

The Commonwealth of Massachusetts

EXECUTIVE DEPARTMENT,
STATE HOUSE, BOSTON, March 29, 1967.

To the Honorable Senate and House of Representatives:

In 1965 the trustees of the bankrupt New Haven Railroad announced that they planned to file a request to abandon all commuter and long-haul passenger service. It was stated that the continuing losses from the line's passenger service could not continue to the detriment of the railroad's creditors. The ability of the railroad to operate at all, furthermore, was seriously threatened by such losses.

To have allowed such abandonment would have imposed severe burdens on our people and industries. The Commonwealth, in response to the need, took remedial action in two areas.

First, the continuation of certain vital *commuter* service within the Commonwealth was assured by the Massachusetts Bay Transportation Authority which entered into a contract of subsidy for such service with the trustees of the New Haven Railroad.

In a similar manner, the Commonwealth, acting through the Commissioner of Administration, brought about the continuation of essential *long-haul passenger* service between Boston and Springfield and New York by providing cash payments to the New Haven Railroad in return for such services.

The first such payments were made pursuant to a contract entered into as the result of my special message of September 9, 1965, concerning this subject. The Commissioner of Administration, with the approval of the Governor, executed this contract with the trustees of the New Haven Railroad, whereby the Commonwealth paid \$250,000 to the Railroad for the continuation, during the fiscal year 1966, of through rail passenger service between Boston, on the one hand, and the cities of Providence,

Kingston and Westerly, Rhode Island; New London, Saybrook, New Haven, Bridgeport, South Norwalk and Stamford, Connecticut; New York City and points south of New York, on the other; as well as between Springfield, Massachusetts, on the one hand, and the cities of Hartford, New Britain, Meriden, New Haven and New York on the other. The States of Connecticut and Rhode Island also entered into contracts of support covering this same period for the sums of \$950,000 and \$500,000 respectively.

On May 31, 1966, I submitted to Your Honorable Bodies a special message requesting that the Commissioner of Administration, with the approval of the Governor, be authorized to renew the Interim Operating Agreement for the six-month period ending December 31, 1966, and that you appropriate \$150,000 for this purpose. This sum represented one-half the cost of the original twelve-month subsidy plus an escalation figure of twenty per cent.

As a result of your favorable action on my request, the Commissioner of Administration exercised the Commonwealth's option to renew the Interim Operating Agreement.

During the period of public support, which terminated on December 31, 1966, several significant legal actions regarding the New Haven Railroad took place. On April 24, 1966, the Interstate Commerce Commission entered an order allowing merger of the New York Central and Pennsylvania Railroads upon the condition that the bankrupt New Haven Railroad be included in the merged road. This mandatory inclusion of the New Haven was a direct result of the Commonwealth's successful intervention in the original Penn-Central merger proceedings before the Interstate Commerce Commission, as well as the continuing efforts of my own staff and the Attorney General's office.

The inclusion of the New Haven Railroad in the merged railroad represents the only feasible long-term solution at present to our problems regarding the adequate maintenance of essential long-haul passenger service to and from points in Massachusetts. It is unlikely, however, that this inclusion will occur prior to 1968 because an agreement first must be worked out between the merged system and the New Haven Railroad for the purchase of the bankrupt railroad's assets. This agreement must receive the approval of the Interstate Commerce Commission and the courts.

The original order of the Interstate Commerce Commission, moreover, is still under attack for its inclusion of the New Haven Railroad in the merged system. The Commonwealth is opposing all such efforts, but they still tend to delay the time when the actual inclusion will come.

The United States Supreme Court, by its decision handed down on March 27, 1967, also has postponed the date when the merged Penn-Central system will come into existence. The decision remanded the proposed merger to the Interstate Commerce Commission for further proceedings which the Court deemed necessary to protect the interests of several smaller railroads—the Erie-Lackawanna, the Delaware and Hudson, and the Boston and Maine—from the merged road until final decisions have been reached in their own merger proceedings. The Supreme Court was extremely careful to emphasize that its decision did not suggest that the Penn-Central merger was illegal. It did introduce, however, further delay in consummation of this merger, a delay which hopefully can be resolved by the middle of this year.

In order to allow enough time for the merger to take place and for a sufficient program of long-haul passenger service to be worked out by the merged system for the area presently served by the New Haven Railroad, and in order to avoid severe cutbacks in service by the New Haven Railroad pending determination of this program, further subsidies by the Commonwealth, New York, Connecticut and Rhode Island will be necessary.

Accordingly, I propose that the Commissioner of Administration be authorized, with the approval of the Governor, to enter into another Interim Operating Agreement with the trustees of the New Haven Railroad for the period January 1, 1967, through June 30, 1967, with the object of preserving through rail passenger service between Boston and Providence, Kingston and Westerly, Rhode Island; New London, Old Saybrook, New Haven, Bridgeport, South Norwalk and Stamford, Connecticut; and New York City and points south of New York. The Agreement would also assure continuation of service between Springfield, Massachusetts, and Hartford, New Britain-Berlin, Meriden and New Haven, Connecticut, as well as New York City. These services presently are being carried on by the New Haven Railroad with the expectation of obtaining public subsidy at the earliest possible date.

I also recommend that \$150,000 be appropriated from the General Fund, prior to the enactment of the General Appropriation Act, in order to provide the required sums for this contract of public support. This money would be expended under the supervision of the Executive Office for Administration and Finance. Amounts now available as projected in the balance sheets in House I are ample to meet the cost of this appropriation.

The States of Connecticut, Rhode Island and New York are presently negotiating Interim Operating Agreements, at costs of \$1,200,000, \$300,000 and \$750,000 respectively, with the New Haven trustees.

I respectfully urge that Your Honorable Bodies approve the attached legislation which would authorize the Commonwealth similarly to assure the continuation of essential long-haul passenger service.

Respectfully submitted,

JOHN A. VOLPE,
Governor of the Commonwealth.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Seven.

AN ACT AUTHORIZING THE COMMISSIONER OF ADMINISTRATION TO ENTER INTO AN INTERIM OPERATING AGREEMENT, EFFECTIVE JANUARY FIRST, NINETEEN HUNDRED AND SIXTY-SEVEN, WITH THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY FOR THE PURPOSE OF CONTINUING PASSENGER SERVICE ON CERTAIN LINES THROUGH JUNE THIRTIETH, NINETEEN HUNDRED AND SIXTY-SEVEN.

1 *Whereas*, The deferred operation of this act would tend to
2 defeat its purpose, which is to make available forthwith certain
3 funds to insure the continuation, without interruption, of inter-
4 state railroad passenger service between the commonwealth and
5 certain other states, therefore it is hereby declared to be an
6 emergency law, necessary for the immediate preservation of the
7 public convenience.

*Be it enacted by the Senate and House of Representatives in
General Court assembled, and by the authority of the same, as
follows:*

1 SECTION 1. The commissioner of administration, with the ap-
2 proval of the Governor, is hereby authorized and empowered to
3 negotiate and enter into a contract on behalf of the common-
4 wealth with the court-appointed trustees of the New York, New
5 Haven and Hartford Railroad Company in payment for and to
6 insure the continuation from January first, nineteen hundred and
7 sixty-seven, through June thirtieth, nineteen hundred and sixty-
8 seven, of through passenger service on its lines between Boston,
9 on the one hand, and the cities of Providence, Kingston and
10 Westerly, Rhode Island; New London, Old Saybrook, New
11 Haven, Bridgeport, South Norwalk and Stamford, Connecticut;
12 New York, New York (with connections to points south of New
13 York), on the other; as well as between Springfield, Massachu-
14 setts, on the one hand, and the cities of Hartford, New Britain-
15 Berlin, Meriden, New Haven, Connecticut, and New York, New
16 York, on the other.

17 Said contract shall not obligate, under any circumstances, the
 18 commonwealth to make payment to said New York, New Haven
 19 and Hartford Railroad Company in excess of one hundred and
 20 fifty thousand dollars.

1 SECTION 2. To provide the funds required as provided in
 2 section one of this act, the sum set forth in section three is
 3 hereby appropriated from the General Fund, subject to the pro-
 4 visions of law regulating the disbursement of public funds and
 5 the approval thereof.

1 SECTION 3.

GENERAL FUND.

STATE PURPOSES APPROPRIATIONS.

Executive Office for Administration and Finance.

Item		
0441-07	For the commonwealth's share of the cost of a contract with the trustees of the New York, New Haven and Hartford Railroad Company as authorized by section one of this act	\$150,000

1 SECTION 4. This act shall take effect upon its passage.

