

1st MONDAY 3rd MONDAY

Prepared for employees by the
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June 1, 1981

To all Milwaukee Road Employees:

Judge McMillen will be informed in Reorganization Court today of Trustee Ogilvie's decision to temporarily suspend commuter operations effective Saturday, June 6. Leaflets have been distributed to our commuters and bulletins have been issued to all employees explaining the reasons for this decision. So there is no misunderstanding the Trustee's position, his letter dated May 28 to Regional Transportation Authority Chairman Lewis Hill is reprinted in its entirety:

"This letter is to formally advise you that as of Saturday, June 6, 1981 with completion of the 12:15 a.m. westbound West Line train, and the 12:25 a.m. northbound North Line train, the Milwaukee Road will temporarily suspend provision of commuter services under the Purchase of Service Agreement between the Regional Transportation Authority and the Milwaukee Road.

"The temporary suspension has been necessitated by the current inability of the RTA to fulfill its commitments to provide fuel and monthly subsidies to the Milwaukee Road. By the end of next week, the RTA will owe the Milwaukee Road in excess of \$2 million and the current supply of diesel fuel will be practically exhausted.

"Since December 16, 1980, the date of RTA's last full payment to the Milwaukee Road, we have been forced to subsidize the RTA's performance under the service agreement. We now have reached the point where the interests of reorganizing the Milwaukee Road preclude further expenditures on our part without the contract subsidies from RTA. On June 1, 1981, I will appear before Judge McMillen to inform him of my decision to temporarily suspend commuter service.

"I would emphasize that this is a temporary suspension. Commuter service would be resumed quickly upon the RTA's satisfaction of its contractual duties. I understand that the RTA has not terminated its contract with the Milwaukee and by this letter I do not intend to terminate that contract either. Rather, I hope for a rapid resolution to the financial difficulties which would allow resumption of full performance by both parties.

"To that end, I am urging our riders to contact their legislators and to insist on an equitable and rapid resolution to our transportation problems. It is a terrible mistake to view the current crisis only as the RTA's problem, a commuter railroad's

problem, or Chicago's problem. The nagging question of providing safe, efficient and affordable public transportation is a problem for the entire State of Illinois. The suspension of service that I must order as Trustee of the Milwaukee only emphasizes the critical need to have the General Assembly address the transportation problems of Illinois now.

"I, and my officers, are, of course, willing to work with you and your staff to help solve these problems."

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The following release from the Association of American Railroads concerning a survey which indicates trucks are not paying a "fair share" of highway user taxes is timely and I believe will be of interest to our employees.

"The results of a survey recently released by the American Automobile Association indicate that more than 85 percent of state highway department officials polled in 48 states -- the people who probably know more about highways than anyone else in the nation -- believe trucks are not paying a fair share of highway user taxes.

"Respondents in 31 states singled out large trucks as paying the least fair share, the survey said.

"The study was conducted for AAA by Virginia based transportation and government affairs consultant Henrik E. Stafseth, a former executive director of the American Association of State Highway and Transportation Officials.

"The telephone survey tabulated the responses of state highway directors, safety engineers and other professionals with expert knowledge of highway cost allocation principles.

"According to AAA, state highway professionals in 45 states indicated they would favor a user tax system taking into consideration both the number and the weights of vehicle axles.

"The expression of near-unanimous support for establishment of a user tax system based on the number and weights of axles, the AAA-sponsored survey showed, was indicative of the seriousness with which underpayment of highway user taxes by heavy trucks is viewed by those responsible for building and maintaining the nation's highways.

"Officials in thirty states, according to results of the survey, also would favor a federal weight/distance tax for trucks -- a tax based upon the weight of the vehicle and the distances traveled.

"In response to a question proposing options for allocating highway costs to different classes of vehicles, as suggested in a recent Federal Highway Administration working paper, highway department

professionals in 42 states gave overwhelming support to a plan shifting a greater tax burden from light to heavy trucks and placing progressively higher tax payments on heavier trucks as axle weights and distances traveled increased."

Results of this study provide dramatic support for the positions that we in the railroad industry have taken with respect to heavy truck underpayments, and the need for weight/distance taxes.

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Further upgrading of the Wisconsin Valley line to permit the handling of unit coal trains will begin this week using internally generated funds. In a May 20 decision, Judge McMillen approved Trustee Ogilvie's request to borrow escrowed account funds for the rehabilitation project, contingent upon our obtaining a favorable coal hauling contract. An agreement has been reached with the power company which will satisfy that condition so renovation of the line will begin promptly. The completion of the rehabilitation of the Wisconsin Valley line is scheduled for September of this year to coincide with the start-up of the new coal-fired generating plant at Weston, Wisconsin. The rehabilitation was started with 505 loans and we had wished to complete it with further loans. However, the FRA has indicated that it does not intend to allow our application for funds for the Wisconsin Valley line. Given that circumstance, it was necessary for us to borrow funds from the escrowed property funds. Failure to initiate work on the project at this time would cause the cost of the work to increase with inflation and, more importantly, would jeopardize our ability to serve the new Weston plant in the fall.



W. L. Smith
President