

## WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, DECEMBER 18, 2009

BY DAVE MEARS

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

(MON) Amtrak announced that it would restore a Heritage-class dining car to its "Lake Shore Limited" train operating between New York, NY and Chicago, IL. Amtrak had substituted café cars on the train since September, 2007 due, a spokesman said, to a shortage of dining cars, which were built in the 1950s and have recently undergone refurbishment to meet current safety and operating standards. (ffd: Amtrak)

(MON) The Massachusetts Bay Commuter Railroad announced that it had discovered a secret employee break room at its Somerville, MA repair shops. The break room included a makeshift entertainment center, three televisions, two DVD players, one VHS player, surround-sound speakers, a video game system, and many DVDs, some of which were pornographic in content. An MBCR spokesman said that six employees that had clocked in for duty on December 8 but later in the shift missed a headcount and were suspected of lounging in the break room have been suspended. (ffd: Boston Globe)

(TUE) Florida Governor Charlie Christ signed into law legislation to facilitate the development of the SunRail commuter rail system planned for the Greater Orlando area. The legislation was passed during a special session of the Florida state legislature earlier in the month. The legislation also provides for \$13 million to \$15 million in annual funding to support the TriRail commuter rail system that serves the Greater Miami area. (ffd: NARP, Florida Sun-Sentinel)

(WED) President Obama signed into law an appropriations bill providing \$122.1 billion in federal funding for programs of the U.S. Departments of Transportation and Housing & Urban Development. Additional to \$41.1 billion in highway funding, the bill also provides \$10.7 billion for mass transit; \$2.5 billion for high-speed and intercity passenger rail development, monies additional to the \$8 billion for passenger rail development appropriated earlier in the year; \$1.6 billion for Amtrak; and \$600 million for competitive grants to support significant transportation projects in a variety of modes, with priority for projects involving inland ports and freight rail. The legislation also permits firearms to be transported by Amtrak as checked baggage – but a clerical error in the bill refers to this as allowing guns aboard trains by locking "passengers" in boxes for the duration of the trip. (ffd: AASHTO, NARP)

(WED) New York State's Metropolitan Transportation Authority approved an \$11 billion budget for Fiscal Year 2010. Due to a projected budget deficit of as much as \$383 million, the budget plans for the elimination of free transit fare cards for more than half a million New York City students; a reduction in the frequency of subway and bus service during off-peak weekday hours, weekends, and late nights; and the closing of two subway lines, the W and Z. The budget does not plan for a fare increase in 2010, although a 7.5 percent increase is scheduled for 2011. (ffd: NARP, wire services)

(WED) The U.S. House of Representatives approved a job-creation package that includes \$37.3 billion for transportation projects, \$27.5 billion for highways and \$8.4 billion for mass transit. The bill, entitled the "Jobs For Main Street Act," would also appropriate \$800 million for Amtrak. The bill now goes to the Senate, which is expected to debate it next month. (ffd: AASHTO)

(WED) Schneider National announced that its intermodal division had completed a three-year conversion of its trailer and container fleet to an all-container fleet. "The benefits of moving freight via intermodal containers are so significant that there's no doubt containers will become the intermodal standard in the very near future," said a Schneider spokesman. The conversion totaled approximately 12,000 units. (ffd: Railway Age)

(THU) The Senate Commerce Committee approved long-anticipated "balanced competition" legislation authored by the committee

and its chair, Sen. Jay Rockefeller (D-WV). Entitled the "Surface Transportation Board Reauthorization Act of 2009," the bill's provisions include increasing STB commissioners from three to five; requiring railroads to quote "bottleneck" rates; setting standards for reciprocal switching and terminal access rates; creating a process for parties to challenge so-called "paper barriers" restricting interchange; and increasing STB scrutiny of future railroad mergers for competitive, service and environmental effect. The bill now goes to the full Senate for consideration, which will likely be sometime in 2010. (ffd: Journal of Commerce, Wall Street Journal)

(FRI) The Chicago Transit Authority approved a \$1.27 billion budget for Fiscal Year 2010. The budget calls for eliminating more than 1,000 CTA positions, reducing transit service during off-peak hours and eliminating nine express bus routes. The service reductions will be implemented on or about February 7, 2010. (ffd: Progressive Railroading)

#### STATS:

(THU) For the week ending December 12, 2009, U.S. rail volume grand totaled 29.3 billion ton-miles, down 9.8 percent from the comparable week last year. U.S. carload rail traffic was down 10.2 percent, down 5.4 percent in the East and down 13.2 percent in the West. Seven of nineteen carload commodity groups increased this year over last year, including grain mill products up 16.1 percent, chemical up 14.8 percent, metallic ores up 14.7 percent, and motor vehicles and equipment up 11.2 percent. Also for the week, U.S. intermodal rail traffic was down 3.0 percent, Canadian carload rail traffic was up 1.9 percent, Canadian intermodal rail traffic was down 7.4 percent, Mexican carload rail traffic was up 2.0 percent, and Mexican intermodal rail traffic was up 13.6 percent.

For the period January 1 through December 12, 2009, U.S. rail volume grand totaled 1.41 trillion ton-miles, down 15.8 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 16.8 percent, U.S. intermodal rail traffic was down 15.0 percent, Canadian carload rail traffic was down 19.1 percent, Canadian intermodal rail traffic was down 15.1 percent, Mexican carload rail traffic was down 10.8 percent, and Mexican intermodal rail traffic was down 14.4 percent. (ffd: AAR)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Gloster Southern filed to discontinue service over 33 miles of line between Slaughter, LA and Glouster, MS. (ffd: STB)

(MON) Norfolk Southern filed to abandon approximately two miles of line in Elmira, NY. (ffd: STB)

(TUE) Canadian National filed to abandon approximately two miles of line in Kaukauna, WI. (ffd: STB)

(TUE) Metrolinx, the agency that operates Toronto, ON's GO Transit commuter rail service, announced that it had purchased the lower portion of Canadian National's Newmarket Subdivision for C\$68 million. The transaction gives Metrolinx end-to-end ownership of the 60-mile-long Barrie-Bradford GO route between downtown Toronto and Barrie, ON, a first for the agency. (ffd: CN RR)

(TUE) Stella Jones, a supplier of timber and treated wood products, announced that it had purchased Tangent Rail for an undisclosed sum. Tangent is also a supplier of treated wood products, mainly railway ties. (ffd: RT&S, wire services)

(THU) BNSF and Stillwater Central filed to grant approximately 25 miles of trackage rights to Farmrail-Grainbelt, as will allow

Grainbelt to operate between Snyder and Altus, OK, with the right to provide local service at Long, OK. The purpose of the trackage rights is to allow Grainbelt and BNSF to shift much of their current interchange traffic from Snyder to Altus, allow Grainbelt to interchange traffic with Farmrail at Altus, and allow Grainbelt limited access to a customer at Long. (ffd: STB)

(THU) Sierra Northern filed to lease, from Union Pacific, and operate approximately 31 miles of line between Watsonville, CA and Davenport, CA. (ffd: STB)

(FRI) For purposes of operating convenience, Canadian National filed to grant approximately four miles of trackage rights over former Illinois Central lines to CSX in and near Decatur, IL. (ffd: STB)

(FRI) Lake Railway filed to lease, from Union Pacific, and operate the following line segments: the Lakeview Branch between Alturas, CA and Lakeview, OR, totaling approximately 55 miles; the Lakeview Branch in and near Alturas, CA, totaling approximately two miles; and the Modoc Subdivision between MacArthur, CA and Perez, CA, totaling approximately 61 miles. (ffd: STB)

(FRI) The state-owned North Carolina Railroad, which is operated and maintained by Norfolk Southern, announced that it had restored nine miles of double track to its line between Greensboro, NC and High Point, NC. The second main track had been removed in the 1970s. (ffd: NARP, Progressive Railroading)

(FRI) RailAmerica announced that it had agreed with Canadian Pacific for the early termination of its operation of the Ottawa Valley Railway over the CP-owned line between Smith Falls, ON and Campsbur, ON. (ffd: Progressive Railroading, RailAmerica)

#### APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(TUE) RailAmerica announced the following appointments: Harold Tynes as VP-Financial Services & Treasurer; Ira Berger as VP-Financial Services & Investor Relations. (ffd: RailAmerica)

(WED) Denver's Regional Transportation District appointed Phil Washington as the agency's new GM and CEO. Mr. Washington has been RTD's AGM-Administration for the past nine years. (ffd: RT&S)

(WED) Kansas City Southern appointed Gene Goode its VP-Administration. Mr. Goode was most recently KCS's AVP-Finance. (ffd: KCS RR)

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Dave Mears

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