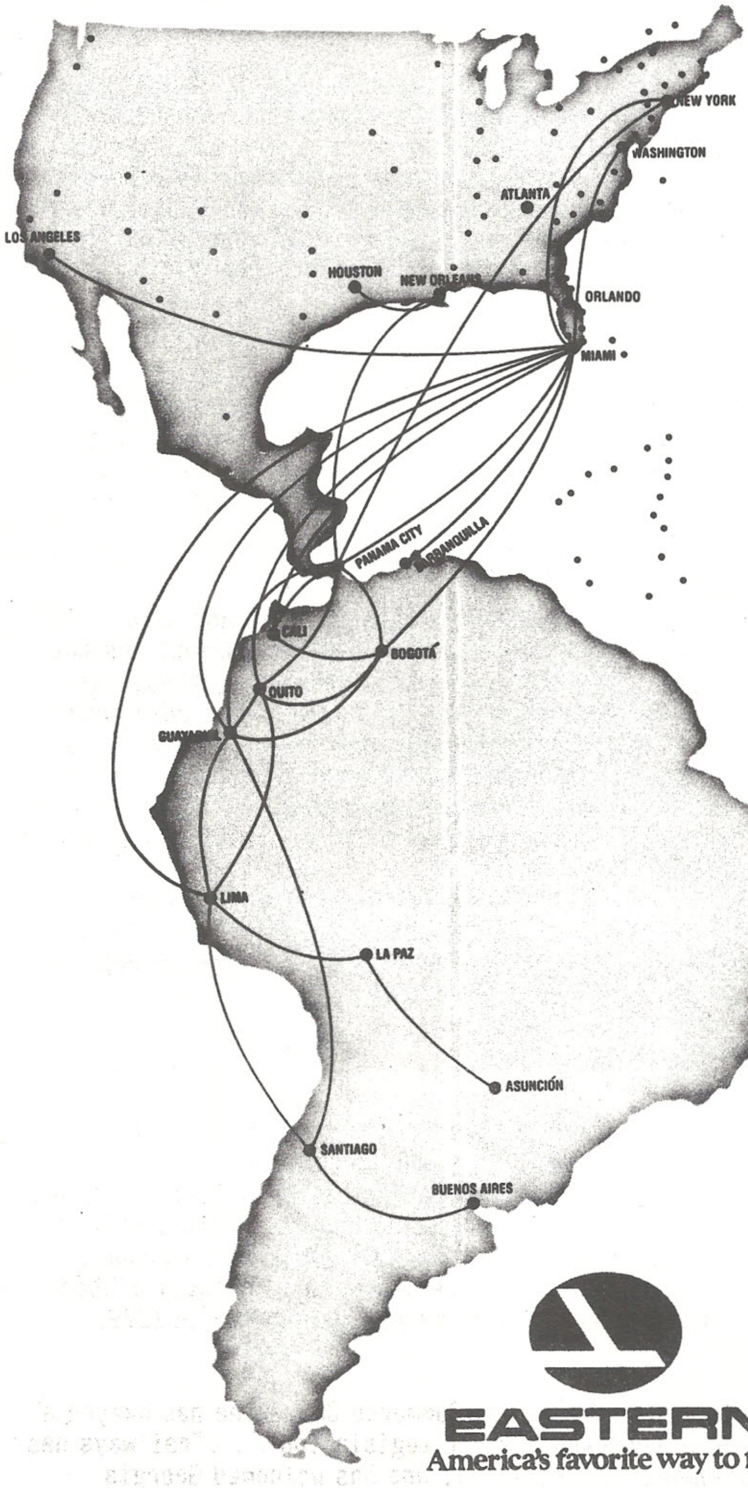

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