

WEEKLY RAIL RECAP

For the week ending SAT, October 19, 2002

By Dave Mears

(NOTE: The expression "ffd" at the end of a news item means "for further details" and usually represents what I believe to be the most helpful news resource if a reader wants more information on a particular item.)

THE WEEK'S TOP NEWS (in chronological order):

(MON) Police in Denison, IA. discovered the bodies of 11 persons in a Union Pacific covered hopper car, on a siding at an Archer Daniel Midlands grain elevator. A police spokesman said that the bodies were possibly immigrants smuggled illegally across the U.S. border from Mexico and then became trapped inside the car. (ffd: wire services)

(MON) Burlington Northern Santa Fe opened a new all-in-one multimodal facility near Elwood, IL., on grounds of the former Joliet Arsenal. The new facility, called "BNSF Logistics Park-Chicago," includes an auto terminal, intermodal terminal and bulk transloading terminal, as well as warehousing and related temporary storage. The new facility covers 621 acres and was built at a cost of \$241 million. (ffd: BNSF Corp.)

(MON) Canadian Transport Minister David Collenette said that he was taking a "serious look" at Via Rail Canada Chairman Jean Pelletier's proposal to establish a high-speed passenger rail line between Quebec City, PQ. and Windsor, ON. via Toronto, Ottawa and Montreal. The proposal would be structured around a track exchange between Canadian National and Canadian Pacific wherein one railroad's line would be used for passenger and the other for freight. The proposal also includes provisions that would allow Via Rail Canada to raise much of the \$3 billion necessary for the project through commercial investment markets. (ffd: National Post)

(MON) Montana agricultural officials announced that they were continuing to try to work with the Canadian Pacific Railway to ship Montana grain, but were unable to conclude an agreement at their most recent meeting with CP. "I'm learning that railroads don't move very fast," said State Agriculture Director Ralph Peck, "but I think they're very open to continued discussion." Montana officials made the initiative to CP in an effort to give farmers a competitive alternative to using Burlington Northern Santa Fe to ship grain to West Coast ports. (ffd: Billings Gazette)

(MON) New Jersey Transit awarded a \$2.8 million contract to redesign Trenton, NJ.'s rail station. An NJT spokesman said that the design would enlarge the station and also include more office and retail space. (ffd: wire services)

(TUE) The Brotherhood of Locomotive Engineers announced that they had reached an agreement with representatives of Class I carriers that restricts train crews from operating locomotive remote control devices while inside the cabs of locomotives, except during emergencies. A BofLE spokesman said that the ban would be in effect until an arbitrator resolves the current dispute between the BofLE, the United Transportation Union and the railroads regarding who can operate remote control devices. (ffd: Progressive Railroading)

(TUE) In a speech before the Canadian Railway Club, Canadian National EVP Hunter Harrison championed CN's new contract covering selected CN Wisconsin Division train crew personnel under which they would now be paid under an hourly system. Mr. Harrison added that the agreement, along with CN's effort to schedule nearly all its freight train operations, proved that workers can get better working conditions while improving productivity. "This agreement virtually guarantees that 90 to 95 percent [of crew calls will be] regular assignments," Mr. Harrison said. "It addresses something we ignored for a long time: the quality of life of our operating trades." (ffd: Ottawa Citizen)

(TUE) Bombardier debuted its "JetTrain" high-speed, turbine-powered passenger locomotive prototype at Washington, DC. Union Station. The streamlined locomotive, whose design is modeled on the power car for Bombardier's problem-plagued Acela Express trainset, was developed in a \$25 million partnership with the U.S. Federal Railroad Administration for potential use in non-electrified, high-speed passenger rail corridors. A Bombardier spokesman said that the locomotive was equipped with tilting technology that would allow it to maintain 100mph speeds on curves. (ffd: CRTS)

(WED) U.S. Steel Corporation announced that it would sell 5 shortline railroads to a new company being formed by Apollo Management, a New York, NY. based equity firm. The shortlines, currently a part of U.S. Steel's Transtar subsidiary company, are the Birmingham Southern, the Elgin, Joliet & Eastern, the Lake Terminal, the McKeesport Connecting and the Union. A U.S. Steel spokesman said that they would enter into a long-term contract with the new company to supply transportation services for the plants they serve. (ffd: Railway Age, wire services)

(WED) In a speech to the annual "Passenger Trains On Freight Railroads Conference," sponsored by Railway Age Magazine, Amtrak President David Gunn proposed creation of a federal trust fund for U.S. passenger rail services similar to that which helps build roads and airports. Mr. Gunn went on to forum a scenario for future U.S. intercity passenger rail operations, suggesting that federal and state governments pay for capital costs including tracks, locomotives and cars, with state governments paying most train operating costs not covered by ticket revenue. Mr. Gunn called on freight railroads to join him in seeking more stable funding for Amtrak, which he said might provide them with badly needed capital improvements for freight lines on which passenger trains operate. (ffd: Washington Post)

(THU) The U.S. Surface Transportation Board negated the 2 year old purchase agreement enabling SF&L Railway to purchase the 72 mile line between La Harpe, IL. and Peoria, IL. from the Toledo, Peoria & Western Railway. The STB said that they had determined that the agreement had been structured to make the line unprofitable to operate and thus facilitate abandonment. The STB added that SF&L's owner, A&K Materials, had a prior record of buying rail lines and using STB's processes to then abandon and salvage them. (ffd: Progressive Railroading, STB)

(THU) Norfolk Southern broke ground for a new intermodal terminal on a portion of the former Philadelphia Naval Shipyard in Philadelphia, PA. The new terminal will cover 50 acres and is projected to handle 60,000 lifts annually. Costing \$16 million, the facility is expected to open in 2004. (ffd: Progressive Railroading)

STATS:

(THU) For the week ending October 12, U.S. carload rail traffic was down 0.4 percent from the comparable week last year, up 0.4 percent in the East, but down 1.1 percent in the West. This week this year versus this week last year, notable traffic increases included metallic ores up 25.8 percent, metals and metal products up 11.6 percent and lumber and wood products up 11.3 percent; notable traffic decreases included grain down 14.0 percent, primary forest products down 18.1 percent and petroleum products down 10.3 percent. Also for the week ending October 12, U.S. intermodal rail traffic, interrupted by the work stoppage at U.S. West Coast ports, was down 18.5 percent, Canadian carload rail traffic was up 1.1 percent, Canadian intermodal rail traffic was up 26.5 percent, Mexico's Transportacion Ferroviaria Mexicana's carload rail traffic was up 16.9 percent and TFM's intermodal rail traffic was up 32.2 percent, all when ranked with the comparable week last year.

For the period January 1 through October 12, U.S. carload rail traffic was down 1.0 percent, U.S. intermodal rail traffic was up 3.8 percent, Canadian carload rail traffic was down 2.7 percent, Canadian intermodal rail traffic was up 10.3 percent, TFM's carload rail traffic was up 1.9 percent and TFM's intermodal rail traffic was up 7.9 percent, all when ranked with the comparable period last year.

ACQUISITIONS, ABANDONMENTS AND ALIKE:

(TUE) Union Pacific filed to abandon approximately 12 miles of its Akeny Subdivision between Slater, IA. and Woodward, IA. (ffd: STB)

(WED) Rail supplier Timken Corporation announced that it would acquire the Torrington Corporation, a producer of roller and ball bearings, for \$840 million. A Timken spokesman said that the acquisition would make Timken the world's third largest bearing supplier. (ffd: Progressive Railroading)

(WED) CSX filed to abandon approximately 1 mile of line in Cloverdale, IN. (ffd: STB)

(WED) The South Kansas & Oklahoma Railroad filed to abandon approximately 1 mile of line in Pittsburg, KS. (ffd: STB)

(FRI) Canadian National announced that it had entered into exclusive negotiations to purchase the Ontario Northland Railroad. Ontario Northland, also known as ONRail, operates rail freight and passenger service over an approximately 700 mile system and is currently owned by the Ontario Province government. (ffd: CN Corp.)

CHANGING PEOPLE AND PLACES:

(WED) John Wright died in Glasgow, Scotland, UK. Mr. Wright was the chief engineer of the Glasgow Underground Railway and oversaw the complete rehabilitation of the system, which features a 4'0" gauge, in the 1970's. (ffd: Courtesy of WRR Reader Iain Frew)

(THU) CSX appointed David Baggs Managing Director-Banking and Finance. Also, CSX VP and Treasurer David Boor was given additional responsibilities by CSX Vice Chairman and CFO Paul Goodwin; specifically, Mr. Boor will now also be in charge of all corporate insurance activities previously handled directly by Mr. Goodwin. (ffd: CSX Corp.)

(FRI) In a press release, Norfolk Southern announced that NS Chairman, President and CEO David Goode would undergo surgery for prostate cancer on October 24. The announcement said that Mr. Goode's cancer was discovered during a routine physical and that he is expected to make a full recovery following surgery. (ffd: NS Corp.)

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Weekly Rail Recap is edited from public news sources and published weekly, usually on Sunday or Monday, to the rail and transit industries and those interested in them. Send an e-mail to djmservices@aol.com to receive it, with my compliments.

HAVE A SAFE AND PROSPEROUS WEEK,
Dave Mears
Cherry Hill, New Jersey, USA